



**AsialInfo Technologies Limited**  
(Incorporated in the British Virgin Islands with limited liability)  
Stock Code: 01675

**TRUST  
DIGITAL INTELLIGENCE  
CREATE  
THE FUTURE**

Annual Report 2022



**AIRPA**  
AISWare CNC

AISWare AIOps

AISWare MPC

AI<sup>2</sup> Edge

AISWare 5G Agile Network

AntDB  
AISWare CNN

AISWare Digital Gemini





# BECOME THE MOST TRUSTWORTHY DIGITAL INTELLIGENCE VALUE CREATOR

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# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

## DEFINITIONS

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

<b>"AGM"</b>	the forthcoming annual general meeting of the Company to be held on 25 May 2023
<b>"Articles of Association"</b>	the memorandum and articles of association of the Company, as amended from time to time
<b>"Asialfo China"</b>	Asialfo Technologies (China), Inc. (亞信科技(中國)有限公司), a wholly foreign-owned enterprise incorporated in the PRC on 2 May 1995, which is an indirect wholly-owned subsidiary of the Company
<b>"Asialfo International"</b>	Asialfo International Investment Limited, a limited liability company incorporated in the British Virgin Islands on 24 July 2014, which is ultimately solely and beneficially owned by Dr. TIAN Suning
<b>"Asialfo Security"</b>	Asialfo Security Technology Limited (亞信安全科技股份有限公司), a limited liability company incorporated in the PRC on 25 November 2014, which is ultimately beneficially owned as to approximately 50.99% by Dr. TIAN Suning
<b>"Audit Committee"</b>	the audit committee of the Company
<b>"Board"</b>	the board of Directors
<b>"Board Committees"</b>	the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy and Investment Committee
<b>"Board Diversity Policy"</b>	the Board diversity policy of the Company
<b>"CAICT"</b>	the China Academy of Information and Communications Technology



DEFINITIONS AND GLOSSARY OF  
TECHNICAL TERMS

<b>“CG Code”</b>	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
<b>“Chief Executive Officer”</b>	the chief executive officer of the Company
<b>“China Mobile Group”</b>	China Mobile Limited and its subsidiaries
<b>“CMC”</b>	China Mobile Communication Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of China Mobile Limited
<b>“Company”, “AsialInfo” or “AsialInfo Technologies”</b>	AsialInfo Technologies Limited (亞信科技控股有限公司), an international business company incorporated in the British Virgin Islands on 15 July 2003, whose Shares are listed on the Stock Exchange (stock code: 1675)
<b>“connected person”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“ESG”</b>	environmental, social and governance
<b>“ESG Guide”</b>	the ESG Reporting Guide as set out in Appendix 27 to the Listing Rules
<b>“ESG Report”</b>	the ESG report of the Company
<b>“ETSI”</b>	the European Telecommunications Standards Institute, a non-profit telecommunication standardisation organisation approved and established by the European Commission
<b>“Exercise Notice”</b>	written or electronic notice of the grantee to the Company to exercise share options on or after the vesting date of the share options

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

<b>“Group”</b>	the Company and its subsidiaries
<b>“GSMA”</b>	the Global System for Mobile Communications Association, an industry organisation in the global mobile communication area
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“IEEE”</b>	the Institute of Electrical and Electronics Engineers
<b>“iResearch Consulting”</b>	Shanghai iResearch Marketing Consulting Co., Ltd., an indirect non-wholly owned subsidiary of the Company
<b>“Independent Third Party(ies)”</b>	third party(ies) independent of, and not connected with, the Company and any of its connected person(s)
<b>“ITU”</b>	the International Telecommunication Union
<b>“Latest Practicable Date”</b>	13 April 2023, being the latest practicable date prior to the publication of this annual report for the purpose of ascertaining certain information contained in this annual report
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“MIIT”</b>	the Ministry of Industry and Information Technology
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“MPF”</b>	mandatory provident fund
<b>“MPF Scheme”</b>	the MPF scheme operated by the Group for all eligible Hong Kong employees under the MPF Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)



DEFINITIONS AND GLOSSARY OF  
TECHNICAL TERMS**“New Lease Framework Agreement”**

the lease framework agreement renewed by the Company and CMC on 28 October 2022

**“New Master Procurement Agreement”**

the master information and telecommunication technology services and products procurement framework agreement renewed by the Company and CMC on 28 October 2022

**“New Security Technological Security Service Framework Agreement”**

the technological security service framework agreement entered into between Asialfno Security and the Company on 29 December 2020

**“New Security Technological Service Framework Agreement”**

the technological service framework agreement entered into between the Company and Asialfno Security on 29 December 2020

**“New Software Products and Services Framework Agreement”**

the software products and services framework agreement renewed by the Company and CMC on 28 October 2022

**“Nomination Committee”**

the nomination committee of the Company

**“PRC” or “China”**

the People’s Republic of China

**“Pre-IPO Share Option Scheme”**

the pre-IPO share option scheme of the Company adopted on 26 June 2018

**“Previous Lease Framework Agreement”**

the lease framework agreement entered into between the Company and CMC on 20 April 2020

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

**“Previous Master Procurement Agreement”**

the master information and telecommunication technology services and products procurement framework agreement entered into between the Company and CMC on 22 September 2021

**“Previous Software Products and Services Framework Agreement”**

the software products and services framework agreement entered into between the Company and CMC on 20 April 2020

**“Prospectus”**

the prospectus of the Company dated 6 December 2018

**“Remuneration Committee”**

the remuneration committee of the Company

**“Reporting Period”**

the financial year ended 31 December 2022

**“R&D”**

research and development

**“RMB”**

Renminbi, the lawful currency of the PRC

**“SFO”**

the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented or otherwise modified from time to time

**“Share(s)”**

ordinary share(s) of the Company

**“Shareholder(s)”**

holder(s) of the Share(s)

**“Stock Exchange”**

The Stock Exchange of Hong Kong Limited

**“Strategy and Investment Committee”**

the strategy and investment committee of the Company



DEFINITIONS AND GLOSSARY OF  
TECHNICAL TERMS

<b>“TMF” or “TMForum”</b>	the International Telecommunication Management Forum
<b>“Trust Management Committee”</b>	the trust management committee of the Company
<b>“Twenty Provisions on Data”</b>	the Opinion on Building Data Foundation Systems and Better Displaying the Role of Data Resources
<b>“US”</b>	the United States of America
<b>“USD” or “US\$”</b>	US dollars, the lawful currency of US
<b>“2019 Share Option Scheme”</b>	the share option scheme adopted by the Company on 25 November 2019
<b>“2020 Share Award Scheme”</b>	the share award scheme adopted by the Company on 7 January 2020
<b>“%”</b>	per cent

## GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this annual report that are related to business of the Group. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

<b>“AI”</b>	artificial intelligence
<b>“AIGC”</b>	AI generated content
<b>“AIOps”</b>	AI for IT operations, which combine big data and machine learning to automate IT operations processes, including event correlation, anomaly detection and causality determination
<b>“AIoT”</b>	Artificial intelligence Internet of Things, which is the combination AI technologies and IoT infrastructure

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

**"BSS"**

business support systems used for the management of customer information, customer business and service processes and customer related services and resources, often used together with OSS to form end-to-end comprehensive business and operation management systems for the telecom industry

**"CRM"**

customer relationship management

**"DevOps"**

development and operation system

**"DI"**

digital intelligence decision

**"DSaaS"**

data-driven operation, namely the data-driven SaaS operation services

**"ERP"**

enterprise resource planning

**"Internet of Things" or  
"IoT"**

the network of physical objects — devices, vehicles, buildings and other items — embedded with electronics, software, sensors and network connectivity that enables these objects to collect and exchange data

**"IT"**

information technology, the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data

**"MSP"**

managed service provider

**"O-RAN"**

open radio access network

**"OSS"**

operations support systems, a collective term for the software solutions telecom operators use to support their network operations, often used together with BSS to support various end-to-end telecommunications services



DEFINITIONS AND GLOSSARY OF  
TECHNICAL TERMS**"PaaS"**

platform as a service, a complete development and deployment environment in the cloud, with resources that enable one to deliver everything from simple cloud-based applications to sophisticated, cloud-enabled enterprise applications

**"RPA"**

robotic process automation

**"SaaS"**

software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted

**"Three New business"**

consists of OSS, digital intelligence-driven operation, vertical industries and enterprises cloudification business

**"3D"**

3-dimension, referring to a spacing system in which a direction vector is added in the flat second dimension system

**"4G"**

the fourth-generation of mobile telecommunications technology, applied in amended mobile web access, IP telephony, gaming services, high-definition mobile TV, video conferencing, 3D television and cloud computing

**"5G"**

the fifth-generation of mobile telecommunications technology which has higher speed and capacity and lower latency than 4G

**"6G"**

the sixth-generation of mobile telecommunications technology, which is much better than 5G in terms of peak-rate, delay, flux density and connection density, etc.

# CORPORATE PROFILE

AsialInfo Technologies listed its Shares on the Stock Exchange on 19 December 2018. The history of the Group dated back to 1993 when we served as the provider of China's first-generation telecom software, whereby we have collaborated extensively with each of China Mobile, China Unicom and China Telecom since the 1990s, supporting over one billion subscribers nationwide.

AsialInfo Technologies is a leading provider of software products, solutions and services, as well as a leading provider with full-stack digital and intelligent capabilities. The Group provides end-to-end digital intelligence transformation services to customers in the communications, government affairs, finance, energy, transportation and postal industries by building a closed loop for customer services through leveraging on its outstanding full-stack digital intelligence capabilities in consulting and planning, product R&D, implementation and delivery, system integration, intelligent decision-making, data operation, and customer services with the philosophy of "dual leadership in products and services".

AsialInfo Technologies continues to pursue the strategy of "One consolidation, Three developments", namely, consolidating the leading position in BSS market with high quality, and developing the Three New business including OSS, digital intelligence-driven operation, vertical industries and enterprise cloudification at high speed. The Company actively embraces advanced technologies such as 5G, cloud computing, big data, AI and IoT, and has formed three major product systems including cloud network, digital intelligence and IT.

AsialInfo Technologies will follow the trend of "digitalisation of industry and digital industrialisation", insist on independent innovation, cultivate the digital intelligence industry, build an ecological system together with industry partners, and continue to promote business model innovation so as to help the digital transformation of enterprises and sustainable industry development.

As of 31 December 2022, the Group had interests in the following major subsidiaries/branches: AsialInfo Technologies (H.K.) Limited (香港亞信科技有限公司), AsialInfo Technologies (China), Inc. (亞信科技(中國)有限公司), AsialInfo Technologies (China), Inc. Fuzhou Branch, AsialInfo Technologies (China), Inc. Shenyang Branch, AsialInfo Technologies (China), Inc. Guangzhou Branch, AsialInfo Technologies (China), Inc. Shanghai Branch, AsialInfo Technologies (China), Inc. Chengdu Branch, AsialInfo Technologies (China) Inc., Hangzhou Branch, Hong Kong AsialInfo Technologies Limited (香港亞信技術有限公司), AsialInfo Technologies (Nanjing) Inc. (亞信科技(南京)有限公司), Guangzhou AsialInfo Technology Co., Ltd. (廣州亞信技術有限公司), Guangzhou AsialInfo Technology



CORPORATE  
PROFILE

Co., Ltd. Fuzhou Branch, Guangzhou AsialInfo Technology Co., Ltd. Chengdu Branch, Guangzhou AsialInfo Technology Co., Ltd. Shanghai Branch, Guangzhou AsialInfo Technology Co., Ltd. Hangzhou Branch, Hangzhou AsialInfo Software Co., Ltd. (杭州亞信軟件有限公司), Hangzhou AsialInfo Cloud Information Technologies Limited (杭州亞信雲信息科技有限公司), Hangzhou AsialInfo Cloud Information Technologies Limited Beijing Branch, Nanjing AsialInfo Software Co., Ltd. (南京亞信軟件有限公司), Hunan AsialInfo Software Co., Ltd. (湖南亞信軟件有限公司), Hunan AsialInfo Software Co., Ltd. Fuzhou Branch, Hunan AsialInfo Software Co., Ltd. Shanghai Xucao Technology Branch (湖南亞信軟件有限公司上海徐漕科技分公司), AsialInfo Big Data (H.K.) Limited (亞信大數據(香港)有限公司), Beijing iResearch Digital Intelligent Technology Co., Ltd. (北京艾瑞數智科技有限公司), Beijing iResearch Digital Intelligent Technology Co., Ltd. Nanjing Branch, Beijing iResearch Digital Intelligent Technology Co., Ltd. Chengdu Branch, Beijing iResearch Digital Intelligent Technology Co., Ltd. Hangzhou Branch, Beijing AsialInfo Xingyuan Technology Limited (北京亞信興源科技有限公司), Chongqing Logic Technology Co., Limited (重慶數智邏輯科技有限公司), Hainan AsialInfo Software Co., Ltd. (海南亞信軟件有限公司), AsialInfo Goods Cloud Beijing Technology Limited (亞信貨雲(北京)科技有限公司), Guizhou AsialInfo Huiyu Information Technology Limited (貴州亞信慧域信息技術有限公司), Shanghai iResearch Marketing Consulting Co., Ltd. (上海艾瑞市場諮詢股份有限公司) and Shanghai iTracker Consulting Co., Ltd. (上海艾瑞數科商務諮詢有限公司).

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. TIAN Suning (*Chairman*)  
Mr. DING Jian  
Mr. GAO Nianshu (*Chief Executive Officer*)

### Non-executive Directors

Mr. ZHANG Yichen  
Mr. XIN Yuesheng  
Mr. YANG Lin  
Ms. LIU Hong  
Mr. CHENG Xike

### Independent Non-executive Directors

Dr. GAO Jack Qunyao  
Dr. ZHANG Ya-Qin  
Mr. GE Ming  
Ms. TAO Ping

## AUDIT COMMITTEE

Mr. GE Ming (*Chairman*)  
Dr. ZHANG Ya-Qin  
Mr. CHENG Xike  
Ms. TAO Ping

## REMUNERATION COMMITTEE

Dr. GAO Jack Qunyao (*Chairman*)  
Dr. ZHANG Ya-Qin  
Mr. XIN Yuesheng

## NOMINATION COMMITTEE

Dr. TIAN Suning (*Chairman*)  
Mr. GAO Nianshu  
Dr. GAO Jack Qunyao  
Dr. ZHANG Ya-Qin  
Mr. GE Ming  
Ms. LIU Hong  
Ms. TAO Ping



CORPORATE  
INFORMATION**STRATEGY AND  
INVESTMENT COMMITTEE**

Mr. XIN Yuesheng (*Chairman*)  
 Dr. TIAN Suning  
 Mr. DING Jian  
 Mr. GAO Nianshu  
 Mr. YANG Lin

**COMPANY SECRETARY**

Ms. YU Wing Sze

**AUTHORISED  
REPRESENTATIVES**

Mr. GAO Nianshu  
 Ms. YU Wing Sze

**REGISTERED OFFICE**

Craigmuir Chambers  
 Road Town Tortola, VG1110  
 British Virgin Islands

**PRINCIPAL PLACE OF  
BUSINESS AND HEAD  
OFFICE IN CHINA**

AsiaInfo Plaza,  
 10 Xibeiwang Dong Lu  
 Haidian District  
 Beijing 100193  
 PRC

**PRINCIPAL PLACE OF  
BUSINESS IN HONG KONG**

31/F, Tower Two  
 Times Square  
 1 Matheson Street  
 Causeway Bay  
 Hong Kong

**BRITISH VIRGIN ISLANDS  
PRINCIPAL SHARE  
REGISTRAR AND TRANSFER  
OFFICE**

Harneys Fiduciary (Cayman) Limited  
 4th Floor, Harbour Place  
 103 South Church Street  
 PO Box 10240  
 Grand Cayman, KY1-1002  
 Cayman Islands

**HONG KONG SHARE  
REGISTRAR**

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

**LEGAL ADVISORS**

*As to Hong Kong law:*  
 CFN Lawyers  
 27/F, Neich Tower  
 128 Gloucester Road  
 Wan Chai  
 Hong Kong

*As to PRC law:*  
 Beijing Jingtian & Gongcheng  
 34/F, Tower 3, Huamao Center  
 77 Jianguo Road, Chaoyang  
 Beijing

Beijing Lifang & Partners  
 12/F, Xindejing Center  
 1 Xiangheyuan Street, Dongcheng  
 Beijing

*As to British Virgin Islands law:*  
 Harney Westwood & Riegels  
 Unit 3501, The Center  
 99 Queen's Road Central  
 Hong Kong

**AUDITOR**

KPMG  
*Public Interest Entity Auditor registered  
 in accordance with the Accounting and  
 Financial Reporting Council Ordinance*  
 8th Floor, Prince's Building  
 10 Chater Road, Central  
 Hong Kong

**PRINCIPAL BANKERS**

China Merchants Bank  
 Beijing Jianguo Road Sub-branch  
 116 Jianguo Road  
 Chaoyang District  
 Beijing  
 PRC

China Merchants Bank  
 Nanjing Gulou Sub-branch  
 4 Beijing East Road  
 Nanjing, Jiangsu Province  
 PRC

**STOCK CODE**

1675

**COMPANY'S WEBSITE**

[www.asiainfo.com](http://www.asiainfo.com)

# FINANCIAL HIGHLIGHTS

Financial data	2022 RMB million	2021 RMB million	Changes
<b>Revenue</b>	<b>7,738</b>	6,895	12.2%
Revenue from the Three New business	<b>2,573</b>	1,568	64.2%
<b>Gross profit</b>	<b>2,939</b>	2,645	11.1%
<b>Gross profit margin (%)</b>	<b>38.0%</b>	38.4%	-0.4 percentage point
<b>Profit for the year</b>	<b>824</b>	783	5.4%
<b>Net profit margin</b>	<b>10.7%</b>	11.3%	-0.6 percentage point
<b>Basic earnings per Share (RMB)</b>	<b>0.92</b>	0.86	7.0%

FINANCIAL  
HIGHLIGHTSREVENUE FROM  
THREE NEW  
BUSINESSRMB  
2,573 Million

64.2%

GROSS  
PROFITRMB  
2,939 Million

11.1%

## REVENUE

RMB  
7,738 Million

12.2%





**DR. TIAN SUNING**  
Chairman and  
Executive Director

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

Following the official release of the Plan for the Development of Digital Economy in the “14th Five-Year” Period and the convening of the 20th National Congress of the CPC, China is striving to facilitate the intensive integration of digital technology with the real economy, focusing on the development of the real economy which was empowered by digital and intelligent technology, so as to advance the economic and social development from “quantitative increase” to “qualitative changes”. AsiaInfo Technologies has been propelling the digital-intelligence transformation of thousands of industries with technologies like 5G, AI and big data, creating digital-intelligence and shared value for our customers. In 2022, facing the resurgence of COVID-19 and other complicated situations, the Company overcame tremendous difficulties. Through the measures of increasing online collaborative efforts, expanding remote delivery projects scope and refining cost control, the Company maintained a good momentum in business development and continued to sustain a double-digit growth in revenue. At the same time, the Company’s net profit rebounded significantly in the second half of the year, and continued to maintain decent profitability.

## OVERALL RESULTS

In 2022, the Company adhered to the strategy of “One consolidation, Three developments”, and achieved a double-digit growth in revenue. Its revenue amounted to RMB7,738 million, increased by 12.2% year-on-year. Among which, revenue from the Three New business maintained a rapid growth and its revenue amounted to RMB2,573 million, increased by 64.2% year-on-year. The proportion of the Three New business to revenue reached 33.3%, increased by 10.6 percentage points year-on-year. As the Company continued to reduce costs and enhance efficiency, and also improved staff productivity in the second half of the year, the gross profit for the year amounted to RMB2,939 million, representing a year-on-year increase of 11.1%, with gross profit margin reached 38.0%. Net profit rebounded in the second half of the year, and it amounted to RMB824 million for the year, representing a year-on-year increase of 5.4%. Net profit margin remained a double-digit figure, reaching 10.7%.

## CHAIRMAN'S STATEMENT

The Board, after taking into full consideration of various factors including Shareholders' returns, the profitability, cash flow level and capital needs for future development of the Company, has decided to propose the distribution of 2022 annual final dividend of HK\$0.401 per Share at the AGM with the annual dividend payout ratio of 40%.

### BUSINESS DEVELOPMENT

#### **Digital intelligence-driven operation business restructuring was initially completed with revenue surpassing RMB1 billion**

The publication of the "Twenty Provisions on Data" brings new driving force to accelerate the development of the big data industry and data operation markets. Leveraging the legal, compliant and rich data sources, the Company developed data-driven operation products for different industries and business scenarios with its innovative and leading AI technology, and increased its efforts in marketing. In the end of 2022, the former digital operation business unit, which was responsible for most of the DSaaS business, was basically integrated with the iResearch Consulting to form the new "digital intelligence-driven operation" business unit, including the two core businesses of DSaaS and decision intelligence (DI), entering the market with the new brand of "iDigital". DSaaS business benefited from the rapid development of 5G in the telecommunications industry, new growth in the public and digital service markets as well as the high growth in the digital transformation of the government-enterprise industry, and the Company seized the opportunities and therefore continued to maintain its leading edge. The Company focused on the digitalisation of government and enterprise, digital internet of vehicles (IoV) and digital consumption in the market outside telecommunications industry and developed replicable, scalable and operable digital intelligence solutions and operation services, which are recognised by leading customers including Digital Chongqing and Changan Auto. After the acquisition of iResearch Consulting, the revenue structure of our digital intelligence-driven operation business was further optimised. In 2022, the proportion of revenue generated from those outside the telecommunications industry reached 28%, representing an increase of nearly 18 percentage points year-on-year. In addition, the Company continued to propel the optimisation of its business model, and the proportion of revenue from results-based and commissioned-based charging model to the revenue from DSaaS business stood at 22%.

In 2022, the revenue achieved from digital intelligence-driven operation was RMB1,150 million, increased by 57.6% year-on-year, with the digital intelligence-driven operation business accounted for 14.9% of the Company's total revenue.

#### **Energy, government affairs and transportation and other industries formed sustainable development in depth and breadth**

In 2022, the Company continued to focus on five strategic sectors and had formed a sustainable development model in depth and breadth in the energy, government affairs and transportation sectors. Moreover, we controlled risks stringently and ensured our vertical industries businesses maintained its high growth momentum under sound conditions, with revenues in the energy and transportation industries increased by 308% and 80% year-on-year, respectively, and revenue in the government industry increased by 28% year-on-year.



CHAIRMAN'S  
STATEMENT

In the energy industry, we privileged a leading edge in 5G private network solutions in the nuclear power, wind power and other sectors. Among which, our nuclear power projects with CNNC cover four major nuclear bases, including Changjiang in Hainan Province, Fuqing in Fujian Province, Qinshan in Zhejiang Province and Tianwan in Jiangsu Province, with a total of 21 units in operation. In addition, we completed the construction of dozens of smart wind farms for Guohua Investment Energy Co., Ltd. and CGN Power Co., Ltd.. In the transportation industry, we formulated the matured intelligent highway solutions, and provided highway network toll collection management, digital intelligent transportation platform, intelligent marketing and customer operation service solutions for highway operation and management of customers in Guangdong, Hunan, Yunnan, Shanxi, Gansu and Qinghai provinces. In the government affairs industry, the big data business had taken shape, with more than 50 projects signed during the year, covering scenarios such as data governance, data operation, data trading and city intelligence hubs.

In 2022, the revenue from vertical industries and enterprise cloudification business of the Company amounted to RMB757 million, up by 78.2% year-on-year.

**Grasping the development trend of OSS and BSS business integration**

With the intensive integration of the digital economy with real economy as a backdrop, the telecommunications industry embraces new opportunities. The Company focused on the industry demand actively and closely leveraged the development trend of BSS & OSS integration in the 5G era to constantly enhance 5G business operation support and network operation support products.

In terms of the OSS business, the Company's 5G network intelligent products focused on computing network, network automation, network digital twin and others, enabling the digital-intelligence transformation and innovation in the telecommunications industry, and facilitated the evolution of customers' network automation to move to a further advanced level. With the deepening advancement of China's 5G deployment in 2022, the Company's OSS business expanded rapidly and achieved a revenue of RMB666 million, representing a year-on-year increase of 61.3%. Both its market share and market position were bolstered significantly.

In terms of the BSS business, the Company's leading position was further strengthened in the market. It continued to cater for new projects and demands with digital intelligent products and solutions and assisted in the digital-intelligent transformation of customers. For the digital intelligence-based product innovation, the Company assisted operators in digital intelligence innovation through products such as RPA, digital human, digital twins and databases. The Company powered up various BSS system with its AI capabilities, creating new billing application such as intelligent operation and maintenance, intelligent billing, payment health inspection. For the digital intelligence planning, the Company deeply participated in the standardisation and planning on the digital and intelligent cloud native business operation systems of operators. For the exploration of new customers, the Company provided a basket of business support systems and solutions to the 5G centralised BSS project of China Broadcast Network and facilitated its successful commercialisation of 5G service.

In 2022, the revenue from the Company's BSS business amounted to RMB4,925 million, representing a year-on-year increase of 0.2%.

## CHAIRMAN'S STATEMENT

### R&D STRENGTHENED FULL-STACK CAPACITIES WITH DIGITAL INTELLIGENCE

The Company always attaches great importance to R&D capacity, improves quality product system and continues to improve commoditisation and standardisation capability with focuses on the “cloud network”, “digital intelligence”, “IT” and “middle office” product systems, so as to provide effective support for the Company’s strategy of “One consolidation, Three developments”.

Maintain international leadership in the cloud network products: Our 5G network intelligence products focus on computing network, network automation and network digital twin, empowering digital intelligence transformation and innovation in the telecommunications industry. We published the first “computing network software pack” to help operators build a new digital infrastructure for computing networks. The full set of the Company’s 5G core network products was granted network access permit by MIIT, which was successfully commercialised to build the first domestic 5G private network in nuclear power. The 5G private core network products has passed Amazon Cloud (AWS) technology testing and certification, and is available for sales online in AWS Marketplace. In terms of digital intelligence, we are an industry leader in China, and some products have reached international leading standards: Our data products fully support the business needs of “channel computing resources from the east to the west” to promote industrial transformation, push forward the construction and development of digital economy and digital society, and won the first prize of Science and Technology Progress Award of China Computer Federation (CCF). Our AIOps have been selected into Gartner Mainstream Supplier Matrix on three occasions consecutively. Our AI platform, federated learning platform, edge AI, RPA and big data platform were selected into Forrester Mainstream Supplier Matrix. In terms of IT products, we have consolidated our tier-one position in China: Our 3D/XR won the “iF Design Gold Award” at 2022 Hannover Industrial Design Forum in Germany. We achieved breakthroughs in digital twin and edge AIoT intelligent and IoT in various industry markets. We continue to evolve the middle office system and build the base for industry digital intelligence transformation: Our PaaS for enterprise digital technology platform has been named in Forrester China Cloud Service Mainstream Supplier Matrix in China. Our general AI platform has been selected as Forrester China Artificial Intelligence Mainstream Supplier Matrix in 2022. The privacy computing platform has taken the lead in IEEE’s first international standard for privacy computing interoperability, marking the forefront of the development of privacy computing technology standards in the international arena.

The Company continued to deeply participate in the works of 20 international and national technical standards organisations such as 3GPP, ITU, ETSI, IEEE, TMF and O-RAN, etc. The Company participated in the formation of 133 international standards, among which, the Company led 48 international standard proposals in 2022 and has become the chairman of IEEE P3127 Federal Learning and Blockchain Working Group. AsiaInfo Technologies’ relevant products and technologies have been registered as 71 international/domestic patents, 45 high-quality thesis and 39 open-source community contributions. We have a total of 1,298 software copyrights in many key innovative technologies and products, with additional 10 patents and 174 software copyrights in 2022.

**CHAIRMAN'S  
STATEMENT****Seize the opportunity of infotech application innovation**

As a key player in the information technology and application innovation initiative, we continued to increase investments in R&D in the innovation product concerned to accelerate the compatibility process satisfying technology and product localisation. In 2022, the Company established AsiaInfo Anhui Technology to operate and manage database products independently, achieving breakthroughs in many industries such as telecommunication, government affairs, transportation and medical. In the telecommunications industry, we obtained 70% share of China Mobile's domestic database centralised procurement, database projects including China Mobile Level 1 Clearing House, China Broadcast Network 5G support systems. In the government affairs sector, we obtained projects such as the digital operation and maintenance of Beijing Municipal Archives (北京市档案馆). In the transportation and medical industry, we gained the Phase II Expansion Project of Yunnan Highway customer database and the 5G smart medical community construction of Luopu People's Hospital. With 15 years of experience in the telecommunications industry, AntDB database is highly recognised by the industry and professional institutions, and has been selected in the market recommendation reports such as Gartner and Forrester. In addition, in Motianlun ranking, AntDB has been significantly advanced from 34th in January 2022 to 12th in February 2023.

**SOCIAL RESPONSIBILITY**

AsiaInfo Technologies is committed to scientific research and innovation and industry empowerment and incorporates ESG concepts into its operation and development to make its contribution to the sustainability of the society. In 2022, with its sustainability performance being highly praised and recognised by the market, the Company received many recognitions and awards such as "ESG — Business Governance Contribution Award" and "2022 Sustainability Award".

We practise the concept of green and low-carbon and promote sustainable development. The Company endeavours towards the carbon emission reduction goal of "achieving carbon neutrality by 2028 in all respects", and proactively explores new scenarios of technology-empowered low-carbon and emission reduction. In respect of reducing our own carbon emissions, we continue to optimise our energy consumption mix by increasing the proportion of clean energy used and monitoring our energy consumption through intelligent means to achieve more sophisticated energy management. In 2022, the solar panels of AsiaInfo Technologies Building successfully generated power with grid-connected, which marked an important step towards green transformation and low-carbon operation. In addition, proactively capitalising on our industry influence, we compiled the White Paper on Urban Digital Transformation with research institutes and explored high-quality development paths to promote urban digitalisation and green transformation. Actively fulfil social responsibility and perform the obligations as an corporate citizen. Building on our strengths in digital and intelligent products, our products play an active role in supporting rural revitalisation and establishing medical information platform, endeavoured to share our development achievements with the society.



## CHAIRMAN'S STATEMENT

### OUTLOOK

Looking into the future, China's digital economy will accelerate to integrate with the real economy. The Company will always adhere to the strategy of "One consolidation, Three developments" and firmly advance towards the goal of "achieving a business scale of over RMB10 billion in 2025, half of which comprises of the new business (2025年業務規模超百億·新業務佔半壁江山)".

Firstly, we will further give into play the "Three New business" as the core driver to the rapid growth of the overall revenue of the Company. In terms of digital intelligence-driven operation business, the Company will grasp the opportunity brought about by the "Twenty Provisions on Data" policy, further optimise and innovate business models, and promote the scale replication of DSaaS scenario-based products in digital TMT, digital government and enterprise, digital IoV, digital consumption and other areas. For the OSS business, by focusing on computing network, cloud-network integration and network automation and other areas, the Company will continue to drive the market share gain in OSS market. Furthermore, in the vertical industries and enterprise cloudification, we will further focus on expanding the energy, government affairs, transportation and other industries with our products, striving for improvement in profitability.

Secondly, we will firmly seize opportunities in the digital intelligence transformation of communication operators and the development opportunities of new operator customers to improve the BSS business performance. We will cater for new projects and demands based on digital intelligence technologies and products to bolster our leadership in the telecommunications operator market.

Thirdly, in terms of product R&D, we will advance our technology deployment including 6G OSS/BSS, 6G private network, and computing, communication and perception integration. For cloud-network convergence and computing network, we will continue to upgrade the computing network end-to-end full-stack software pack to enable telecommunications operators to construct a new computing network integrated infrastructure. For the 5G private networks, we will build cloud-based, white-box, open and lightweight 5G base stations and core network equipment based on cloud-native, O-RAN and other technologies to empower enterprise digital intelligence transformation. In the area of digital intelligence, facing new technologies such as AIGC, we will integrate into the ecology, actively cooperate with leading AI companies. We will get well prepared based on our accumulated experience and edges in the telecom industry, striving to become the first batch of product and solution providers with AIGC in the industry. At the same time, we will continue to build the open and ready for use software and hardware integrated standard products, including edge AI, multi-party secure computing, AIoT and database, to drive the transformation of industry digital intelligence and accelerate the implementation of new technologies.

**CHAIRMAN'S  
STATEMENT**

In addition, we were informed that according to the “Notice on the First Adjustment of the Subject of Hong Kong Stock Connect under Shanghai-Hong Kong Stock Connect after the Expansion of the Subject of Shanghai-Hong Kong Stock Connect” recently issued by the Shanghai Stock Exchange, the Company will be further included in the list of stocks of Shanghai-Hong Kong Stock Connect on top of its previous inclusion in the list of stocks of Shenzhen-Hongkong Stock Connect with effect from 13 March 2023. We believe that this will help the Company further broaden its investor base and enhance the liquidity of its shares.

Finally, on behalf of the Board, I would like to take this opportunity to express our heartfelt thanks to all Shareholders, our customers and all circles of the society for their support to AsialInfo Technologies. I would also like to express our gratitude to all our staff for their relentless efforts and contributions. We will work together to build AsialInfo Technologies into a respectable enterprise with pride for staff and achieve fruitful returns for our Shareholders!

**Dr. TIAN Suning**

*Chairman and Executive Director*



# MANAGEMENT DISCUSSION AND ANALYSIS



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

#### Summary

In 2022, due to the impact from such factors as COVID-19 resurgence, the development of various sectors was faced with great pressure and challenges, but the Company had been able to maintain a good momentum in business development through various means such as more online collaborative work and remote delivery efforts. Meanwhile, we also witnessed both opportunities and challenges coexisted. With the implementation of the national policies such as the Plan for the Development of Digital Economy in the “14th Five-Year” Period and the Overall Layout Plan for Digital China Construction, the digital economy and the real economy will be deeply integrated in the future, in which it will also bring a new round of development opportunities for domestic software enterprises. Against this backdrop and based on the strategic positioning of “becoming a provider with full-stack digital and intelligent capabilities”, the Company has put forward a new vision of “becoming the most reliable digital intelligence value creator” and a new mission of “relying on the full-stack of digital and intelligent capabilities to innovate value for customer and to promote digitalisation in China”.

During the Reporting Period, the Company solidly advanced its “One consolidation, Three developments” strategy with the overall performance remained sound and business structure continued to optimise. The revenue of the Company amounted to approximately RMB7,738 million, up by 12.2% year-on-year. Among which, the Three New business, namely digital intelligence-driven operation, vertical industries and enterprise cloudification, and OSS business, continued to maintain rapid growth and achieved a revenue of approximately RMB2,573 million, up by 64.2% year-on-year and accounted for approximately 33.3% of the revenue with an increase of 10.6 percentage points. Profit for the year reached approximately RMB824 million, increased by 5.4% year-on-year. Among which, profit for the year in second half of the year rebounded significantly, and continued to maintain decent profitability.

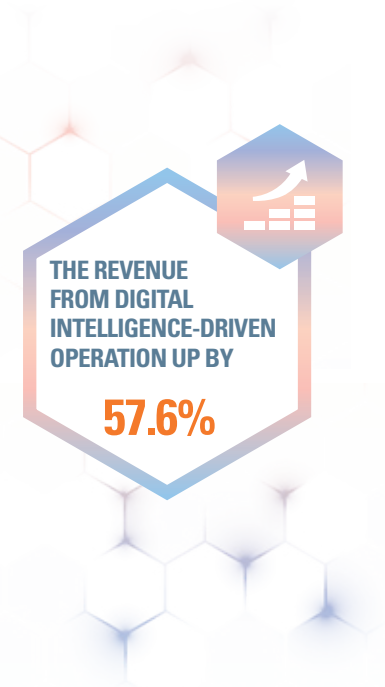
#### **The initial restructuring of the digital intelligence-driven operation business has been completed, with business scale hitting over RMB1 billion for the first time**

On 19 December 2022, the state published “the Opinion on Building Data Foundation Systems and Better Displaying the Role of Data Resources” (the “Twenty Provisions on Data”), which proposes the establishment of systems on data property rights, circulation and trading, income distribution and security governance, so as to fully invigorate the factor value of data resources and empower the real economy. The “Twenty Provisions on Data” will further promote the compliance and efficient flow and use of data, and provide impetus for the accelerated development of the digital intelligence-driven operation business to the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved a revenue from the digital intelligence-driven operation business of approximately RMB1,150 million, up by 57.6% year-on-year, with the digital intelligence-driven operation business accounted for 14.9% of the revenue, increased by 4.3 percentage points. By completing the business integration of the former digital operation business and iResearch Consulting in the end of 2022, the Company has successfully formed the new business system for “digital intelligence-driven operation”, including the two core businesses of intelligence operation (DSaaS) and DI, and tapped into the market with the new brand of “iDigital”. The Company continued to propel the optimisation of its business models. The proportion of revenue from results-and-commission-based charging in the DSaaS business revenue remained at 22%, promoting the implementation of models in Guangdong, Chongqing, Henan, Beijing, Hebei, Shandong and other provinces of three major operators as well as professional companies. Moreover, the revenue structure of the digital intelligence-driven operation business further optimised with the proportion of non-communications industry escalated to 28%, representing an increase of nearly 18 percentage points year-on-year.

In 2022, the intelligence operation (DSaaS) business of the Company focused on the three major areas including digitalisation of government and enterprise, digital internet of vehicles and digital consumption, and developing a series of replicable, scalable and operable digital intelligence solutions and operation services outside the telecommunications industry. Among which, the government-enterprise industry focused on data middle office, data governance, data-driven X community, digital village, corporate services and other segments, deeply tapping into the governments at all levels, parks, communities and leading enterprise customers. For the automotive industry, by focusing on vehicle-road collaboration, digital marketing for vehicle enterprises, digital services for vehicle enterprises and other subdivided areas, it deeply cultivated the leading customers in the industry. For the consumption industry, by focusing on private domain traffic, intelligent business circle, interactive marketing and other subdivided areas, it served a wide range of customers in those industries such as e-commerce, and consuming finance. Moreover, the DI business has formed a business system combining strategic consulting, special research and industry research which was closely integrated with the DSaaS business. By relying on the advantages of existing customers in the telecommunications industry, it expanded the scale of consulting services and successfully obtained a number of consulting planning projects of strategic significance from China Mobile Migu, China Mobile IT and Zhejiang Mobile, with remarkable synergy effects.





## MANAGEMENT DISCUSSION AND ANALYSIS

### Energy, government affairs, transportation and other industries formed a deep and sustainable model

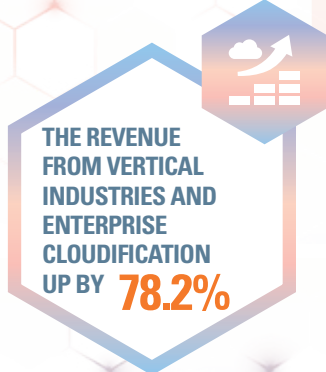
In 2022, the Company continued to focus on five strategic sectors and had developed a deep and sustainable growth model in the energy, government affairs and transportation sectors. Moreover, we controlled risks stringently and ensured our vertical industries businesses maintained its high growth momentum under sound conditions. During the Reporting Period, revenue from the vertical industries and enterprise cloudification business reached RMB757 million, up by 78.2% year-on-year, and accounted for 9.8% of the total revenue, increased by 3.7 percentage points. Among which, revenue from the energy and transportation sectors increased by 308% and 80% year-over-year, while revenue from the government sector increased by 28% year-over-year.

In the energy industry, the Company had developed advantages in 5G private network solutions for nuclear power, wind power, and other new energy. Of which, the nuclear power programmes in China covered 21 operating units in four nuclear power bases in Changjiang in Hainan Province, Fuqing in Fujian Province, Qinshan in Zhejiang Province and Tianwan in Jiangsu Province. We helped to build smart wind farms, including 38 wind farms under Guohua Energy Investment Co., Ltd. and 8 wind farms under CGN Wind Energy Ltd., etc. In addition, we won the national first prize in the 5th “Blossom Cup” 5G Application Competition. In the government affairs industry, the big data business has taken shape and the Company signed orders for over 50 projects and provided solutions and services such as administrative big data, data governance, data operation, data trading, and urban intelligent hub for clients from Shanghai, Henan, Tianjin and other provincial and municipal governments during the Reporting Period. In the transportation industry, we have developed mature and intelligent highspeed solutions and signed orders for over 20 projects which provided network toll collection management, digital intelligent transportation platform, intelligent marketing and customer operation service solutions for highway operation and management customers in Guangdong, Hunan, Yunnan, Shanxi, Gansu and Qinghai provinces during the Reporting Period.

In the cloud business sector, we continued to deepen the cooperation with leading cloud service providers. The Company was granted the blockbuster award of “Gathering Strength and Going Far (聚力•行遠)” by Alibaba Cloud. It became a CTSP partner of Huawei Cloud and a strategic partner of Huawei Ascend to jointly advance the computing centre of AI cities. It became the master integrator of Baidu Cloud on smarty city. It was also listed as delivery provider of Tencent Cloud in the government affairs.

### Continuously expanding the OSS scale with leading industry products

Communication infrastructure is expanding from traditional communication networks to new digital infrastructure, showing the trends of cloudification, integration and intelligent development. As leaders of telecom networks and infrastructure, telecommunications operators will further accelerate the development convergence of telecom network infrastructure, cloud and computing infrastructure. Such trend will drive operators to upgrade their OSS capability system, and as a result, the OSS market investment scale will continue to grow steadily.



THE REVENUE  
FROM VERTICAL  
INDUSTRIES AND  
ENTERPRISE  
CLOUDIFICATION  
UP BY **78.2%**

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Company achieved a revenue of RMB666 million from the OSS business, increased by 61.3% year-on-year, representing an increase of 2.6 percentage points to the proportion of total revenue, reaching 8.6%. The Company's OSS business has further increased its market share by forming innovative products and solutions such as computing network, digital twins, self-intelligent network and intelligent operation. It constantly meets the new demands of customers in network intelligence aspect. In the computing network sector, the Company gained first-mover advantages in computing brain products. It also firstly carried out pilot verification in the headquarters of China Mobile, China Mobile Research Institute, Guizhou Mobile and Zhejiang Mobile. In the digital twins sector, the Company implemented the digital twins programme on the 5G core network of China Unicom and promoted the innovative application construction on 3D holographic visualisation of the 5G core network and the simulation of twin networks. In the self-intelligent network sector, it successfully obtained the comprehensive resources project in Guangxi Branch of China Mobile, which laid the foundation for subsequent market expansion. In the smart machine rooms sector, the Company achieved breakthrough for Beijing Telecom, Zhejiang Telecom, Sichuan Telecom and other provincial customers.

The OSS products of the Company continued to maintain their industry leading position. Its 5G network energy conservation solution was awarded the 2022 Sustainability Award at the Network Transformation Awards. Its 5G network intelligence products were included in the Gartner maturity curve of network AI and automation technology in 2022 and enlisted in the Gartner Global Network Intelligence Mainstream Supplier Matrix for two consecutive years. The Network Digital Twins won the 2022 TMForum Global Catalyst Award.

### **Solidifying the Company's market leadership position in BSS with digital intelligence innovation**

In 2022, the Company achieved revenue of RMB4.925 billion from its BSS business, up by 0.2% year-on-year. The Company continued to cater for customers' needs for digital transformation with innovative digital intelligence products, further strengthening its market leadership position. For the exploration of new markets, the Company obtained the tender for the 5G centralised BSS project of China Broadcast Network to provide a basket of business support systems and solutions and facilitate the successful commercial applications of 5G by China Broadcast Network. In terms of the key project progress, the Company completed the implementation of intelligent middle office in 18 provinces, Grid Connection (網絡通) in 12 provinces, CHBN in 6 provinces, Charging V8 in 4 provinces for China Mobile and the construction of centralised BOMC phase III and other major projects. In terms of the top level digital and intelligent planning, the Company deeply participated in the planning on the original business operation systems with the new-generation digital and intelligent cloud and the computing network of IT companies of operators and the formulation of relevant plans, standards and regulations on big data. For the innovation of digital intelligence products, the Company assisted operators in digital intelligence innovation through RPA, digital human, digital twins, databases and other products, injected AI capabilities into each BSS model and systems and created innovative application in the charging field, including the intelligent operation and maintenance, the intelligent billing and the tour health inspection.

### **Driven by digital intelligence with full-stack capacities, move towards the goal of double leadership in products and services**

The Company always attaches great importance to R&D strengths, constantly optimises the R&D management process and strengthens the core R&D capability. The Company constructed the SLA service guarantee support system, established the R&D technical support center, set up the fault management SLA system, improved customer service satisfaction by providing after-sales technical support to customers with more standardised SLA system and process. The Company continues to improve boutique product system by enhancing products and standardisation. It focuses on the "cloud network", "digital intelligence", "IT" and "middle office" product systems to help consolidating traditional business and rapidly develop the Three New business, and win wide recognition for our comprehensive strengths.

## MANAGEMENT DISCUSSION AND ANALYSIS

We maintain international leadership in the cloud network segment. Our 5G network intelligence products focus on computing network, self-intelligent network and network digital twin, empowering digital intelligence transformation and innovation in the communications industry. We published the first “computing network software pack” and “endogenous computing” 5G network products. Our full set of 5G core network products was licensed by MIIT. Our first domestic 5G private network in nuclear power was built and successfully commercialised. The network digital twin and communication AI drove the 5G network intelligence. Our 5G network energy saving won the Network Transformation Awards 2022 and the 5G network intelligence has been selected into Gartner Mainstream Supplier Matrix for two consecutive years. The Company becomes the mainstream provider of cloud platforms and hosted services in China for Forrester Now Tech. We were crowned champion of the 2022 ITU 5G AI/ML Challenge and the Global Finals Excellence Award. Our network digital twin won the 2022 TMForum Global Catalyst Award. Moreover, the Company’s 5G private core network products have passed Amazon Cloud (AWS) technology testing and certification, and is available for sales online in AWS Marketplace to support the brand new public cloud business model.

In terms of digital intelligence, we are industry leader in China, and some products have reached international leading standards. We fully support the business needs of “channel computing resources from the east to the west”, won the first prize of Science and Technology Progress Award of China Computer Federation (CCF) and the 2021–2022 Wu Wenjun Science and Technology Progress Award, the highest award in the field of AI. Our AIOps have been selected into Gartner Mainstream Supplier Matrix on 3 occasions. Our AI platform, federated learning platform, edge AI, RPA and big data platform were selected into Forrester Mainstream Supplier Matrix. Our edge AI products were selected into the Excellent Edge Computing Solution of CAICT, and the Directory of Key Security and Emergency Enterprises and Products in Beijing. Our RPA was awarded the “Typical Demonstration Case” at the 2022 China International Software Development Conference. Several of our data products were selected as “Star River” benchmark cases.

In terms of IT, we have consolidated our leading position in China. Our 3D/XR won the “iF Design Gold Award” at the 2022 Hannover Industrial Design Forum in Germany and also the VR/AR Innovation Award at the 2022 World VR Industry Conference. Digital twin and AIoT smart IoT edge achieved market breakthroughs in multiple industries.





## MANAGEMENT DISCUSSION AND ANALYSIS

We continue to evolve the middle office system and build the base for the transformation of industry digital intelligence. Our PaaS for enterprise digital technology platform has been selected as one of Forrester China Cloud Service Mainstream Supplier Matrix in China. Our general AI platform has been selected as Forrester China Artificial Intelligence Mainstream Supplier Matrix in 2022, and has also been selected as one of the “Artificial Intelligence Industry Innovation Key Task Unveiling Units” by MIIT. The privacy computing platform has taken the lead in IEEE’s first international standard for privacy computing interoperability, marking the forefront of the development of privacy computing technology standards in the international arena.

The Company continues to deeply participate in the works of 20 international and national technical standards organisations such as 3GPP, ITU, ETSI, IEEE, TMF and O-RAN, etc. In terms of international standards, the Company has increased its proportion from “followers” to “leaders”, with participation in the formulation of a total of 133 international standards, including 48 new leading international proposals in 2022, becoming the chairman of IEEE P3127 Federal Learning and Blockchain Working Group. Our related products and technologies have been registered as 71 international/domestic patents and 45 high-quality papers, and we have a total of 1,298 software copyrights in many key innovative technologies and products.

### **Seize the market opportunity of infotech application innovation and make great progress in database business after its commencement**

As a key player in the infotech application innovation segment, the Company continues to increase its investments in technological innovation and R&D in the infotech application innovation sector to accelerate the compatibility process of technology and product localisation. The three major fields of digital intelligence, IT, cloud network and general middle office product system have completed 32 localisation compatible adaptations with mainstream upstream and downstream manufacturers. Our AntDB Database was selected in Gartner’s China Database Management System Market Guide. Our blockchain, based on SM3/SM4, achieved encryption and decryption success and our Web application middleware received authoritative certification by Jakarta EE, an international standards organisation.

The Company set up AsialInfo Anhui Technologies for conducting independent operation of database products, and has achieved breakthroughs in many industries such as communications, government affairs, transportation and medical. In the telecommunications sector, the Company has obtained 70% share of China Mobile’s domestic database collection, and database projects including China Mobile first-level settlement center, China Radio and Television State Grid 5G support. In the government affairs sector, the Company obtained projects such as the digital operation and maintenance of Beijing Archives. In the transportation sector, the Company obtained the Phase II Expansion Project of Yunnan high-speed customer database and other projects. In the medical industry, the Company obtained projects such as the 5G smart medical community construction of the Luopu People’s Hospital. In addition, the Company grandly published the AntDB V7.2 database with a new concept of “hyper-convergence” and was the first in the industry to launch a hyper-converged all-in-one streaming engine, leading the trend of distributed database technology. The Company’s database products have won widespread recognition from industry and professional organisations. The AntDB’s ranking in the Motianlun rose significantly from 34th in January 2022 to 12th in February 2023, and products for several industry applications were selected as benchmarks and excellent cases in the “Galaxy” of CAICT, and won the second award in the overall list of the “Scenario List” of the telecom industry database capability assessment by the First Institute of Electronics of MIIT, and was selected in the “Global Database Industry Atlas (2022)” of MIIT. The Company gained a single award from MIIT for technological innovation, and won the Information Innovation Industry Award for the best database brand.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OUTLOOK

Looking into the future, China's digital economy will accelerate to integrate with the real economy. By unwaveringly implementing the development strategies of "One consolidation, Three developments" and "consolidating business and improving efficiency through innovation, and steadily developing new businesses", the Company will seize the development opportunities, continue to use innovative means to consolidate traditional businesses and maintain market leadership, gradually increase the scale and profit of matured new businesses such as OSS, digital intelligence-driven operation, and develop exploratory new business markets based on the Company's products through a stable pace.

In terms of digital intelligence-driven operation, the Company will grasp the policy bonus brought about by the "Twenty Provisions on Data" policy to accelerate the expansion of the digital intelligence-driven operation market by insisting on intelligence operation (DSaaS) and DI as the main business line. We will be committed to continuing the business expansion in the communications industry and optimising the business model. For the non-communications industry markets, we will achieve the scale replication of DSaaS scenario-based products in the digitalisation of government and enterprise, digital internet of vehicles and digital consumption and other segments.

In terms of vertical industries and enterprise cloudification business, the Company will further focus on the industries including energy, government affairs and transportation. We will accelerate the scaling up of businesses that already have a demonstration effect and have been successfully verified, and further increase the profits of businesses that have already formed a market scale. At the same time, the Company will vigorously promote its standardised products such as RPA, edge AI, and digital twins into various industries so as to achieve high-quality development of vertical industries and enterprise cloudification business.

In terms of OSS business, the Company will leverage on the advantages of cloud network and digital intelligence products to continue to expand the OSS business scale and further increase its market share by seizing market opportunities such as self-intelligence network, computing network, cloud-network integration, and digital twins.

In the BSS business, the Company will be more proactive to adopt innovative means to consolidate its market leadership position. The Company will continue to cater for new customers' needs and help customers achieve the digital-intelligent transformation with innovative products and solutions such as RPA, digital humans, digital twin, digital intelligence cloud native and database, while the Company will also adopt remote delivery and low-code tools to reduce labour costs and improve personnel effectiveness.

In terms of product R&D, we will continue to carry out cutting-edge technology research in three major areas of cloud network, digital intelligence and IT, and promote the evolution of related products. In the area of cloud network, we will map business layout in advance, including 6G OSS/BSS, 6G private network, and integrated communication, computing and sensing technologies for 6G; for cloud-network convergence and computing network, we will continue to evolve the end-to-end full-stack software set for computing network so as to enable telecommunications operators to build a new integrated computing and networking infrastructure; for 5G private network, we will build cloud-based, white-box application, open and light-weight 5G base stations and core networks based on cloud-native, O-RAN and other technologies to empower enterprises to transform with digital intelligence. In the field of digital intelligence, with new technologies such as AIGC, we will embrace changes and integrate into the ecology, actively cooperate with leading AI companies, endeavouring to become the first product and solution provider in the field of AIGC in the communications industry. Meanwhile, we will continue to build open and ready for use software and hardware integration standard products, including edge AI, multi-party security computing, AIoT and database, so as to drive the transformation of industry digital intelligence and accelerate the implementation of new technologies.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2023, facing the new internal and external environment, AsiaInfo Technologies will strive to become the most reliable digital intelligence value creator by firmly implementing the “One consolidation, Three developments” strategy, accelerating our paces towards the goal of dual-leadership in products and services and endeavouring to implement the Company’s new vision and mission. It will also commit to creating customer value and boosting the development of digital China with the full-stack capabilities of digital intelligence.

### FINANCIAL OVERVIEW

#### Summary

In 2022, the Company continued to staunchly implement the development strategy of “One consolidation, Three developments”, adopted a number of measures to actively address the impact arising from the epidemic and other factors and advanced various tasks in a systematic manner, and continued to achieve a good development momentum and operating results. Driven by the constant and rapid development of the Three New business, operating scale continued to grow. In 2022, the growth of new orders exceeded 10%. BSS new orders remained stable, accounting for approximately 65% of total orders. New orders of the Three New business grew by more than 50%, accounting for approximately 35% of total orders. In 2022, we achieved revenue of approximately RMB7,738 million (2021: approximately RMB6,895 million), increased by 12.2% year-on-year, among which, the revenue from the Three New business amounted to approximately RMB2,573 million (2021: approximately RMB1,568 million), increased by 64.2% year-on-year, which accounted for more than 30% of the revenue for the first time, reaching 33.3% and continued to lead the Company’s business scalable expansion.

In 2022, our gross profit amounted to approximately RMB2,939 million (2021: approximately RMB2,645 million), representing a year-on-year increase of 11.1%, and our gross profit margin amounted to 38.0% (2021: 38.4%), representing a slight decrease of 0.4 percentage point year-on-year. Profit for the year was approximately RMB824 million (2021: approximately RMB783 million), representing a year-on-year increase of 5.4%, and profit margin reached 10.7% (2021: 11.3%), slightly down by 0.6 percentage point year-on-year.

In 2022, the Company achieved basic earnings per Share of approximately RMB0.92 (2021: approximately RMB0.86), representing a year-on-year increase of 7.0%.

In 2022, net cash generated from operating activities was approximately RMB549 million (2021: approximately RMB681 million) due to the epidemic impact, representing a year-on-year decrease of 19.4%, and the cash generated from operating activities remained stable in general.

#### Revenue

During 2022, the Company adhered to the development strategy of “One consolidation, Three developments”, kept up with market development changes, focused on the industry and digital transformation, maintained the stability of the traditional BSS business, accelerated its scalable expansion in the new business sectors in digital intelligence-driven operation, vertical industries and enterprise cloudification, and OSS business, which brought about fast revenue growth.



## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of our revenue by business category, both in absolute amounts and as percentages of our total revenue, for the periods indicated:

	2022		2021	
	RMB'000	%	RMB'000	%
<b>Revenue</b>				
Traditional business	5,164,557	66.7	5,327,134	77.3
BSS	4,924,582	63.6	4,916,741	71.3
Other revenue	239,975	3.1	410,393	6.0
Three New business	2,573,230	33.3	1,567,533	22.7
Digital intelligence-driven operation	1,149,994	14.9	729,649	10.6
Vertical industries and enterprise cloudification	757,023	9.8	424,833	6.1
OSS	666,213	8.6	413,051	6.0
<b>Total</b>	<b>7,737,787</b>	<b>100.0</b>	6,894,667	100.0

In 2022, the revenue amounted to approximately RMB7,738 million (2021: approximately RMB6,895 million), increased by 12.2% year-on-year, among which, the revenue from the Three New business amounted to approximately RMB2,573 million (2021: approximately RMB1,568 million), increased by 64.2% year-on-year, which accounted for approximately 33.3% of the revenue (2021: 22.7%) and continued to drive the Group's business scalable expansion.

The traditional business includes BSS business and sales of third-party hardware and software, system integration services and corporate training services. In 2022, revenue from BSS business amounted to approximately RMB4,925 million (2021: approximately RMB4,917 million), increased by 0.2% year-on-year, accounted for approximately 63.6% of the revenue (2021: 71.3%) and continued to maintain a steady growth in scale.

With the development of the digital economy, there is a huge demand for digital and intelligent services from enterprises and governments. In 2022, the digital intelligence-driven operation business achieved revenue of approximately RMB1,150 million (2021: approximately RMB730 million), representing a year-on-year increase of 57.6%, and accounted for approximately 14.9% of revenue. We have further expanded our customer base and hit a new record in business scale.

Benefited from years of market development, in 2022, the vertical industries and enterprise cloudification business witnessed rapid development and achieved revenue of approximately RMB757 million (2021: approximately RMB425 million), representing a year-on-year significant increase of 78.2% and accounting for approximately 9.8% of the revenue. We will further focus on energy, government affairs, transportation and other industries, strengthen the cooperation and development with mainstream cloud vendors, and devote our efforts in the industry and business so as to accelerate the in-depth development of a sustainable business model.

The Company continued to strengthen the product capability of 5G network intelligence and took a strong step into the leading industry rank. In 2022, the OSS business achieved revenue of approximately RMB666 million (2021: approximately RMB413 million), representing an increase of 61.3% year-on-year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of Sales

In 2022, the cost of sales was approximately RMB4,798 million (2021: approximately RMB4,250 million), increased by 12.9% year-on-year, which was in line with business expansion.

### Gross Profit and Gross Profit Margin

In 2022, our gross profit was approximately RMB2,939 million (2021: approximately RMB2,645 million), up by 11.1% year-on-year. Our gross profit margin was 38.0% (2021: 38.4%), continued to maintain a sound profitability.

### Selling and Marketing Expenses

In 2022, the selling and marketing expenses amounted to approximately RMB597 million (2021: approximately RMB505 million), representing a year-on-year increase of 18.2%, which was mainly in line with the development of new business market, and accounted for approximately 7.7% of the revenue (2021: 7.3%).

### Administrative Expenses

In 2022, the administrative expenses amounted to approximately RMB345 million (2021: approximately RMB296 million), representing a year-on-year increase of 16.3%, which was mainly due to an increase in management costs as a result of growth in business scale, and accounted for approximately 4.5% of the revenue (2021: 4.3%).

### R&D Expenses

R&D expenditures are fully expensed in the current period according to the Group's accounting policies. The Company paid great attention to the high-end leading technologies and products and continued to strengthen its R&D investment so as to evolve into a comprehensive R&D product system. In 2022, the R&D expenses amounted to approximately RMB1,108 million (2021: approximately RMB1,006 million), representing a year-on-year increase of 10.1% and accounted for approximately 14.3% of the revenue (2021: 14.6%).

### Income Tax Expenses

In 2022, the income tax expenses amounted to approximately RMB119 million (2021: approximately RMB134 million), representing a year-on-year decrease of 11.2%, which was mainly due to the change caused by the year-on-year decrease in taxable income.

### Profit for the Year

In 2022, we achieved a profit for the year of approximately RMB824 million (2021: approximately RMB783 million), representing a year-on-year increase of 5.4%. Net profit margin reached 10.7% (2021: 11.3%), representing a decrease of 0.6 percentage point as compared with that of last year. The continuous increase in profit for the year was due to the combined effect of the Company's business development and improved operating management.

### Dividend

The Board has resolved to recommend the payment of a final dividend of HK\$0.401 (equivalent to RMB0.358) per Share for the Reporting Period (2021: HK\$0.416 (equivalent to RMB0.340) per Share).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Position

The Group's financial position is sound. As of 31 December 2022, our total assets were approximately RMB10,433 million (31 December 2021: approximately RMB9,505 million), representing a year-on-year increase of 9.8%. Total liabilities were approximately RMB3,627 million (31 December 2021: approximately RMB3,353 million), representing a year-on-year increase of 8.2%. Net assets were approximately RMB6,806 million (31 December 2021: approximately RMB6,152 million), representing a year-on-year increase of 10.6%.

### Intangible Assets

As at 31 December 2022, we had intangible assets of approximately RMB142 million (31 December 2021: approximately RMB5 million). The above changes were mainly due to intangible assets such as trademarks, customer relationships and proprietary technology arising from the acquisition of iResearch Consulting. The Company has engaged a professional independent valuer to conduct a valuation of the intangible assets from the acquisition.

### Goodwill

As at 31 December 2022, our total goodwill amounted to approximately RMB2,123 million (31 December 2021: approximately RMB1,932 million), representing a year-on-year increase of 9.9%. The goodwill was arisen from the acquisition of Linkage Technologies International Holdings Limited in July 2010 and iResearch Consulting in January 2022 for the purpose of business combination, respectively. The Group has engaged a professional independent valuer to conduct an impairment evaluation on goodwill as at the end of 2022. During the Reporting Period, we had not identified any indication of impairment for goodwill arisen from the acquisition of Linkage Technologies International Holdings Limited and no impairment loss for goodwill was recorded. Based on the impairment evaluation, we provided an impairment for goodwill arisen from the acquisition of iResearch Consulting of RMB24 million. Our overall business scale grew steadily with strong profitability.

### Pledged Assets

As at 31 December 2022, deposits amounting to approximately RMB154 million (31 December 2021: approximately RMB179 million) had been pledged to secure letters of guarantee and notes payable, representing a year-on-year decrease of 14.2%. The above changes were mainly due to the discharge of the corresponding guarantee deposits when the letter of guarantee expired with time.

### Trade and Notes Receivables

Our trade and notes receivables represented the outstanding trade and notes receivables from our customers for the provision of our products or services. As at 31 December 2022, trade and notes receivables amounted to approximately RMB1,137 million (31 December 2021: approximately RMB847 million), representing a year-on-year increase of 34.3%. The turnover days of trade and notes receivables were approximately 50.1 days (2021: approximately 49.4 days). The above changes were mainly due to the payment progress of customers affected by the epidemic (the above figures include trade and notes receivables with China Mobile Group).



## MANAGEMENT DISCUSSION AND ANALYSIS

### Contract Assets and Contract Liabilities

On 31 December 2022, contract assets amounted to approximately RMB2,597 million (31 December 2021: approximately RMB2,231 million), representing a year-on-year increase of 16.4%. On 31 December 2022, contract liabilities amounted to approximately RMB273 million (31 December 2021: approximately RMB290 million), representing a year-on-year decrease of 5.9%. The above figures were mainly due to the acceptance process of customer affected by the epidemic, and subject to the normal changes in line with the project progress of the Company (the above figures include trade contract assets and contract liabilities with China Mobile Group).

### Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

As at 31 December 2022, financial assets at FVTPL amounted to approximately RMB715 million (31 December 2021: approximately RMB529 million), representing a year-on-year increase of 35.2%, which was mainly due to an increase in financial products investment. During the Reporting Period, no single wealth management products investment accounted for more than 5% of the Group's total assets.

### Trade and Notes Payables

The trade and notes payables represented outstanding trade and notes payables to hardware, software and outsourcing service providers. As at 31 December 2022, the trade and notes payables amounted to approximately RMB523 million (31 December 2021: approximately RMB324 million), representing a year-on-year increase of 61.6%. The turnover days of trade and notes payables increased to approximately 33.2 days (2021: approximately 20.3 days). The above figures were mainly subject to normal changes in line with business development during the credit period.

### Borrowings

We had no bank borrowings for the Reporting Period (31 December 2021: nil). As at 31 December 2022, the gearing ratio<sup>1</sup> was nil (31 December 2021: nil).

*Note 1:* Gearing ratio was calculated by dividing total bank borrowings by total equity and multiplied by 100%.

### Contingencies

For the Reporting Period, save as disclosed in this annual report, we did not have any plan for material external debt financing, nor there was any outstanding debt securities, charges, mortgages, or other similar indebtedness, leasing commitments, guarantees or other material contingent liabilities.

### Cash Flow and Financial Resources

Our business features enable us to maintain a healthy cash flow level. The net cash generated from operating activities in 2022 amounted to approximately RMB549 million (2021: approximately RMB681 million), representing a year-on-year decrease of 19.4%. This was primarily attributable to the epidemic impact on the collection progress.

Our net cash used in investing activities in 2022 was approximately RMB590 million, which was mainly due to the payment for the acquisition of iResearch Consulting and redemption of wealth management products issued by various banks and other financial institutions. During the same period in 2021, we recorded a net cash generated from investing activities of approximately RMB519 million, which was mainly due to the disposal of wealth management products issued by various banks and other financial institutions by the Group. No single wealth management product investment accounted for over 5% of the Group's total assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

Our net cash used in financing activities in 2022 was approximately RMB370 million, which was mainly used for the payment of annual dividends. In 2021, we recorded a net cash used in financing activities of approximately RMB550 million, which was mainly due to the payment of annual dividends and repayment of bank borrowings.

Cash and cash equivalents include cash at banks and other short-term deposits. Our Group's bank balance and fixed deposits are denominated in RMB, US\$ and HK\$.

### Foreign Exchange Risk

Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign exchange risk facing the Group mainly comes from movements in the HKD/RMB and USD/RMB exchange rates.

As of 31 December 2022, the Group did not have any foreign currency hedging activity. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### Funding and Working Capital Management

Funding and liquidity are managed by the treasury department. The treasury department is responsible for the overall management and implementation of the Group's internal funding, including developing funding management policy of the Group, preparing the annual funding plan, supervising and evaluating the execution and implementation of funding plan and taking charge of the daily funding management of the members of the Group. We also adopt an intensive funding management policy and issue the administration measures on various aspects for funding management such as cooperative banks, account management, capital budget, fund payment as well as credit and facility grants so as to ensure fund safety and improve the performance and efficiency in funding management.

### Significant Investments Held, Acquisitions and Disposals and Future Plans for Material Investments or Capital Assets

Save as the acquisition of 94.23% equity interests from iResearch Consulting with approximately RMB512 million, the Group had no significant investments held or material acquisitions and disposals of subsidiaries, associates and joint ventures in 2022, and the Group did not approve any other material investments or capital asset purchases.

For further details of above acquisition, please refer to the announcements of the Company dated 14 January 2022 and 17 March 2022 and the note 15 to the consolidated financial statement set out on pages 196 to 197 of this annual report.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

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## ABOUT THIS REPORT

### Guidelines for this Report

AsialInfo Technologies is pleased to publish the 2022 Environmental, Social and Governance (“**ESG**”) Report (“**ESG Report**” or this “**Report**”). This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### Scope of this Report

**Reporting scope:** Unless otherwise stated, the reporting scope covers the Group.

**Reporting period:** Unless otherwise stated, the reporting period is from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”).



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Statement on this Report

This Report is prepared based on the reporting principles of materiality, quantitiveness, balance and consistency in the ESG Guide and is disclosed in compliance with the requirements of “mandatory disclosure” and the provisions of “comply or explain”.

**Materiality:** During the year, the Group continued to conduct dialogue with various stakeholders to recalibrate and review the materiality issues that were in line with the macro trends as well as its own development, so as to provide critical responses and disclosures on issues that had significant impacts. The Board also confirmed the results of the materiality issues that were determined.

**Quantitiveness:** The Group establishes data statistics mechanism for the measurable KPIs specified in the ESG Guide, and discloses the numerical calculation results in this Report and indicates the basis of calculation and statistical standard.

**Balance:** This Report reflects objective facts and discloses both positive and negative indicators information.

**Consistency:** This Report uses consistent methodologies as the previous ESG reports to allow meaningful comparisons of ESG data for the Reporting Period with historical data and future data. If adjustments are made to the methodologies, this Report explains the specific changes.

The Group attaches great importance to the contents of this Report and strives to ensure that all information and data derived from the original records or financial reports during the daily course of the Group. The Board reviews this Report to ensure that there are no false records, misleading descriptions or major omissions in its content.

### Publishing of this Report

This Report is published in both Chinese and English versions and can be accessed and downloaded on the “HKEX news” website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the official website of AsiaInfo Technologies ([www.asiainfo.com](http://www.asiainfo.com)).

### Advice and Feedback

Thank you so much for reading this Report. Your valuable advice will provide continuous impetus for improvement of our sustainability and the quality of ESG reports. Please feel free to contact us via the following way.

Email: [aitech-boardoffice@asiainfo.com](mailto:aitech-boardoffice@asiainfo.com)



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

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## ESG GOVERNANCE

### ESG Governance

The Group attaches great importance to ESG governance work and always adheres to a top-down ESG governance system. The Board is the highest ESG governance body of the Group, responsible for making decisions and overseeing the Company's ESG activities, including important matters such as the formulation of ESG governance strategy, ESG risk management and review of ESG objectives. During the Reporting Period, the Board members of the Company considered the review and results of the materiality issues, and the Audit Committee under the Board listened to the reports on risk management and the progress of ESG risk management on a regular basis, and provided constructive opinions and guidance on ESG risk management. Meanwhile, the Board participated in the review of the ESG objectives progress that is closely related to the Group's business development and provided review opinions.

AsialInfo Technologies established the ESG working group to better perform the promoting and implementing ESG-related works, and was composed of core staff from the Board Office, the Administration Department, the Strategy Department and other relevant departments. The main responsibilities of the ESG working group include implementing the Company's ESG governance strategy and approach, identifying and analysing ESG risks and opportunities, and tracking and reviewing the achievement of ESG objectives for reporting to be considered by the Board. The ESG working group is also responsible for the preparation of the Group's ESG report and liaising with various functional departments and subsidiaries to ensure that the preparation of the report is carried out in a timely and orderly manner.

### THE BOARD

To decide and monitor ESG activities; to review ESG management strategy, ESG risks, ESG objectives, ESG reports, etc.

### ESG WORKING GROUP

To implement ESG-related work (ESG governance strategy formulation, ESG risk management, ESG target management) as requested by the Board; to be responsible for preparing ESG reports; to report ESG-related work to the Board on a regular basis

### VARIOUS FUNCTIONAL DEPARTMENTS AND SUBSIDIARIES

To participate in the preparation of ESG reports and assist in the collection of relevant information; to implement ESG objectives and related action plans



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

At the daily operational level, AsiaInfo Technologies has established a corporate policy committee and set up six dedicated committees to manage ESG issues such as business ethics, information security, customer data, and privacy protection. The management of these issues at the daily operational level, together with the governance framework of AsiaInfo Technologies, constitute the Group's sustainable governance system.

### Stakeholder's Communication

The views of stakeholders from various sectors of society have a significant impact on the Group's ESG work. The Group has established a normalised and diversified communication mechanism with various stakeholders through various means to ensure a timely understanding of their expectations and respond to their demands. During the Reporting Period, the Group's communication with major external stakeholders identified was as follows:

Stakeholders	Expectations and Requirements	Communication Channels
<b>Shareholders</b>	Financial performance Information disclosure Information security management Investors interaction and communication ESG Governance	General meeting Annual report, financial statements and announcements Results release meetings and road shows The Company's website
<b>Staff</b>	Employment management Safety and health Staff training and development	CEO direct contact line Staff satisfactory survey The Company's online forum Training activities
<b>Customers</b>	Product R&D and Innovation Product support-based services capacity Privacy security Tackling climate change	Customer satisfactory survey Product release meetings and exhibitions Customer communication platform
<b>Suppliers</b>	Procurement policy Fair transaction Supply chain management	Annual assessment Tendering and bidding activities Purchasing activities
<b>Business partners</b>	Product R&D and Innovation Product support-based services capacity Intellectual property protection	Communication through meetings Public events
<b>Government and regulatory bodies</b>	Compliance with laws and regulations Anti-corruption Community investment Achieving high energy efficiency Environmental protection Information security management Tackling climate change	Government-enterprise cooperation projects Special reporting Regular supervision

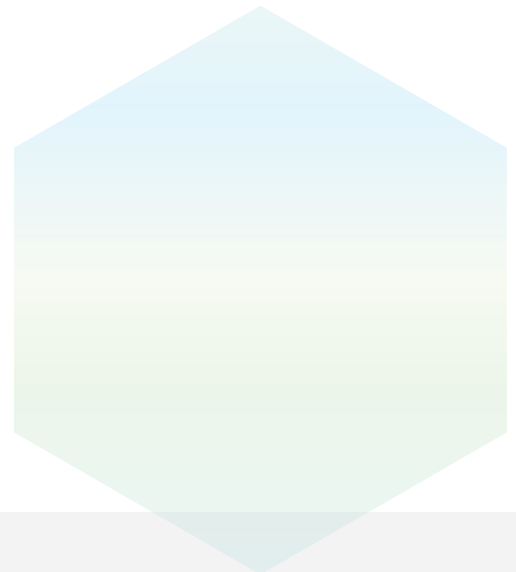
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Stakeholders	Expectations and Requirements	Communication Channels
<b>Media</b>	Information disclosure Industry co-development	Press conference Media interview New media such as MicroBlog and WeChat
<b>Investors or financial institutions</b>	Financial performance Customer privacy protection Investors interaction and communication	Annual report, financial statements and announcements Results release meetings and road shows The Company's website
<b>Community and the public</b>	Community charity Improving the community environment Open and transparent information	Community charity activities Open house New media such as MicroBlog and WeChat

### Materiality issue

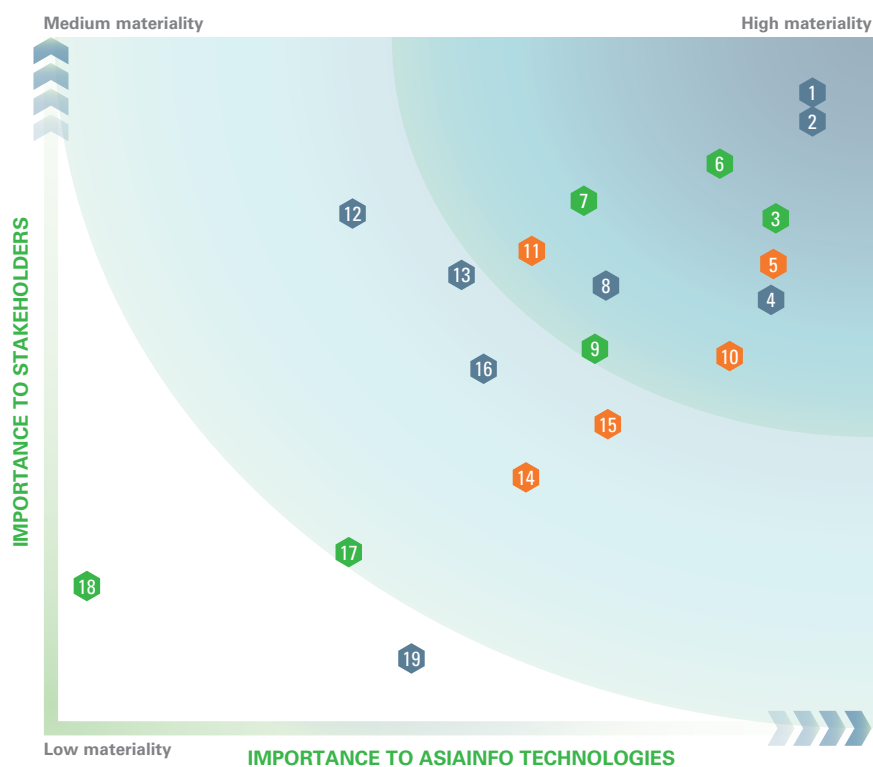
During the Reporting Period, based on the domestic and international ESG report preparation standards and the mainstream ESG rating indices in the capital market, the Group updated and reviewed the materiality issues previously assessed from the two perspectives of "materiality to AsiaInfo Technologies" and "materiality to stakeholders" through consolidating the communication with various stakeholders. Regarding the classification of materiality issues, the Group has added a new governance perspective to distinguish materiality issues from environmental, social, and governance dimensions, and added "risk management" as a highly material issue and "ESG governance" as the governance aspect.

Based on the results of the material issues review, the Group identified a total of 11 issues of high materiality, including 3 environmental issues, 5 social issues and 3 governance issues. This Report will provide a focused response to the issues of high materiality identified.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Matrix of Material Issues of AsialInfo Technologies



No.	Issue	Corresponding chapter
1	Customer data and privacy protection	Safeguarding information security
2	Information security management	Safeguarding information security
3	Technology R&D and Product Innovation	Scientific and technological innovation and cooperative development
4	Employment management	Insisting on talent first
5	Intellectual property protection	Intellectual property protection
6	Improving energy efficiency	Green office
7	Renewable energy use	Green office
8	Employees development and training	Empower talent development
9	Coping with climate change	Responding to climate change
10	ESG governance	ESG governance
11	Anti-corruption	Upholding business ethics
12	Product quality	Responsible products
13	Occupational health and safety	Safeguarding Employees' Health
14	Interaction and communication with investors	Stakeholders' Communication
15	Risk management	ESG risk management
16	Supply chain management	Supply chain management
17	Resources utilisation and management	Green office
18	Pollutants emission and management	Green office
19	Community investment	Dedication to social caring

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE (ESG) REPORT**ESG risk management**

The Group attaches great importance to risk identification and management and formulates the Risk Management System which clarifies the authority and working mechanism of risk management ranking and establishes three lines of defence for risk management to form a sound comprehensive risk management process. In accordance with the COSO<sup>1</sup> internal control and risk management system framework, the Group conducts internal control evaluation and risk management twice a year for all key business aspects of the Company. In response to the problems identified, the Group constantly improves its internal control measures and optimizes its risk management system. During the Reporting Period, the Group reconstructed the core financial system risks, and integrated business risks, and financial risks with internal control systems to improve the Company's risk management standard. The ESG risks were also included in the Group's risk management process. During the Reporting Period, the Group combined the internal control risk matrix with ESG risk to form an ESG risk matrix, and formulated risk response measures for major ESG risk points, achieving its effective control.



Three Lines of Defence for risk management of AsiaInfo Technologies

<sup>1</sup> COSO, The Committee of Sponsoring Organizations of The National Commission of Fraudulent Financial Reporting (美國反虛假財務報告委員會下屬的發起人委員會)。



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Performance highlights in 2022

Social Responsibility Practitioner



ESG  
— Business  
Governance  
Contribution Award

*Yicai*



2022  
Sustainability  
Award

*Layer123*

Innovative Technology Leader

First prize of Sci-Tech Advancement Award of China Computer Institute (CCF) in 2022

*CCF*



VR/AR  
Innovation Award

*The World Conference on VR industry 2022*



Technology  
Innovation Award

*Ministry of Industry and Information Technology ("MIIT")*



Beijing Hidden  
Champion

*Beijing Municipal Bureau of Economy and Information Technology Beijing Federation of Industry*

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT**

**Innovative Achievements in the Global Digital Economy Industry for 2022**

The 2022 Global Digital Economy Conference jointly organised by the Beijing Municipal People's Government, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Commerce, the National Internet Information Office, and the China Association for Science and Technology



**Wu Wenjun AI Science and Technology Progress Award**

China Association for Artificial Intelligence



**Best "Innovative Application"**

Award for ICT China Innovation for 2022

**2022 新型实体企业 100 强**

排名	企业名称	所属领域	得分
51	国家电力投资集团有限公司	国家电网	695.25
52	航天科工科技发展有限责任公司	航天五院	694.63
53	新华三技术有限公司	新华三	693.73
54	海信科技股份有限公司	海信科技	693.66
55	网宿互联股份有限公司	网宿互联	692.52
56	中国宝武钢铁集团有限公司	中国宝武	692.41

**The 2022 Top 100 New Type Real Economy-based Enterprises in China**

China Enterprise Evaluation Association



**Edge Computing Industry Panorama Award**

Network Convergence Industry and Standards Promotion Committee

**Leading Enterprise in Beijing Industrial Chain**

Beijing Municipal Bureau of Economy and Information Technology



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

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### INNOVATIVE DEVELOPMENT TO CREATE A DIGITAL INTELLIGENCE FUTURE

In recent years, advanced science and technology such as 5G telecommunications, big data, and artificial intelligence have been increasingly integrated into different sectors of economic and social development, and digital-intelligent transformation has become a broad consensus of industry development. In 2022, the Central Cyberspace Affairs Commission issued the “14th Five-Year” National Informatization Plan, further emphasizing the importance of digital transformation to economic and social development. As a leading “provider with full-stack digital and intelligent capabilities”, the Group continues to facilitate product development and innovation, relying on key digital-intelligent technologies such as big data, artificial intelligence, and 5G to propel the digital transformation of thousands of industries.

#### 5G private network, digital intelligence empowering industry transformation

Driven by 5G technology, it is AsialInfo’s mission to integrate cutting-edge technologies such as artificial intelligence, big data, and cloud computing to accelerate the digital-intelligent transformation of society. During the Reporting Period, the Group continued to exert its influence, leveraged its technological advantages to carry out extensive cooperation with all circles in the society, actively explored new scenarios for the application of digital-intelligent technology, and contributed scientific and technological strength to promote digital-intelligent transformation.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### CASE:

#### AsialInfo Technologies helped the 21 operating nuclear power units of China National Nuclear Power to take the lead in applying 5G technology

The 5G private network solution of AsialInfo Technologies provides AsialInfo Technologies 5G private network equipment that has the attributes of the nuclear power industry, related supporting applications, and original factory operation and maintenance services, contributing to the safe and efficient production of nuclear power. During the Reporting Period, AsialInfo Technologies assisted the 21 operating nuclear power units of China Nuclear Power to build an industrial Internet basic network integrating 5G wireless telecommunications and wired telecommunications, which contributed positive impact in three aspects, including eliminating potential safety hazards, improving collaborative efficiency and improving power generation energy efficiency:

- The deployment of AsialInfo Technologies' self-developed 5G wireless private network equipment significantly reduces the communication time and greatly improves the debugging efficiency and collaboration efficiency;
- The deployment of 5G+AI video analysis system can transmit real-time return high-definition video, real-time analysis and capture emergencies or dangerous events involving violations of rules and send out warnings in order to attain intelligent video surveillance and improve the safety prevention standard and production operation and maintenance efficiency of nuclear power plants;
- The 5G + Bluetooth 5.0 base station fusions the positioning scheme and attains room-level positioning in the production area, effectively supporting the positioning and navigation application of the nuclear power plant area.
- The 5G private network operation platform integrates network management, operation maintenance, cluster scheduling, positioning management, and intelligent terminal management, forming a complete set of user-oriented production management solutions, realizing the highly efficient integration of resources and functions such as autonomous hardware platform and command platform, as well as the comprehensive management of data information, so as to establish a unified command, scientific monitoring, coordinated and orderly monitoring and management mechanism.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### CASE:

#### Asialfno Technologies helped Guodian Shuangwei Shanghai Miao Power Plant to deploy 5G private network

Guodian Shuangwei Shanghai Miao Power Plant is one of the very few smart power station projects in China where the 5G full core network is fully operating. Asialfno Technologies assisted Guodian Shuangwei Shanghai Miao Power Station to give full play to the advantages of the 5G full core private network operation, resulting in lower latency, and more suitable for industrial control scenarios, design optimization, and innovation enhancement from headstream to integrate 5G private network into the overall architecture of “Two Platforms and Three Networks” of smart power plants.

As an important part of the infrastructure layer of smart power stations, the 5G full core private network provides necessary and sufficient network support for the access of 5G intelligent tools such as mobile applications, personnel positioning, drones, and AR and the attainment of intelligent management and control scenarios.

### All-in-one “Cloud Network” to help low-carbon development

The systemic reform brought about by climate change has aroused widespread global concern. In 2020, the Chinese government proposed to “strive to peak CO<sub>2</sub> emissions by 2030 and achieve carbon neutrality by 2060” (“Double Carbon Targets”). As a leading software product, solution, and service provider in China, Asialfno Technologies continues to explore new scenarios of energy conservation and carbon reduction through technology upgrades by relying on digital intelligence technology and services to help the low-carbon development of society.

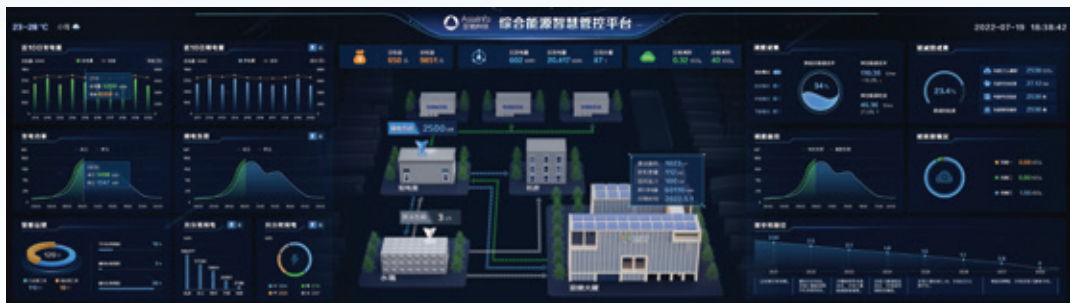


ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE (ESG) REPORT**CASE:****Integrated energy control platform which helps to refine energy management in the park**

AsiaInfo Technologies' "Integrated Energy Smart Control Platform" combined the application of technologies such as Internet of Things and cloud computing to coordinate and complement the use of multiple energy sources based on different energy characteristics, helping energy-consuming units such as parks, factories, hospitals, and buildings to achieve their Double Carbon Targets.

During the Reporting Period, AsiaInfo Technologies assisted Dalian Kaire, a subsidiary of China Power Investment Northeast Energy Technology Co., Ltd., to construct an integrated energy control platform in its heating supply park that fully integrates end-to-end cloud collaboration, big data, AI, Internet of Things and other cutting-edge technologies. The platform construction has comprehensively improved the level of automation, digitalization, and intelligent control of the park, and realised the change of integrated energy management of the park from extensive management to intensive management.

During the Reporting Period, AsiaInfo Technologies and Guoneng (Hainan) New Energy Development Co., Ltd. jointly developed a distributed photovoltaic intelligent operation and maintenance platform to provide photovoltaic users with a full range of services from bottom-end data access to data security transmission and then to the cloud end platform for data analysis, enabling distributed photovoltaic operation and maintenance to change from passive operation and maintenance to active management, effectively improving operation and maintenance efficiency and increasing operation and maintenance revenue.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

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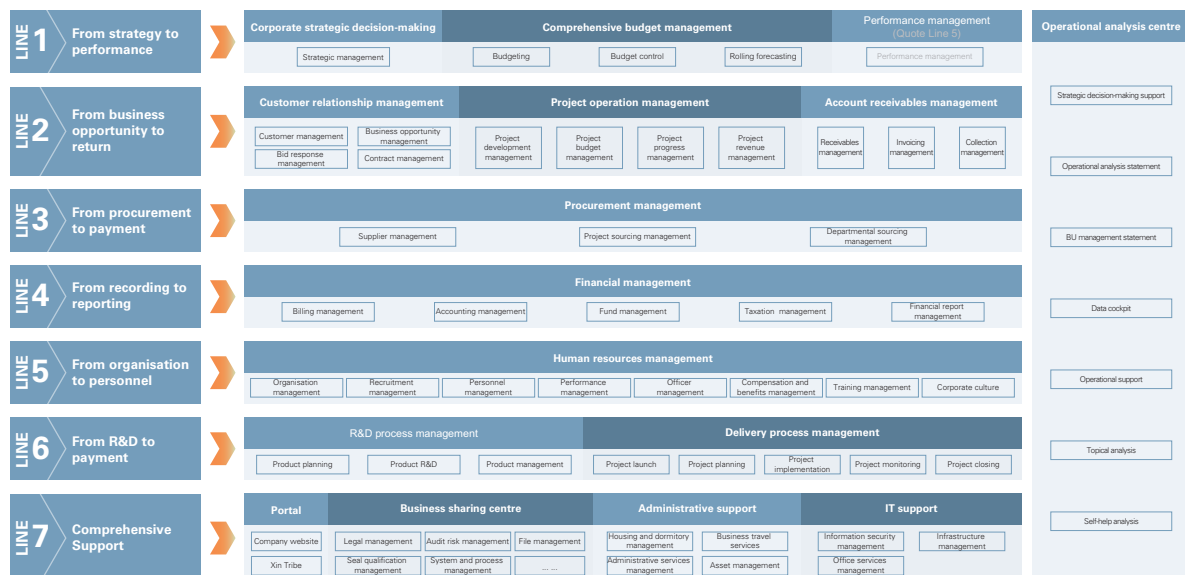
### EXERCISING RESPONSIBLE MANAGEMENT AND BUILDING A SOLID DEVELOPMENT FOUNDATION

#### Corporate Governance Strategy

The Group is committed to maintaining high standards of corporate governance and protecting the interests of shareholders. The Board is responsible for the overall leadership of the Group and oversees the Group's strategic decisions as well as monitoring the business and its performance. The Board has delegated authority and responsibility for the Group's daily management and operation to the senior management of the Group. The Board of the Group has established the Audit Committee, Remuneration Committee, Nomination Committee as well as Strategy and Investment Committee, and has clearly defined the duties and workflow of each committee to fully safeguard the reasonable deployment of internal resources as well as efficient operational decisions. In 2022, the Group held a total of 5 board meetings with 100% attendance of directors.

The Group continues to promote a culture of diversity in the Company. The Group has adopted a board diversity policy and has set up objectives and ways to achieve and maintain board diversity in order to enhance the effectiveness of the Board. Among the current directors of the Group, there are two female directors and three directors with doctoral degrees, all of whom have extensive industry experience.

The Group launched the "Super Project" and independently developed and built an internal operation support and management regime to attain the refinement and digitalization of internal management. The regime tracks all the aspects of the Group's operation and management based on the formulation of the Group's strategies, and monitors and gives warnings of various risks in daily operations, such as procurement, finance, human resources, R&D, employee safety, etc., thus attaining the coherence of corporate governance and ensuring the effectiveness and timeliness of governance.



Operational Business Management Support System of AsiaInfo Technologies

For more information on corporate governance, please refer to the "Corporate Governance Report" section of the Group's 2022 Annual Report.

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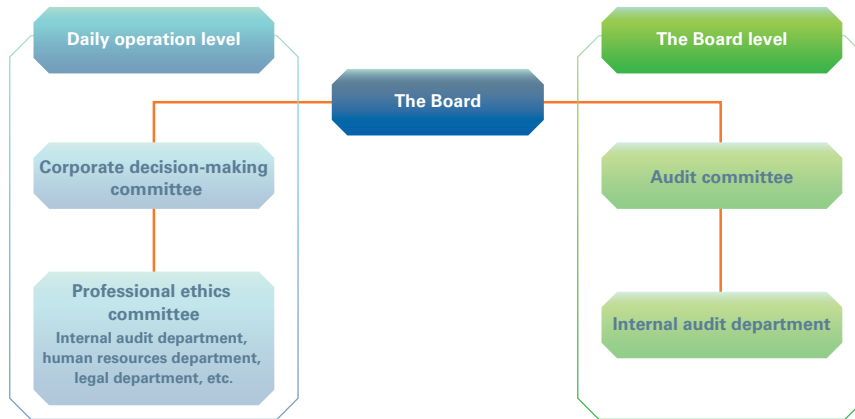
### Upholding business ethics

AsialInfo Technologies has always regarded integrity, incorruptibility, and self-discipline as the foundation of its business development, and upholding business ethics is an important part of AsialInfo Technologies' culture. The Group strictly abides by the relevant laws and regulations that have a significant impact on it, including the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》), and consciously implements international conventions including the United Nations Convention against Corruption. In order to strengthen the internal compliance management of AsialInfo Technologies, the Group has formulated the AsialInfo Technologies Professional Ethics Code (《亞信科技職業道德規範》), AsialInfo Technologies Conflict of Interest and Reporting Implementation Rules (《亞信科技利益衝突及申報實施細則》) and other integrity and compliance management policies. Specific management requirements were proposed in such policies regarding the "prohibition of bribery and corruption, prohibition of accepting benefits, offering benefits, conflict of interest management, information confidentiality, prohibition of any form of fraudulent and dishonest acts". During the Reporting Period, the Group did not violate any anti-corruption-related laws and regulations in relation to the prevention of bribery, extortion, fraud and money laundering.

To ensure the effectiveness of the business ethics policy, the Group reviews the soundness of the business ethics policy on an annual basis. In terms of system, the Group has formulated the Employee Labour Discipline Management Rules (《員工勞動紀律管理制度》), which specifies the basis for punishment for corresponding violations of rules and disciplines. For behaviours that violated the professional ethics of AsialInfo Technologies, the Company will impose sanctions or terminate the employment based on the severity of the circumstances. If the activities are violating the laws, the Company will bring them to national jurisdictions for trial in accordance with the laws.

At the management level, the Group has established a three-tier professional ethics management regime consisting of the Board, the Company's decision-making committee, and the professional ethics committee, with the Board having the ultimate responsibility for business ethics. The professional ethics committee, as the leading body for employee ethics development and compliance management, is composed of senior management and relevant functional departments of the Company. During the Reporting Period, the professional ethics committee conducted investigations into violations of the Company's rules and regulations, dealt with and penalized violators, and constantly promoted the Company's anti-corruption efforts such as conflict of interest management. At the same time, the audit committee is also the supervisory and management body for the Group's anti-corruption and integrity compliance. During the Reporting Period, the number of concluded corruption lawsuits filed against the Group and its employees was nil.



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Ethics Management Framework of AsialInfo Technologies

**Guidance in conduct**

In order to establish a clean corporate culture, the Group has actively conducted internal integrity training and disseminated corporate culture of integrity and honesty through professional ethics training, project team visits, and notification of penalty results, so as to continuously raise employees' awareness of clean practices. During the Reporting Period, the Group expanded the training targets from formal employees to outsourcing employees and interns. In 2022, the total number of Directors and employees participating in anti-corruption training reached 12,260.

**Participation of Directors and employees in anti-corruption training during the Reporting Period**

Number of Directors participating in anti-corruption training  
Coverage of Directors participating in anti-corruption training  
Number of employees participating in anti-corruption training (online)<sup>3</sup>

**12**  
**100%**  
**12,248**

**CASE:****Introduction of internal control case collection**

During the Reporting Period, the legal department, internal audit department and information security department of the Group jointly compiled a collection of internal and external case studies relating to internal control, legal and information security compliance, and disseminated them to the internal management staff of the Company to enhance risk prevention awareness and management standards of management staff at all levels.

Internal Control Compliance Case  
Collection of AsialInfo Technologies

<sup>2</sup> Due to the Covid-19 pandemic, all professional ethics trainings were primarily conducted online during the Reporting Period.

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### Whistle-blower Protection

The Group has established a sound channel for handling complaints and whistle-blowing. Complaints and whistle-blowing may be reported to the professional ethics committee and Audit Committee through internal and external whistle-blowing mailboxes, CEO direct contact line or letters, telephone whistle-blowing on the corporate office platform and the homepage of the Company's official website in a real-name or anonymous manner. During the Reporting Period, the Group updated the AsialInfo Technologies Complaint and Whistle-blowing Management System (《亞信科技投訴舉報管理制度》), AsialInfo Technologies Complaint and Whistle-blowing Management Process (《亞信科技投訴舉報管理流程》) and AsialInfo Technologies Whistle-blower Protection System (《亞信科技舉報人保護制度》). Complaints about employee fraud and violations will be independently investigated by the internal audit department of AsialInfo Technologies, which will issue an investigation report and make recommendations to the human resources department, the legal department, and the labour union on how to deal with employees involved disciplinary violation; and will report to the professional ethics committee and the audit committee and review the method of dealing with employees involving disciplinary violation. The Group absolutely prohibits any form of retaliation against those who report violations, and is committed to ensuring effective protection of the rights of whistle-blowers through a regulated and stringent system. At AsialInfo Technologies, any attempted retaliation will result in a serious warning or even dismissal, depending on the severity of the situation.

### Safeguarding Information Security

The Group attaches great importance to the protection of information security. Through the establishment of a comprehensive internal system and security management structure, the Group constantly improves the management standard and technical application of information security to truly attain "paying equal attention to both management and technology".

In regard to information security management, the Group continued to improve the information security management system; and formulated documentation including the AsialInfo Technologies Information Security Approach (《亞信科技信息安全方針》), AsialInfo Technologies Information Security Target (《亞信科技信息安全目標》), AsialInfo Technologies Information Security Management Manual (《亞信科技信息安全手冊》) and AsialInfo Technologies Staff Information Security Manual (《亞信科技員工信息安全手冊》) to provide institutional protection for information security management. The Group's information security management system has covered 13 aspects, including human security, asset security, encryption management, environmental security, operational security, network security, and supplier security. During the Reporting Period, the Group formulated the management system of AsialInfo Technologies Information Security Red Line (《亞信科技信息安全紅線》), AsialInfo Technologies Backend System — Super Project Documentation and Code Administration Measures (《亞信科技後台系統即超越計劃文檔及代碼管理辦法》), and revised the AsialInfo Technologies Office Terminal Management System (《亞信科技辦公終端管理制度》) and AsialInfo Technologies Information Security Reward and Penalty Management System (《亞信科技信息安全獎懲管理制度》).

In regard to information security technology, the Group coordinated with information security management at the technical level by continuously refining security protection technology, establishing and improving information security platforms, etc., to further mitigate information security risks.

At the same time, the Group conducted active information security publicity and training to enhance employees' awareness of information security and create a security culture continuously.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Technology Innovation Incentive

The Group continues to enhance the corporate capability of independent innovation and strictly complies with the requirements of laws and regulations such as the Patent Law of the PRC (《中華人民共和國專利法》), Copyrights Law of the PRC (《中華人民共和國著作法》), and has formulated comprehensive internal policies on intellectual property protection management such as the Management Measures on Patent Applications (《專利申請管理辦法》) and Management Measures on Patent Incentives (《專利激勵管理辦法》).

For the evaluation of patent value, the Group has established a comprehensive scoring method to evaluate the value of patents from the perspectives of innovation and novelty, versatility, uniqueness, commercial value, patent usage and patent discoverability, and supplement by the innovation incentive mechanism to effectively stimulate employees' enthusiasm for innovation. The Group has established a Patent Evaluation Committee to review and assess the quality of patents. In the past three years, the number of new software copyrights by Asialfno Technologies saw a trend of significant increase. During the Reporting Period, the Group registered 174 new software copyrights and had more than 1,298 software copyrights in total.

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### RESPONSIBLE FOR SMART MANUFACTURING TO ENSURE PRODUCT QUALITY

#### Responsible Products

##### Quality First

As a leading provider of software products, solutions, and services, Asialfno Technologies actively leverages digital transformation opportunities and strives to provide quality software products, solutions, and services to customers from thousands of industries. Asialfno Technologies strictly complies with the relevant laws and regulations that have a significant impact on it, including the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), Network Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) and Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》). Asialfno Technologies has formulated stringent internal evaluation systems on R&D projects to ensure that products developed and the R&D process and quality meet the requirements. No major violations of relevant laws and regulations that affect its business operations occurred during the Reporting Period.

The Group has established a comprehensive quality management system and developed the R&D Project Performance Evaluation Plan (《研發項目績效考核方案》) to follow up and manage the quality of the entire process of product development. At the same time, in order to ensure the high quality of project delivery, the Group has formulated detailed performance evaluation indicators for implementation to the departments and standardised the evaluation period to ensure the effective implementation of the evaluation plan. During the Reporting Period, Asialfno Technologies (China) and Asialfno Technologies (Nanjing) Inc. have completed the internal and external audits for the ISO 9001 quality management system certification to ensure the continuity of the qualification effectively. During the Reporting Period, the Group was not involved in product recall due to its business nature.

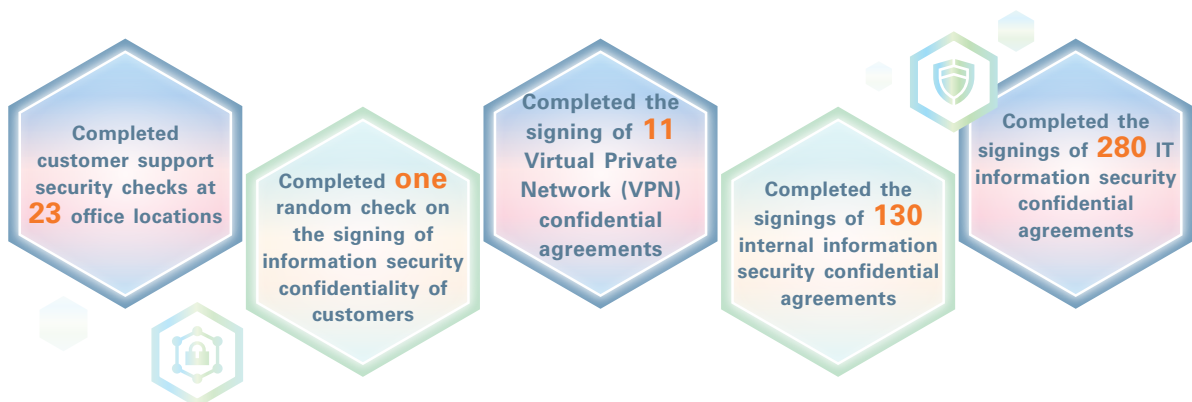


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Customer Privacy Protection

The Group believes that data security and customer privacy protection are not only legal obligations but also the core competitiveness of an enterprise in the digital era. In terms of compliance with laws and regulations, the Group strictly complies with the laws and regulations such as the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》), Provisions on the Administration of Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), and implements regulatory regulations and standard requirements to carry out data security management work. In terms of governance structure, we have established the Asialnfo Technologies Information Security Committee, which comprises Asialnfo Technologies's chief information officer and senior management and is fully responsible for the Group's information security management-related work, including the formulation and approval of information security management methods and strategies, as well as the guidance and supervision of the implementation of various information security tasks. In terms of system construction, during the Reporting Period, the Group revised the Asialnfo Technologies Reward and Punishment Management Systems on Information Security (《亞信科技信息安全獎懲管理制度》) and Asialnfo Technologies Management Systems on Office Terminal Security (《信科技辦公終端管理制度》), and added the Asialnfo Technologies Red Line on Information Security (《亞信科技信息安全紅線》) and Asialnfo Technologies Backend System — Super Project Documentation and Code Administration Measures (《亞信科技後台系統及超越計劃文檔及代碼管理辦法》) to further improve the system security construction of information security and fully protect customer data privacy. In terms of implementation management, the Group strictly requires all staff who are providing services to comply with the safety management requirements of the customers and the relevant management regulations of the Group.

During the Reporting Period, the Group effectively protected customer data and privacy by conducting regular security checks.



### Customer Services

The Group always puts customers first and insists on providing them with high-quality products and services, while sparing no effort to improve customer experience. In terms of customer complaint handling, the Group has established a complete compliant management mechanism. The customer service department will actively track and confirm the complaints after receiving compliant cases and coordinate with relevant departments for handling. The Group implements entire follow-ups on the handling of complaints and will not treat the case as completed until the complaining customer confirms that the issue is resolved.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

During the year, by adopting daily customer communication and management channels as the base, the Group actively conducted customer satisfaction survey; and reported the results of the customer satisfaction surveys to the management of the Group. In response to the feedback from customers, the Group will formulate relevant rectification plans to better safeguard service quality. During the Reporting Period, the number of complaints received by the Group in relation to products and services was nil.



Customer Satisfaction Survey Process of AsiaInfo Technologies

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Technology Innovation and Cooperation Development

The Group always adheres to the development concept of “R&D driver and innovation empowerment”. Through investment in talent cultivation and technology R&D, we continue to enhance our R&D capabilities, build a solid base for digital intelligence technology, promote the iterative upgrade of products and service solutions, and assist in the digital transformation of different industries.

During the Reporting Period, AsiaInfo Technologies constantly improved R&D management, achieved R&D delivery separation, and established Service-level agreement (SLA) protection, resulting in significant improvement in R&D efficiency.

#### ➤ Maintain international leadership in cloud network products

- Our 5G network energy saving products won the Network Transformation Awards 2022
- Our 5G network intelligence has been selected into Gartner Mainstream Supplier Matrix on 2 occasions
- We were crowned champion of the 2022 ITU 5G AI/ML Challenge and the Global Finals Excellence Award
- Our network digital twin won the 2022 TMForum Global Catalyst Award
- Our 5G private network product innovation project was selected for the 2022 software industry innovation project
- Full wind power scenario and high-precision positioning system which integrates Beidou and power wireless network won the best “Innovative Application” in ICT China Innovation Awards (2022)

#### ➤ In terms of digital intelligence, we are the industry leader in China, and some products have reached international leading standards

- AIOps and AI platform won the first prize of the Science and Technology Progress Award of China Computer Federation (CCF)
- Network Intelligence + AI won the Wu Wenjun Science and Technology Progress Award
- AIOps and AI products were enlisted in the Gartner Technology Maturity Curve and Mainstream Supplier Matrix on 3 occasions
- Our AI platform, federated learning platform, edge AI and big data platform were selected into Forrester Mainstream Supplier Matrix on 5 occasions
- Data infrastructure platform and data middle office operation system were selected by CAICT for China Digital Intelligence Industry Mapping 1.0
- Edge AI all-in-one was selected as an outstanding solution for edge computing and Beijing key security and emergency enterprise product list by CAICT
- Several of our data products such as privacy computing, and data asset management were selected as “Star River” benchmark cases.
- Robotic process automation intelligent R&D platform (AIPRA) was selected as the “Typical Demonstration Case of Software Industry in 2021” by the China Software Industry Association

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

➤ In terms of IT products, we have consolidated our tier-one position in China

- Our 3D/XR won the “iF Design Gold Award” at the 2022 Hannover Industrial Design Forum in Germany
- 3D/XR won VR/AR Innovation Award at World VR Industry Conference in 2022
- XR scenario workshop won the Digital Economy Industrial Innovation Achievements at the 2022 Global Digital Economy Conference
- Super vision 3D visualisation software and experience technology kits (4.0) were selected as a new product of Beijing New Technology
- Digital twin platform passed the authoritative evaluation of low code platform by CAICT

Performance highlights in 2022			
 Expenditure on R&D: <b>RMB1,108 million</b>	 Percentage of Revenue for R&D: <b>14.3%</b>	 International Standards: <b>133</b>	 Academic Thesis: <b>45</b>
 Patents: <b>71</b>	 Software Copyrights: <b>1,298</b>	 The number of books published: <b>11</b>	

### Promoting the Industry Development

The Group has always emphasised open and inclusive external cooperation; and carried out extensive cooperation with government bodies, industry partners, research institutes, and other stakeholders by relying on our technological experience to facilitate the transformation of digital intelligence. At the same time, we actively participate in the development of international standards and promote the stable and sustainable development of the industry with the technical experience accumulated for many years.



ENVIRONMENTAL, SOCIAL AND  
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During the Reporting Period, AsialInfo Technologies led and co-authored the White Paper on Urban Digital Transformation (the "White Paper") with experts from the Industrial Planning Institute of China Academy of Information and Communications Technology (CAICT). The White Paper provides a systematic insight into trends, capabilities, and practices in the aspects of urban refinement operation and sustainable development, and provides a direction guide of relying on digital operation and facilitating high quality urban development.



AsialInfo Technologies co-authored the White Paper on Urban Digital Transformation with the China Academy of Information and Communications Technology (CAICT).

**CASE:****AsialInfo Technologies entered into a strategic cooperation agreement with SINOTRANS & CSC Holdings**

On 10 November 2022, AsialInfo Technologies, together with its subsidiary AsialInfo Goods Cloud entered into a strategic cooperation agreement with SINOTRANS & CSC Holdings Co., Ltd., pursuant to which both parties will jointly facilitate information technology to empower the logistics industry to reasonably build an integrated logistics ecosystem with "full-scenario" features.

AsialInfo Technologies will provide support for the platform scenario construction, business application, and marketing, offer underlying software and solutions related to big data and AI, as well as customised development, deployment, and system integration services for specific scenarios based on its technological advantages. Both parties will establish a mechanism for high-level visits and irregular meetings, and set up a joint working group to facilitate the successful implementation of the cooperation. The cooperation will have a positive impact on the digital intelligence transformation of the logistics industry.



AsialInfo Technologies entered into a strategic cooperation agreement with SINOTRANS & CSC Holdings Co., Ltd.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Supply Chain Management

A sustainable supply chain system is a key element for the long-term development of an enterprise. The Group strictly complies with the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), Regulation on the Implementation of the Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》), Measures for the Administration of Government Procurement by Non-Bid Procurement Methods (《政府採購非招標採購方式管理辦法》) and other laws and regulations, and has formulated the AsialInfo Technologies Supplier Management Norms (《亞信科技供應商管理規範》) and AsialInfo Technologies Procurement Management — Supplier Management Process (《亞信科技採購管理-供應商管理流程》) as internal systems for supplier access and audit, information maintenance, selection and use, regular and irregular evaluation and monitoring works.

In order to prevent the environmental and social risks in the supply chain and create a fair and clean cooperation environment with suppliers, during the procedures of selection and evaluation, the Group requires suppliers to enter into commitment documents such as the Letter of Undertaking on Environmental and Occupational Health and Safety Management (《環境和職業健康安全管理承諾書》), the Letter of Undertaking on Integrity (《廉潔承諾函》) and to provide the Notice of Stakeholders (《相關方告知書》), setting out requirements on environmental protection, occupational health, employment, integrity and compliance.

During the Reporting Period, the Group employed a total of 386 suppliers (including project procurement and technical outsourcing). All suppliers were under stringent selection in accordance with the Supplier Selection (Procurement) Process (《供應商選擇(採購)流程》). The supplier's operational capability, delivery competence and potential risks are fully evaluated through reviewing information and cases. After the contract is signed and executed, we will conduct satisfaction reviews on the suppliers' cooperation and service quality. Meanwhile, these reviews will be included in the suppliers' annual review so as to reevaluate the suppliers' overall capability in the past year. Through the above process, we implement closed-loop management on suppliers to reduce procurement risks and costs, and improve procurement quality and efficiency.

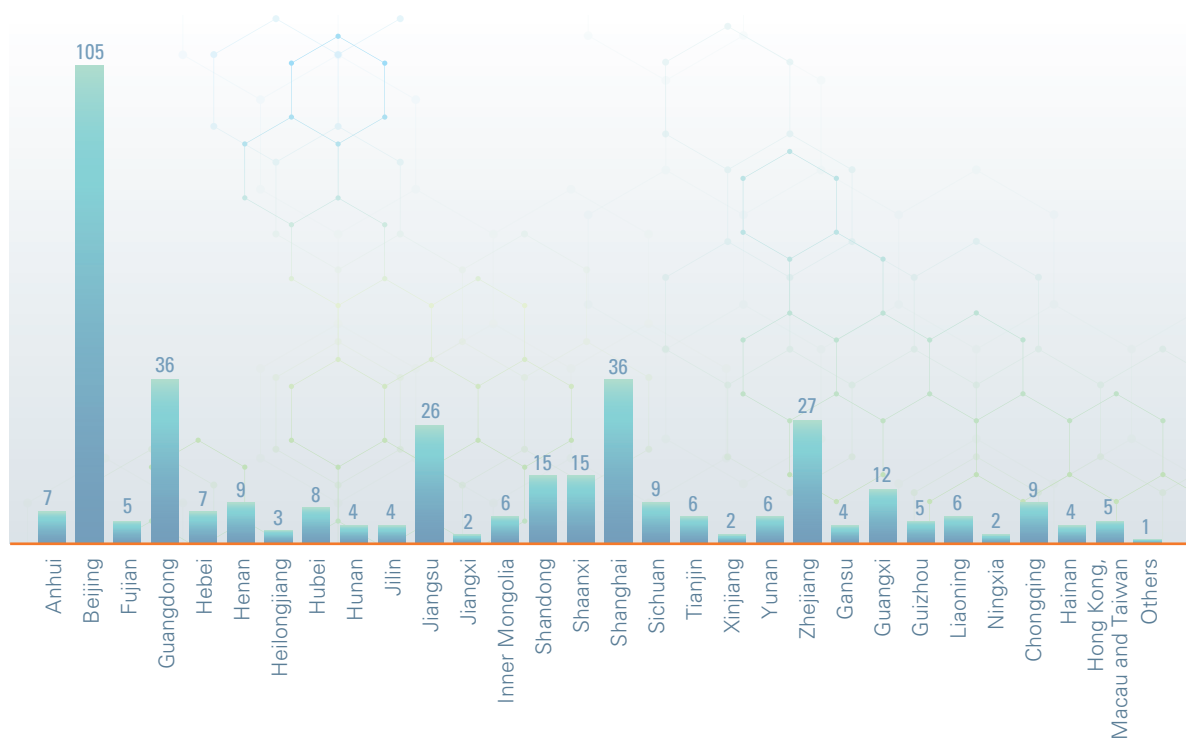
Type of Risk	Precautionary Measures
<b>Environmental risk</b>	<ul style="list-style-type: none"> <li>Reviewing whether suppliers pass the certification for ISO 14001 environmental management systems, giving priority to suppliers with this qualification</li> <li>Setting out clauses on environmental protection in the text of contracts, supervising suppliers to pay attention to environmental protection and low-carbon production and encouraging suppliers to give priority to pollution-free production technology, facilities and equipment</li> <li>Terminating cooperation with suppliers whose pollutant discharge and waste disposal fail to meet standards or regulations</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Type of Risk	Precautionary Measures
<b>Social risk</b>	<ul style="list-style-type: none"> <li>Reviewing whether suppliers possess the certification OHSAS 18001 or ISO 45001 occupational health and safety management systems, giving priority to suppliers with this qualification</li> <li>Requiring suppliers to be fully responsible for personal injuries, equipment damages, property losses and other safety accidents in the operation/construction process</li> <li>Requiring suppliers to appoint site safety responsible person at the construction site to identify risk and implement safety operation plan only after obtaining the approval from relevant department</li> </ul>
<b>Fair procurement</b>	<ul style="list-style-type: none"> <li>Requiring suppliers and contractors to enter into the Letter of Undertaking on Integrity and the Letter of Undertaking on Compliance and commit to adopt effective internal measures to intensify education on laws, disciplines and business ethics, resolutely oppose and reject commercial bribes and meet requirements on compliance management, otherwise they will be refused to cooperate with</li> </ul>

The number of suppliers of AsialInfo Technologies by geographical region during the year is as follows:

**Number of suppliers of AsialInfo Technologies by geographical region**



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## RESPONSIBLE OPERATION AND PRACTICING LOW-CARBON DEVELOPMENT

As a practitioner of sustainable development, the Group is always concerned about the protection of the environment and natural resources. The Group officially announced its green target for carbon emission reduction: aiming to achieve carbon neutrality by 2028. From the daily low-carbon office to the research and development of green products and services, AsialInfo Technologies takes energy efficiency, climate risk, and other factors into consideration in all aspects of daily operations, helping to reduce its own emissions while contributing to the low-carbon transformation of the society.

### Green Office

In our daily operation, the Group strictly abides by the “Energy Conservation Law of the People’s Republic of China” and other laws and regulations and formulates the “AsialInfo Technologies Environmental Protection Management System”. The Group adheres to the principle of green and low-carbon operation and establishes the energy management ledger to carry out meticulous management of energy. Through the statistical data on energy utilisation, the Group ensures the efficient utilisation of energy, water resources, paper, and other resources.

#### Improving the Efficiency of Energy and Resources

The energy used by the Group includes purchased electricity, gasoline, and natural gas, of which externally purchased electricity is the Group’s main energy consumption. In respect of water consumption, the Group consumes running water from the municipal pipe network and is not involved in obtaining suitable water sources. In addition, the Group does not involve in any industrial water use or other large-scale use of water resources, which are mainly for sanitary water and greening irrigation. Due to the nature of the business, the Group does not involve the consumption of packaging materials. During the Reporting Period, we took a number of steps to reduce energy and resources consumption in our operations:

- Saving the use of electricity through saving electricity for one hour in office areas during lunch break and adjusting the lowest air-conditioning temperature;
- Monitoring the consumption of electricity and water resources in office buildings through intelligent electricity and water meters and preventing the waste of resources in a timely manner once discovered;
- Improving vehicle use efficiency through standard management and arranging the use of vehicles reasonably;
- Adhering to the water-saving management at the ordinary office venues, the Group optimizes and upgrades equipment, and conducts water-saving publicity to further improve the efficiency of water consumption; and the intelligent transformation of water and electrical equipment and components;
- Reducing the printing of hotel and taxi receipts for reimbursement through the independently developed AI business travel platform, which saved 54,000 sheets of paper during the year.



ENVIRONMENTAL, SOCIAL AND  
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The Group updated, replaced, and transformed 107 remote multi-functional meters in the power distribution room and water meters in the water pump room of AsialInfo Plaza to attain separate metering of various water types such as recycled water, domestic water, restaurant water, and fire water, and upgraded the remote transmission of data. The temperature controller of the transformer, water leakage alarm rope, and other equipment are connected to the comprehensive energy intelligent management and control platform for real-time monitoring.

In the future, the Group will continue to rely on using renewable energy and more refined energy management methods to gradually improve the efficiency of existing energy.



The power distribution room of AsialInfo Plaza after transformation

For the consumption of major resources by the Group during the Reporting Period, please refer to the table below:

Resource consumption <sup>3</sup>	Unit	2022
Total water consumption	tonne	44,803
Total water consumption intensity	tonne/revenue of RMB10,000	0.06
Paper consumption	kg	6,430
Paper consumption intensity	kg/revenue of RMB10,000	0.01

<sup>3</sup> Data on resources use only covers AsialInfo Technologies (China), Inc., AsialInfo Technologies (Nanjing), Inc., Guangzhou AsialInfo Technologies, Inc. and Hunan AsialInfo Software Co., Ltd., all of which are major operating subsidiaries of the Group.

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For the consumption of major energy by the Group during the Reporting Period, please refer to the table below:

Energy consumption		Unit	2022
Indirect Energy	Total electricity consumption	'000 kWh	10,232
	Electricity consumption intensity	kWh/revenue of RMB10,000	13.223
Direct Energy	Total fuel consumption (vehicle)	L	18,318
	Total natural gas consumption	m <sup>3</sup>	195,316
	Total direct energy consumption	'000 kWh	2,185
	Direct energy consumption intensity	kWh/revenue of RMB10,000	2.82

During the Reporting Period, the greenhouse gas emissions of AsiaInfo Technologies's major subsidiaries are as follows:

Greenhouse gas emissions (scope one and scope two)		Unit	2022
Vehicle emissions and natural gas emissions (scope one)	Tonnes of carbon dioxide equivalent	464.50	
Electricity emissions (scope two)	Tonnes of carbon dioxide	5,835.18	
Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	6,299.68	
Total greenhouse gas emission density	Kilograms of carbon dioxide equivalent/revenue of RMB10,000	8.14	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Waste Management

The Group is in strict compliance with the relevant laws and regulations that have a significant impact on it, including the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and Regulation on the Administration of the Recovery and Disposal of Waste Electrical and Electronic Products (《廢棄電器電子產品回收處理管理條例》). It has formulated the Environmental Protection and Management System of AsialInfo Technologies and the Procedure on Prevention (《亞信科技環境保護管理制度》) and set out strict regulations on emissions of various pollutants to ensure that all pollutants meet the emission standards. Due to the nature of our business, the Group is not involved in the significant influence of pollutants. Major pollutants discharged in the operation of the Group include hazardous and non-hazardous wastes in the office, greenhouse gas (GHG) emissions (scope 2) generated by purchased electricity, GHG emissions (scope 1) and air pollutants generated by using of vehicles. During the Reporting Period, the Group continued to promote the certifications of international standardized energy management systems and environmental management systems. AsialInfo China completed the internal and external review of ISO 14001 and ISO 45001 to check the implementation of internal management and constantly improve the standard of environmental management. AsialInfo XingYuan, a subsidiary of the Group, passed the ISO 14001 and ISO 45001 certifications and audits. The Group did not violate the relevant laws and regulations regarding emissions of exhaust and greenhouse gases, discharges to water and land, and generation of hazardous and non-hazardous wastes during the Reporting Period.



ISO 45001 certificate of AsialInfo XingYuan



ISO 14001 certificate of AsialInfo XingYuan

In the process of operation management, the Group formulated the Treatment and Control of Solid Waste (《固體廢棄物防治控制程序》) to regulate the management of wastes continuously. The solid wastes generated in the operation of the Group are those all generated from our daily work in the office; and do not involve large-scale waste discharge, including hazardous wastes (waste fluorescent tubes and waste toner cartridges) and non-hazardous wastes (waste batteries and office domestic wastes). For hazardous wastes, the Group engages qualified companies for centralised recycling and disposal; and for non-hazardous wastes, office domestic wastes, and waste batteries produced by the Group are recycled and disposed of by qualified third-party treatment companies.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

The Group adheres to the meticulous management of domestic wastes and treats them according to the categories of waste to improve the efficiency of resource recycling. The Group placed waste containers for classification and recycling in the office building and posted slogans for waste classification to encourage employees to classify domestic wastes, thus improving the efficiency of waste disposal. During the Reporting Period, the treatment rate of domestic wastes reached 100%.

Based on the above, the Group continues to improve the management methods to reduce the emission of air pollutants continuously:

- Reducing the use of purchased electricity and improving the use efficiency of vehicles;
- Reasonably arranging the use of vehicles and improving the use efficiency of vehicles.

The Group's sewage is mainly the office domestic sewage and it can effectively reduce the sewage discharge of the Group by reducing the use of water resources.

The statistics below show the information of emissions of the Group during the Reporting Period:<sup>4</sup>

Pollutant Emission	Unit	2022
<b>Air pollutant emissions<sup>5</sup></b>		
CO emission	kg	88.45
NO <sub>x</sub> emission	kg	4.20
SO <sub>x</sub> emission	kg	0.27
PM <sub>2.5</sub> emission	kg	0.53
PM <sub>10</sub> emission	kg	0.54
<b>Non-hazardous waste produced<sup>6</sup></b>		
Office domestic wastes <sup>7</sup>	tonnes	107
Kitchen wastes	tonnes	81
Waste battery	tonnes	0.028
Waste battery recycled	tonnes	0.027
Total non-hazardous waste emissions	tonnes	187
Intensity of non-hazardous waste emission	kg/revenue of RMB10,000	0.24
<b>Hazardous wastes produced</b>		
Waste fluorescent tube	tonnes	1.256
Waste fluorescent tube recycled	tonnes	1.189
Waste toner cartridge	tonnes	0.084
Waste toner cartridge recycled	tonnes	0.077
Total hazardous wastes produced	tonnes	1.339
Intensity of hazardous wastes produced	kg/revenue of RMB10,000	0.0017

<sup>4</sup> During the Reporting Period, the Group was not involved in packaging materials.

<sup>5</sup> Air pollutant emissions are emissions from vehicles owned by the Group, including emissions from vehicles owned and operated by the Group, and are calculated with reference to the Technical Guide for Air Pollutant Emission Inventory for Road Motor Vehicles (Trial) 《道路機動車大氣污染物排放清單編製技術指南《道路機動車大氣污染物排放清單編製技術指南(試行)》》.

<sup>6</sup> With reference to the definition in Basel Convention, non-hazardous wastes of the Group include computers, digital communication circuits and devices, servers, printers, etc. All electronic wastes are auctioned off by the Group.

<sup>7</sup> During the year, AsiaInfo Technologies continued to improve the collection process of domestic waste data. The continuous improvement of data collection indicators resulted in an increase in data this year.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Responding to Climate Change

Climate change causes tremendous damage and irreparable losses to terrestrial and marine ecosystems around the world. In actively responding to the target of 1.5°C set out in the Paris Agreement and the “Dual Carbon Goal” of the PRC, the Group officially announced its green target for carbon emission reduction: aiming to achieve carbon neutrality by 2028.

### Climate Risks Management

The Group attaches great importance to climate change-related works. During the year, the Group upgraded the “issue on responding to climate change” from an issue with medium materiality to an issue with high materiality, and constantly improved the identification and management of climate change-related risks in the risk matrix. The Board of the Group regularly receives reports on the work of risk management and ESG, understands the progress of climate risk management and ESG-related works, and puts forward guidance opinions. In addition, to ensure the efficiency of climate risk management and governance, the Group’s ESG working group also regularly discusses climate-related issues and supervises the implementation of climate risk countermeasures.

### Climate Strategy

AsialInfo Technologies is always concerned about the systemic impact of climate change on businesses. The Group firmly believes that climate change brings both new requirements for low-carbon development and opportunities for AsialInfo Technologies. By improving energy efficiency and reducing resource consumption, AsialInfo Technologies can optimise its operational efficiency and facilitate attaining the target of carbon neutrality. Meanwhile, the Group actively explores new scenarios of low-carbon transformation for many industries with digital-intelligence technologies, constantly expands the application boundary of technologies, and is committed to providing green and intelligent services and solutions for partners. In the future, AsialInfo Technologies will also further integrate climate change into the Group’s overall development strategy.

### Identifying and Responding to Climate Change Risk

This year, the Group proactively identified and analyzed various physical and transformation risks related to climate change based on the Task Force on Climate-related Financial Disclosures (TCFD), and assessed their financial impacts. We also formulated climate risk management methods and response measures in a timely manner.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Climate change risk identification and response

Type of Risk	Specific Risk	Description of Risk	Countermeasures
<b>Physical risk</b>	Acute risk	Extreme weather conditions, such as hurricanes and rainstorms, may interrupt the daily operations of data centres or companies, affecting the continuity of operation	<p>Formulate evacuation plans for emergencies;</p> <p>Organise evacuation drills for flood control purposes regularly;</p> <p>Develop a remote office platform to ensure the normal and orderly operation of the company</p>
	Chronic risk	Chronic risks such as heat, drought, and rising sea levels may increase the total energy consumption and costs of a company's office building or data centre, resulting in higher overall operating costs	Deploy security personnel in each project to inform the corresponding security measures and actively communicate about the situation
<b>Transformation risk</b>	Policy and legal risk	With the increasing materiality of addressing climate change, the government and listing regulators will introduce more stringent requirements on disclosure of environmental information and supervision for enterprises, which may increase the compliance risks faced by enterprises	<p>Constantly strengthen the search for and interpretation of various regulatory policies to ensure that our operations fully meet regulatory requirements;</p> <p>Actively explore low-carbon operation models and reduce our own GHG emissions by improving the efficiency of energy and increasing the proportion of clean energy</p>
	Technical risk	Driven by the "Dual Carbon" policy, the demand for low-carbon technologies will gradually increase. Failure to master core green technologies or failure in investing in green technologies may lead to the setback of the core competitiveness of enterprises	Strengthen the research and development and personnel training of products related to low-carbon technologies, and actively carry out various energy conservation and emission reduction practices with its own low-carbon technologies
	Market risk	As customers are concerned about the low-carbon properties of products, if green and low-carbon technologies and services are not provided in a timely manner, the market share may decline, thus affecting the operating income	<p>Actively carry out research on products and technologies related to low-carbon;</p> <p>Introduce the enterprise's low-carbon concept to customers' products and technologies</p>
	Reputational risk	If an enterprise fails to disclose the progress of its goals or key measures to the public in a timely manner after releasing the "Dual Carbon" objective or sustainable development strategy, investors and the public may cast doubts, which will further affect the reputation of the enterprise	In addition to releasing green targets for emission reduction, AsiaInfo Technologies actively carries out various emission reduction practices and discloses them to the public in a timely manner

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Climate change goals and actions

In order to achieve the green target for carbon emission reduction, the Group proposes four primary directions: energy conservation and efficiency improvement, utilisation of renewable energy, carbon offsetting, and empowering industries, so as to facilitate the low-carbon transformation of society while achieving its own carbon emission reduction. During the Reporting Period, AsialInfo Technologies actively launched various low-carbon and emission reduction practices; and carried out dual carbon promotion and training activities to further deepen employees' understanding of dual carbon and environmental awareness.

During the Reporting Period, the Group conducted meticulous energy management transformation of AsialInfo Plaza, and leveraged its own advantages to facilitate the achievement of the carbon emission reduction target:

### ➤ Accelerating low-carbon transformation by replacing traditional electricity consumption with green electricity

The Group makes full use of the roof and carport space of the plaza to install photovoltaic panels, which are connected to the power supply system of the plaza after inversion and confluent, and are eventually used in the data centre room, air conditioning and lighting system of the office area and other power-consuming equipment of the plaza. During the Reporting Period, the photovoltaic capacity of AsialInfo Technologies was approximately 110,000 kWh, which further reduced the amount of purchased electricity of the Group and increased the proportion of clean energy.



Photovoltaic facilities on the top floor of AsialInfo Technologies Plaza

### ➤ Building a comprehensive energy smart management and control platform

The comprehensive energy smart management and control platform not only reduces the labor cost of the original energy detection; but also attains the analysis and prediction of energy consumption and timely detection of waste through the system's dynamic monitoring of key energy consumption indicators such as water and electricity inside the plaza, thus promoting the process of energy conservation and emission reduction of the plaza.

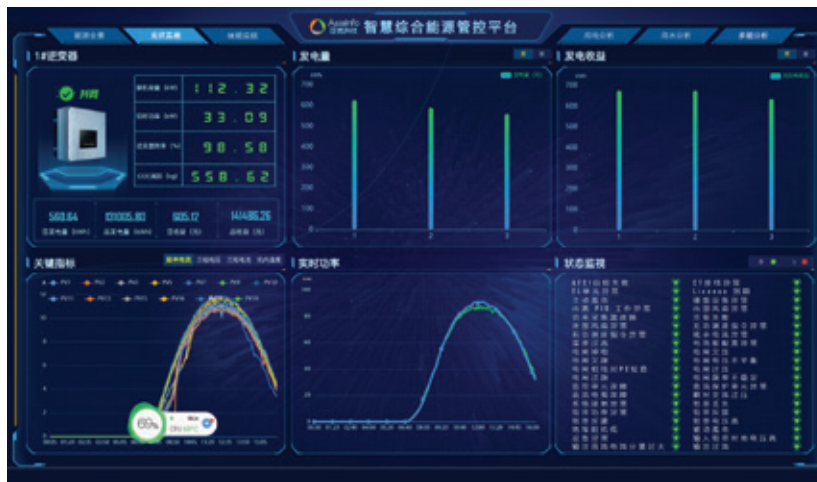


Chart: Comprehensive energy smart management and control platform of AsialInfo Technologies

ENVIRONMENTAL, SOCIAL AND  
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In August 2022, in order to strengthen flood control, improve the staff's emergency response ability and ensure the safety of employees' lives and properties, the Group organized flood control emergency drills. Before the drill, the Group organized the corresponding staff to carry out the inspection of flood control facilities and the drill plan. Our staff responded to the drill in time that simulated the waterlogging situation in the underground garage. The drill was successfully completed.



Asialfno Technologies Organized a Flood Control Drill

## 7

**CULTIVATING RESPONSIBILITY AND CARING FOR THE GROWTH OF EMPLOYEES****Adhering to the supremacy of talent**

The Group strictly complies with the relevant laws and regulations that have a significant impact on it, including the Labour Law of the PRC (《中華人民共和國勞動法》), Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), Social Insurance Law of the PRC (《中華人民共和國社會保險法》), Regulations on Prohibition of Child Labour (《禁止使用童工規定》). Meanwhile, the Group formulated the Asialfno Technologies Staff Manual (《亞信科技員工手冊》), the Asialfno Technologies Social Recruitment Management System (《亞信科技社會招聘管理制度》) and other internal policies, and clearly stipulates the requirements related to equal employment and diversity recruitment and respect and protect the legitimate rights and interests of all employees. During the Reporting Period, the Group did not violate laws and regulations related to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits and welfare.

To prevent forced labour, the Group complies with policies on the prevention of child labour or forced labour and the Labour Law of the PRC stringently and ensures that every employee can only work during normal working hours as required in the local laws and regulations and the Asialfno Technologies Staff Manual (《亞信科技員工手冊》). In addition, in accordance with the Implementation Measures for Paid Annual Leave for Employees of Enterprises (《企業職工帶薪年休假實施辦法》), Asialfno Technologies has formulated the Asialfno Technologies Staff Vacation Management Regulations (《亞信科技員工假期管理規定》), which guarantees employees' entitlement to vacation on national statutory holidays, marriage leave, maternity leave (or paternity leave), bereavement leave, annual leave and sick leave and regulates employees' vacation time and the procedures for vacation applications. In addition, the Group conducts stringent third-party background investigations to verify the identity of candidates in strict accordance with

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

the AsialInfo Technologies Background Investigation Management Norms (《亞信科技背景調查管理規範》), so as to avoid the occurrence of child labour. Since its establishment, the use of child labour and forced labour has not occurred, so the steps to eliminate relevant non-compliance are not applicable to the Group.

On the basis of effectively protecting the rights and interests of employees, the Group continues to provide smooth communication channels for employees, listens to their aspirations, and steadily promotes the special work of employee services.

### CASE:

#### Conducting a survey on organizational culture and atmosphere to enhance employees' sense of belonging

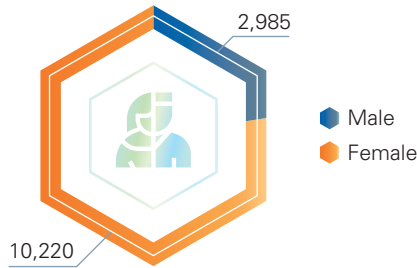
From July to September 2022, the Group conducted a survey on the organization's cultural atmosphere. The survey was carried out in accordance with three sections: a questionnaire for all employees, project site visits, and face-to-face interviews to understand the voices of employees.

- **Questionnaire:**  
We sent an online questionnaire to all employees to investigate the cultural atmosphere of AsialInfo through 11 questions. And we collected 6,086 valid questionnaires with more than 2,900 comments and suggestions were gathered;
- **Project site visits:**  
We visited 13 project sites in 5 cities including Beijing, Nanchang, Zhengzhou, Harbin and Guangzhou, covering more than 1,000 employees;
- **Face-to-face interviews:**  
We conducted in-depth interviews with 65 employees in five aspects: organizational effectiveness, organizational atmosphere, organizational confidence, management style, and employee stability.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

As of the end of the Reporting Period, the total number of full-time employees of the Group was 13,205, of which:

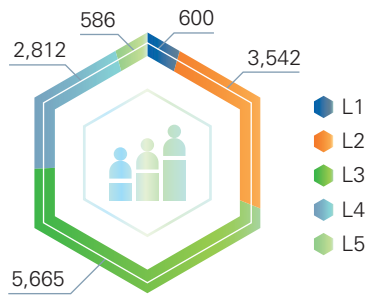
### By gender of employees



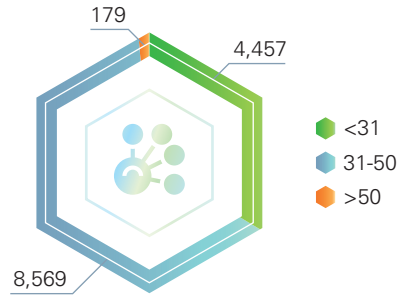
### By employment type



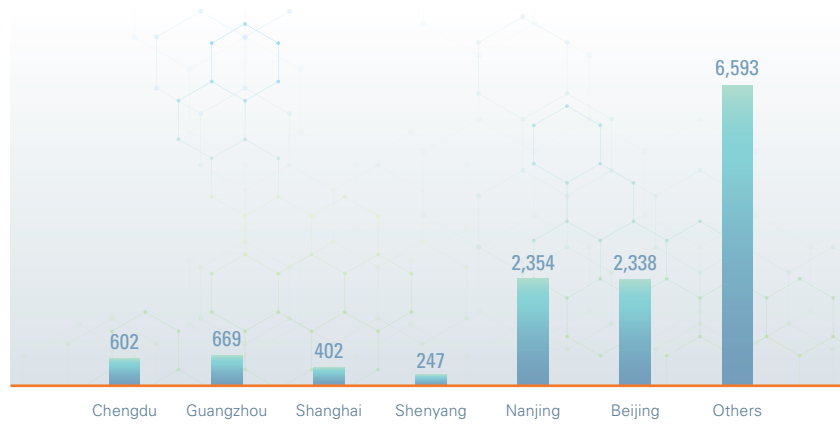
### By rank



### By age group



### By geographical region





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

During the Reporting Period, the total number of employee turnover of the Group was 2,267, including:

Category	Turnover rate <sup>9</sup>
<b>By gender</b>	
Male	17.78%
Female	15.08%
<b>By age group</b>	
< 31 years old	21.83%
31–50 years old	14.88%
> 50 years old	10.61%
<b>By geographic area</b>	
Chengdu	18.60%
Guangzhou	17.34%
Shanghai	12.94%
Nanjing	12.15%
Beijing	21.37%
Others	19.97%

### Empowering Talent Development

The Group always adheres to the concept of “technology innovation and talent first” and attaches great importance to the career development of employees. In order to regulate the Group’s internal training work and ensure the orderly implementation of various training work, the Group formulated and issued a series of system policies regarding the improvement of employees’ knowledge and skills in performing their job duties, such as the AsialInfo Technologies Internal Training Management System (《亞信科技內部培訓管理制度》) and AsialInfo Technologies Staff Education Fund Management Measure (《亞信科技職工教育經費管理辦法》). In addition to new staff training and general ability training, the Group sets up special training courses for management talents and professional talents; and conducts research on course satisfaction, so as to constantly improve the talent training system. During the Reporting Period, the Group formulated the 2022 Corporate Training Plan and made statistics on employees’ feedback to continuously optimize its staff training plans.

<sup>9</sup> Turnover rate = Number of employee turnover in this category/Total number of employee in this category.

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	New staff training	General ability training	Management training	Professional and technical personnel training
<b>Training objects</b>	All new staff	All staff	Staff with management responsibilities in their capacities, including the Company's grass-root, middle, and senior management	Targets professional and technical personnel at different levels and types
<b>Content of training</b>	Company profile, organisational structure, corporate culture, professional ethics, basic business knowledge, technical skills, etc.	General capability, and corporate strategy, new system, new policy, etc.	Management and leadership training, covering self-management, business management, team management, collaboration, and other management philosophy and key skills training	Technical certification, product certification, training camps, external certification, and other training
<b>Representative programme</b>	<ul style="list-style-type: none"> <li>Asiainfo — Star Programme Training Camp for new staff</li> </ul>	<ul style="list-style-type: none"> <li>Training camp series</li> <li>Frontline general ability series training</li> <li>Training under the legal lecture hall series</li> </ul>	<ul style="list-style-type: none"> <li>Navigator Programme M4 Training Camp</li> <li>Voyage Program — Training Camp for middle management</li> <li>Start Leader Programme — Training camp for grass-root management</li> </ul>	<ul style="list-style-type: none"> <li>Position certification project</li> <li>Training on certification of the Company's products</li> <li>Training Camp for key account marketing</li> <li>Product manager capability improvement programme</li> </ul>



Asiainfo Technologies 2022 Navigator Programme M4 Training Camp

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### CASE:

#### Professional and technical personnel training

The Group provided training for professional and technical personnel at different levels and types, which covers technical certification, product certification, training camps, external certification, and other training. During the Reporting Period, AsialInfo Technologies launched a variety of training programmes to further enhance the professionalism of its professional and technical staff:

##### Position Certification Project:

AsialInfo School has launched the 2022 “Xin Changqing — AsialInfo Technologies Position Certification Project (信長青-亞信科技崗位認證項目)”, which aims to build up a position-based certification system to make known the growth path of employees and clear career direction, and provide objective assessment standards for promotion, so as to form a closed loop of learning-improvement-promotion.

##### Product Certification Training:

During the Reporting Period, in order to continue to support the Company’s strategic battle to “achieve the separation of product and delivery” and strengthen staff’s understanding of the Company’s products and business during and before sales, AsialInfo School continued to carry out product certification training courses

- 15 new courses were added for sales and pre-sales positions;
- A total of 42 new courses were added to the 2021 curriculum for 37 products in 6 product lines;
- The total number of training sessions for the year was 10,782, of which 7,497 were certified.

##### Sales Training Camp:

In order to implement the Company’s talent development strategy and enhance the professional ability and marketing skills of the professional staff in sales, pre-sales, and customer marketing, AsialInfo Technologies organized the Sales Training Camp. Focusing on the theme of key customer marketing, we carried out a variety of learning modes, such as ice-breaker integration, pre-training services, knowledge cards, red and black list, case studies, and program applications in the “start-up-training-after training” stage.

- A total of 58 main sales staff from 9 departments enrolled;
- 48 copies of assignments were produced.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT**

During the Reporting Period, the Group organised a total of 190 sessions of various trainings for 11,539 employees, with total training time of 214,781.07 hours, and the total training time of employees increased by 120% compared to 2021.

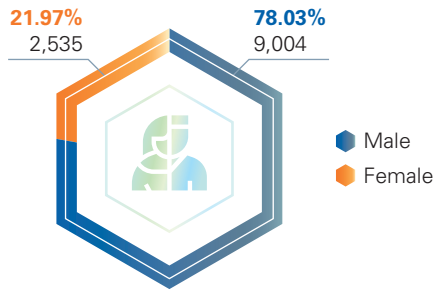


AsialInfo Technologies Position Certification Project Training

Number and percentage of trainees by gender and rank:

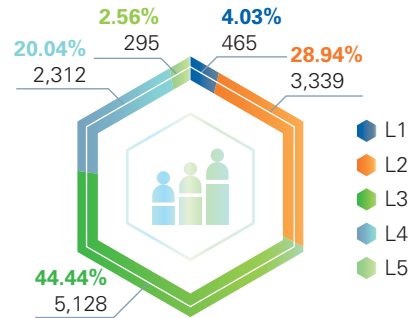
**By gender of employees**

Trainees (Headcount)/ Percentage<sup>10</sup>



**By rank**

Trainees (Headcount)/ Percentage<sup>10</sup>



Average training hours of trainees by gender and rank:

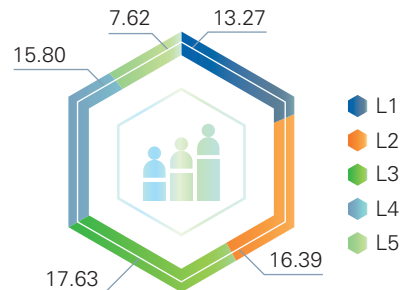
**By gender of employees**

Average training hours (H)<sup>11</sup>



**By rank**

Average training hours (H)<sup>11</sup>



<sup>10</sup> Trainees rate in this category = Number of trainees in this category/Total number of trainees

<sup>11</sup> Average training hours of trainees in the relevant category = Total number of training hours of trainees in the specific category/Number of trainees in the specific category

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

### Safeguarding Employees' Health

The Group places much concern on the occupational health of its employees; and strives to create a beautiful, healthy, comfortable, and intelligent office environment for employees, constantly improve the ability to deal with emergencies, and minimise the occurrence of emergencies and the damage caused by them. The Group has strictly complied with the relevant laws and regulations that have a significant impact on it, including the Work Safety Law of the PRC (《中華人民共和國安全生產法》), Fire Protection Law of the PRC (《中華人民共和國消防法》), Law of the People's Republic of China on the Prevention, Control of Occupational Diseases (《中華人民共和國職業病防治法》), and Measures for the administration of occupational health examination (《職業健康檢查管理辦法》). During the Reporting Period, the Group did not violate any laws and regulations relating to the provision of a safe working environment and the protection of employees from occupational hazards.

In respect of management structure, the Group has set up the production safety leading group and the production safety working group and implements the safety assurance and labour protection responsibility layer by layer to various departments. Every department of the Group has no less than one security officer to supervise, inspect and report on safety matters, and ensure the smooth implementation of occupational health and safety work. In respect of occupational health management system certification, the Group completed the internal and external review of the ISO 45001 occupational health and safety management system; and organised relevant training to improve the occupational health awareness of employees during the Report Period. In respect of system construction, the Group formulated internal policies such as AsiaInfo Technologies Safe Production Management System (《亞信科技安全生產管理制度》) to fully integrate health and safety work into all divisions and daily operations.

During the Reporting Period, there were no work-related fatalities in the Group (the number of work-related fatalities in the Group in 2021 was 1, with a work-related fatality rate of 0.0075%, and the rate in 2020 was 0), with a work-related fatality rate of 0, and the number of lost working days due to work injury was 250.



Production Safety Management Structure of AsiaInfo Technologies



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AsialInfo Technologies' daily business is mainly based on software technology development and paperwork in the office. There are no material occupational safety and health hazards during the process. During the Reporting Period, in order to further enhance the occupational health and safety awareness of our employees and to protect the safety of our operations, the Group conducts safety training activities and regular safety inspections. During the Reporting Period:

the physical examination coverage rate of the Group's employees was

**100%**

a total of

**27,023.3**

hours of safety training was provided.

the total number of employees who participated in safety training was

**27,717**

**CASE:****Organizing onsite nucleic acid testing for employees to protect their health**

During the Reporting Period, the Group gave due consideration to the health of its employees and organized work from home for employees during the severe outbreak of COVID-19 to further reduce the risk of employees being infected during commuting and to protect the health of employees. At the same time, the Group actively coordinated medical supplies and services, organized nucleic acid testing service providers to conduct on-site nucleic acid testing services for employees, and distributed pandemic prevention materials such as masks to them.

**Caring for Employees' Growth**

As always, the Group adheres to the "people-oriented" philosophy; and strives to create a warm and dynamic working atmosphere for employees, provides more warm employee welfare, and advocates a work-life balance style of work, so that employees can truly feel the care of the Company. The Group established the "AsialInfo Care Mutual Fund" and adhered to the philosophy of "helping one another", to provide assistance to employees in need. During the Reporting Period, in order to enhance employees' sense of participation and identity, we organised a series of employee activities, including "Happy Day" theme activities, Programmer's Day, Women's Day, and other activities.

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## CASE:

## “AI on the Way, ‘Code’ drives the Future” — “1024 Programmer’s Day” event

On Programmers’ Day of October 24, AsialInfo Technologies launched programmer festival fun activities at its offices nationwide. A variety of fun games for physical fitness were held, including dynamic bicycle, basketball player, “punch” for boxing, soccer player, and so on. The activities enriched employees’ spare time, enhanced their sense of well-being, and strengthened their determination to work together.



“AI on the Way, ‘Code’ drives the Future” — “1024 Programmer’s Day” Event Organized by AsialInfo Technologies

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## CASE:

## “Enjoy Your Future in AsialInfo”, event on International Women’s Day

On 8 March 2022, to honor our outstanding female employees, the Group held the “Outstanding Frontline Female Employees Award Ceremony”, where customized certificates, eternal flowers, and prizes were awarded to the outstanding frontline female employees from 15 business divisions. At the same time, we prepared flowers and desserts and arranged activities such as Turkish lamp-making and shoulder and neck massages.



“Enjoy Your Future in AsialInfo”, Event on International Women’s Day Organized by AsialInfo Technologies



To celebrate International Workers’ Day, the Food and Welfare Committee of AsialInfo Technologies’s labour union has prepared a variety of fruits for the staff to enjoy.



Lantern Festival Activities — The Group held “Happy Day” activities under the theme of “Enjoy the Lantern Festival, Draw the Year Together” and held on-site activities such as riddles and lucky draws to enhance the happiness of employees.



“AI Mid-Autumn Festival, Enjoy Happy Reunion” themed activity — The Group prepared exquisite Mid-Autumn Festival gift boxes of “AI+ Reunion Tableware” for employees, and organized activities such as DIY fan and snack food tasting to create a festive sentiment of reunion and joy for all employees.

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## 8

## RESPONSIBILITY, DEDICATION AND SHARING DEVELOPMENT VALUE

## Empowering Social Welfare with Digital Intelligence

As a responsible technology company, Asialfno Technologies has always adhered to the philosophy of sharing our enterprise development results with society, actively engaged in public welfare and philanthropy, and gave full play to our technological advantages to facilitate the harmonious and sustainable development of society. During the Reporting Period, the Group's products played an important role in the rural revitalisation and smart healthcare. The Group will continue to explore more possibilities for technology to create a better life, and actively fulfill its social responsibility as a corporate citizen.

## CASE:

## Asialfno Technologies Helps Rural Revitalization

By giving full play to its technological advantages in building an "Integrated Digital Village Service Platform" for a village, Asialfno Technologies has effectively helped the village in solving their problems in managing fragmented information in population and housing, difficulties in meeting villagers' demands due to the low efficiency of affairs, and the lack of convenience for villagers. After the platform was built, the village management achieved outstanding results.



"Integrated Digital Village Service Platform"



- Refined management: online management of basic information such as population and housing in the village, facilitating a quick grasp of the population situation;
- Network governance: Through the means of incident reporting and openness of the affairs, village affairs are digitalized and villagers can monitor village affairs and report them in a timely manner;
- Benefits services: Daily needs such as telephone bill top-up and electricity bill payments can be handled online for the convenience of villagers while improving the level of local services.

## CASE:

## Asialfno Technologies helps build a universal health information platform

For a long time, the problems of medical information are difficult to centralize, and the capability of primary services is being ignored. To better attain the interconnection of regional health and medical data, Asialfno Technologies assisted a local municipal health committee to build a "Whole Population Health Information Platform" to realize the convergence of regional health and medical data and collaborative innovation of application services. By building the "Whole Population Health Information Platform", the city's medical information can be accessed by any means, providing great convenience for the public to receive medical services.



ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE (ESG) REPORT

## Devoting love to the society

The Group is concerned about social welfare undertakings and fulfills its corporate social responsibility.

## CASE:

## AsialInfo Technologies' Public Welfare Activity – "Doing Good Deeds" Together for Book Donation Campaign

In May 2022, AsialInfo Technologies once again joined hands with Mutian Public Welfare to launch the "Do Good" book donation campaign, whereby our employees across the country brought their families and children to actively participate in the donation. A total of 2,097 books were donated to four schools in Henan, Shaanxi, and Inner Mongolia.



AsialInfo's staff joined the charitable event for book donation together with the children



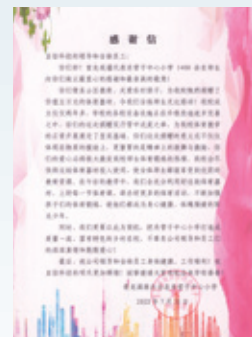
Donation Certificate issued by "Mutian Charity"

Looking forward, standing at the new starting point of the development of the digital economy and based on its advantages in innovation and R&D and with the heart to service and make a contribution to society continuously, AsialInfo Technologies will leverage the role of digitalisation to facilitate the digital intelligence transformation in various industries. We will fulfill our social responsibility as a corporate citizen, and integrate aspects such as protecting information security and privacy, promoting green development, protecting employees' health, and meeting the expectations of all stakeholders into the long-term development of the enterprise, so as to make continuous contributions in building a beautiful and sustainable society.

## CASE:

## AsialInfo Technologies donated sports equipment to Xiaoyingzi Central Primary School in Qinglong Manchu Autonomous County, Qinhuangdao City

In July 2022, to support the local youth charity, improve school teaching conditions and enhance teaching quality, AsialInfo Technologies donated sports equipment worth RMB50,000 to Xiaoyingzi Central Primary School in Qinglong Manchu Autonomous County, Qinhuangdao City. The sports equipment donated has enriched the students' sports activities and life and AsialInfo Technologies received a letter of appreciation from the school.



Letter of Appreciation from Xiaoyingzi Central Primary School in Qinglong Manchu Autonomous County, Qinhuangdao City



# PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Directors



**Dr. TIAN Suning**  
(田溯寧)

*Executive Director*

Aged 60, co-founded the Group in 1994, is the chairman and an executive Director. Dr. TIAN has over 22 years of experience in the business of software products, provision of IT services and software solutions, and is primarily responsible for the overall strategic planning and business direction of the Group.

Dr. TIAN served in various positions in China Netcom Group Corporation (Hong Kong) Limited. He served as the chief executive officer from 1999 to May 2006, as a director from August 2000 to July 2007 and as the vice chairman from April 2005 to July 2007. Dr. TIAN has been the founder and chairman of a private equity fund, China Broadband Capital Partners, L.P. since July 2006. Dr. TIAN was an independent non-executive director of Lenovo Group Limited (listed on the Stock Exchange) from August 2007 to July 2019. Dr. TIAN was an independent non-executive director of China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司) (listed on the Shanghai Stock Exchange, and the Stock Exchange) from June 2018 to October 2020. He was an independent director of Shanghai Pudong Development Bank Co., Ltd. (listed on the Shanghai Stock Exchange) from June 2016 to March 2018. He was also an independent non-executive director of Taikang Life Insurance Company Ltd. from July 2008 to July 2015. He was a non-executive director of Huayi Tencent Entertainment Company Limited (listed on the Stock Exchange) from January 2008 to February 2016, and served as an independent non-executive director of MasterCard Incorporated (listed on the New York Stock Exchange) from March 2006 to June 2016 and a deputy chairman and a non-executive director of PCCW Limited (listed on the Stock Exchange) from April 2005 to July 2007.

Dr. TIAN currently serves as the director of the China Entrepreneur Club, and the vice chairman of the Internet Society of China, and Dr. TIAN was awarded the New Century Talents — National Candidates (新世紀百千萬人才國家級人選) issued by Ministry of Human Resources and Social Security of the PRC in 2004. Dr. TIAN obtained his Ph.D. degree in natural resource management from Texas Tech University in December 1993 and a Master of Ecology from Chinese Academy of Sciences in July 1988.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. DING Jian**  
(丁健)

*Executive Director*

Aged 58, is an executive Director and was appointed as a Director in June 2018. Mr. DING joined the Group in January 2014. Mr. DING has over 17 years of experience in investment in telecommunications, media and technology industries and is primarily responsible for participating in formulation of business plans, strategies and major decisions of the Group.

Mr. DING served as the chairman of the board of AsiaInfo-Linkage, Inc. between April 2003 and July 2010, and has also served as a co-chairman since July 2010. Mr. DING is currently a managing director and general partner of GSR Ventures, a venture capital fund, a role in which he has served since June 2005. Mr. DING has been serving as an independent non-executive director of Baidu, Inc. (百度公司) (listed on NASDAQ and the Stock Exchange) since August 2005. Mr. DING served as an independent director of Huayi Brothers Media Corporation (listed on the Shenzhen Stock Exchange) from March 2011 to August 2017. Mr. DING obtained a Master of Library Science from the University of California, Los Angeles in September 1990.



**Mr. GAO Nianshu**  
(高念書)

*Executive Director*

Aged 59, is an executive Director and was appointed as a Director in August 2017. Mr. GAO joined the Group in July 2016 as the Chief Executive Officer of the Company, who is primarily responsible for the overall business operations and management of the Group. Mr. GAO is also a member of our senior management.

Mr. GAO has over 22 years of working experience as senior management in large telecommunications companies. He served as a non-executive director of Phoenix Media Investment (Holdings) Limited (listed on the Stock Exchange) between September 2006 and August 2016. Mr. GAO served as the general manager of both the data department and the market operations department of China Mobile Communications Corporation (中國移動通信集團公司) between September 2005 and July 2016. He served as the vice general manager of the billing business center and the market operations department, the general manager of the billing business center and the general manager assistant of Beijing Mobile Communication Company Limited (北京移動通信有限責任公司) between June 2002 and September 2005. Mr. GAO also served as a non-executive director of True Corporation Public Company Limited (listed on the Stock Exchange of Thailand) between 2014 and 2016. Mr. GAO was presented with the award "Outstanding Entrepreneur in China's Electronic Information Industry (中國電子信息行業卓越企業家)" issued by China Information Technology Industry Federation (中國電子信息行業聯合會) in January 2018. In January 2018, Mr. GAO also received the "2017 Outstanding Entrepreneur in China's Software Industry (2017年中國軟件行業優秀企業家)" award from China Software Industry Association (中國軟件行業協會). In the 2017 Information and Communication Technology ("ICT") Leaderboard & Excellence Program Award Ceremony (2017 ICT龍虎榜&優秀方案頒獎典禮) held by Communication World Omnimedia (通信世界全媒體) in December 2017, Mr. GAO was presented with the award of "2017 Top Ten ICT Influencers" (2017年ICT十大影響人物), and was awarded the "BEST CEOs in China" in the annual poll of "ASIA'S BEST COMPANIES" organized by FinanceAsia in 2022.

Mr. GAO was awarded the qualification as a senior engineer from the Chinese Academy of Sciences in 1996. Mr. GAO obtained a Bachelor's degree in Science of Computing major from the Department of Mathematics in the Jilin University in July 1986, a Master's Degree in Engineering from the Institute of Computing Technology, Chinese Academy of Sciences in August 1994 and an executive Master of Business Administration degree from the Peking University in June 2005.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. ZHANG Yichen**  
(張懿宸)

*Non-executive Director*

Aged 60, is a non-executive Director and was appointed as a Director in June 2018. Mr. ZHANG joined the Group in January 2014. He has over 32 years of experience in the financial industry and is primarily responsible for providing professional opinion and judgment to the Board.

Yichen ZHANG is the Chairman and CEO of CITIC Capital Holdings Limited. Mr. ZHANG began his career on Wall Street in 1987 at Greenwich Capital Markets. He later joined Bank of Tokyo as Head of Proprietary Trading, and Merrill Lynch as Managing Director of Debt Capital Market for Greater China. In 2000, he joined CITIC Group as the President of CITIC Pacific Communications and Executive Director for CITIC Pacific (now CITIC Limited). He founded CITIC Capital in 2002 and has been involved in all phases of the firm's development since then. Under his leadership, CITIC Capital has led a number of landmark deals, investing in some of China's leading companies, including McDonald's China, Alibaba, Sina, Harbin Pharmaceutical, SF Express, AsiaInfo and Focus Media. He is the Chairman of McDonald's master franchised business in China & Hong Kong, the Chairman of Harbin Pharmaceutical Group Holding Company, as well as the Chairman of GNC. From May 2002 to March 2021, Mr. ZHANG served as the independent director of Sina Corporation, which was listed on NASDAQ. From June 2012 to August 2021, Mr. ZHANG served as the chairman of the board and a non-executive director of Genertec Universal Medical Group Company Limited (listed on the Stock Exchange). Mr. ZHANG served as the non-executive director of Frontier Services Group Limited (listed on the Stock Exchange) from March 2020 to February 2021. Mr. ZHANG has been appointed as the independent non-executive director of China Vanke Co., Ltd. (listed on the Stock Exchange) since 30 June 2020. Mr. ZHANG has been appointed as an independent non-executive director of Hong Kong Exchanges and Clearing Limited (listed on the Stock Exchange) since 28 April 2021.

Mr. ZHANG is a leader in the alternative investment industry. He is an Executive Committee member and former chairman of the China Venture Capital and Private Equity Association (CVCA). He is also a vice chairman in Beijing Private Equity Association (BPEA), Tianjin Private Equity Association, and a vice chairman of the PE and Buyout Funds Committee under the Asset Management Association of China (AMAC).

Mr. ZHANG is also a leader in political, economic and social communities. He is a member of the Eleventh, Twelfth, Thirteenth and Fourteenth National Committee of the Chinese People's Political Consultative Conference (CPPCC), Senior Vice Chairman of Center for China and Globalization (CCG), a member of the Board of Trustees at the Carnegie Endowment for International Peace, a council member of Future Forum, and a board member of Aiyou Foundation.

He obtained his Bachelor's degree in Computer Science and Engineering from Massachusetts Institute of Technology. A strong believer in education, Mr. ZHANG has been supporting Phillips Academy Andover as a trustee, Yale Asia Development Council as a council member, Dalton Foundation as a board member, Duke Kunshan University as an advisory board member, and the Tianjin Juilliard School as an advisory board member.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. XIN Yuesheng**  
(信躍升)

*Non-executive Director*

Aged 53, is a non-executive Director and was appointed as a Director in June 2018. Mr. XIN joined the Group in August 2016. He has over 28 years of experience in finance and investment and is primarily responsible for providing professional opinion and judgment to the Board.

Mr. XIN currently serves as a senior managing director of CITIC Capital Holdings Limited and the managing partner of its private equity arm CITIC Capital Partners. He joined the firm in August 2002 and is responsible for the private equity investment business in China since 2004. Between December 1999 and August 2002, he served as a management consultant at McKinsey & Company in Shanghai and the Washington, D.C. to develop business strategies for global clients. From August 1992 to April 1996, Mr. XIN also served as a deputy manager for China Leasing Co., Ltd. (中國租賃有限公司), the largest leasing company in China and a subsidiary of CITIC Group Corporation Ltd.. Mr. XIN served as a director of Focus Media Information Technology Co., Ltd. (分眾傳媒信息技術股份有限公司) (listed on the Shenzhen Stock Exchange) from March 2016 to November 2016.

He obtained a Bachelor of Economics degree from the Peking University in July 1992 and a Master of Business Administration degree from Harvard Business School with honors in June 1999.



**Mr. CHENG Xike**  
(程希科)

*Non-executive Director*

Aged 33, is a non-executive Director and was appointed as a Director on 30 June 2021, who is responsible for providing professional opinion and judgment to the Board.

Mr. CHENG has over 7 years of experience in business strategy and financing. Mr. CHENG joined CITIC Capital Holdings Limited in July 2015 and is currently an employee of CITIC Capital (Tianjin) Equity Investment (Partnership), in which he is mainly responsible for private equity investments in the communications, media, technology and industrial industries. Before joining CITIC Capital Holdings Limited, Mr. CHENG also had entrepreneurial experience and was one of the founders of Beijing Sixing Chuangxiang Technology Co., Ltd. and Beijing Oriental Pilot Education Consulting Co., Ltd.. Mr. CHENG obtained a Master's degree in Management Science and Engineering from Tsinghua University in the PRC in July 2015. Mr. CHENG also obtained a Master's degree in International Energy Management from the Ecole Nationale des Mines de Paris in February 2015. Mr. CHENG obtained a Bachelor's degree in Finance from the University of International Business and Economics in the PRC in July 2011.



## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. YANG Lin**  
(楊林)

*Non-executive Director*

Aged 51, was appointed as a non-executive Director on 2 September 2020. Mr. YANG is a senior engineer. Mr. YANG currently serves as the deputy general manager of the government and enterprise division in the Xiong'an office of China Mobile Communications Group Co., Ltd.. He joined the China Mobile Communications Corporation in June 1999. Mr. YANG has extensive experience in engineering construction management, supply chain management and DICT project management. Mr. YANG obtained his Bachelor's degree in Communications Engineering from the Beijing University of Posts and Telecommunications in 1994 and subsequently obtained a Master's degree in Business Administration from the China Europe International Business School in 2003.



**Ms. LIU Hong**  
(劉虹)

*Non-executive Director*

Aged 50, was appointed as a non-executive Director on 2 September 2020 and currently serves as a director and deputy general manager of China Mobile Information Technology Co., Ltd.. From September 2010 to January 2018, Ms. LIU held the position of deputy general manager of the business support system department of China Mobile Communications Corporation. From June 2006 to September 2010, she served as the manager of the planning and construction division in the business support system department of China Mobile Group Corporation. Before that, Ms. LIU worked as a manager in the support office of China Mobile Group Corporation's billing business center from February 2002 to June 2006, and also respectively held the position of deputy director of the account clearing center, billing clearing center and the Beijing billing business center of China Mobile Group Corporation from January 2000 to February 2002. From August 1996 to January 2000, Ms. LIU successively worked in the billing center of the Mobile Communications Bureau of the Ministry of Posts and Telecommunications and the account clearing center of China Mobile Corporation (under preparation). Ms. LIU obtained her Bachelor's degree in Computer Mathematics and Application Software from the Beijing University of Technology in 1996, and subsequently obtained a Master's degree in Business Administration from the Peking University in 2006.



## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Dr. GAO Jack Qun Yao**  
**(高群耀)**

*Independent  
non-executive Director*

Aged 65, was appointed as an independent non-executive Director on 19 December 2018. Dr. GAO has extensive experience in IT, media, entertainment and venture capital.

Dr. GAO has currently been the adjunct professor of the business school of The Chinese University of Hong Kong since 2011. Dr. GAO has been the founding partner and the chief executive officer at Beijing Times Digiwork Films Technology Co., Ltd. (Smart Cinema) (北京雲途時代影業科技有限公司 (移動電影院)) since April 2018. Dr. GAO has been a director of AGTech Holdings Limited (listed on the Stock Exchange) since May 2015. Dr. GAO was the interim chief executive officer of Legendary Entertainment LLC from January 2017 to October 2017, and was also a director of Legendary Entertainment LLC from January 2016 to October 2017. Dr. GAO served as a director at AMC Entertainment Holdings, Inc. (listed on the New York Stock Exchange) from September 2015 to October 2017. Dr. GAO also served as the senior group vice president and the chief executive officer of the international investments and operations, Wanda Cultural Industry Group from June 2015 to October 2017. Dr. GAO was previously a director of 萬通投資控股股份有限公司 (Vantone Holdings Co., Ltd.) (listed on the Shanghai Stock Exchange) from June 2010 to April 2017. Dr. GAO also served as the corporate senior vice president of News Corporation (listed on NASDAQ) from November 2006 to July 2014. Dr. GAO was an alternate director at Phoenix Media Investment (Holdings) Limited (listed on the Stock Exchange) from December 2008 to June 2013.

Dr. GAO served as the corporate vice president at Autodesk, Inc. (listed on NASDAQ) from June 2003 to November 2006. He was also the general partner of Walden International, Inc. from May 2002 to April 2003. Dr. GAO served as the president and the general manager of Microsoft (China) Co. Ltd., a subsidiary of Microsoft Corporation (listed on NASDAQ) from December 1999 to May 2002.

Dr. GAO obtained his Bachelor's degree, Master's degree and his Ph.D. degree in Engineering from Harbin Institute of Technology in January 1982, December 1984 and December 1994, respectively.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Dr. ZHANG Ya-Qin**  
(張亞勤)

*Independent*

*Non-executive Director*

Aged 57, was appointed as an independent non-executive Director on 19 December 2018. Dr. ZHANG is the chair professor of Intelligent Science at Tsinghua University and the director of the Institute for AI Industry Research (AIR) at Tsinghua University. He served as President of Baidu, Inc. (百度公司) (listed on NASDAQ) from September 2014 to October 2019. Prior to holding the position of president in Baidu, Dr. ZHANG worked at Microsoft Corporation (listed on NASDAQ) for 16 years, where he served as the senior corporate vice president, the chairman of Microsoft Asia-Pacific Research & Development Group, the managing director and chief scientist of Microsoft Research Asia, and corporate vice president of Microsoft and the chairman of Microsoft China successively.

Dr. ZHANG is a world-class scientist and entrepreneur in the field of digital video and Artificial Intelligence. He has more than 60 US patents, and also published more than 500 papers and 11 monographs. He is a member of the Artificial Intelligence Committee at the World Economic Forum in Davos, a member of the Steering Committee for Future Transportation, and chairman of the Apollo Alliance, the world's largest open platform for autonomous driving technology. He is also a corporate board director of The United Nations Development Programme (UNDP).

Dr. ZHANG is a member of the Chinese Academy of Engineering (foreign nationality), a member of the American Academy of Arts and Sciences, and the Australian National Academy of Engineering (foreign nationality). He is also a fellow of the National Academy of Inventors (NAI), a member of the Eurasian Academy of Sciences and a fellow of the Chinese Association for Artificial Intelligence. He was awarded IEEE Fellow in 1997 at the age of 31, being the youngest scientist in history to receive this honour, and received the IEEE Technology Pioneer Award in 2004. He serves as a school manager, honorary or visiting professor at more than a dozen of the world's leading universities.

Dr. ZHANG served as a non-executive director in Fortescue metals Group Ltd. (listed on the Australian Stock Exchange) and currently serves as a non-executive director in WPP PLC (listed on the London Stock Exchange) as well as Chinasoft International Limited (listed on the Stock Exchange).

Dr. ZHANG obtained his Bachelor's degree in Radio Electronics and Master's degree in Telecommunication and Electrical Systems from the University of Science and Technology of China (中國科技大學) in July 1983 and January 1986, respectively. In February 1990, Dr. ZHANG obtained his Ph.D. degree in Electrical Engineering from George Washington University, Washington D.C..

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. GE Ming**  
(葛明)

*Independent  
Non-executive Director*

Aged 72, was appointed as an independent non-executive Director on 19 December 2018. Mr. GE has extensive experience in the field of auditing and advisory services and has assisted in the listing of various PRC companies on the Stock Exchange.

Mr. GE is an independent non-executive director of China Tourism Group Duty Free Corporation Limited (listed on the Shanghai Stock Exchange and the Stock Exchange) and an independent director of ADAMA Ltd. (listed on the Shenzhen Stock Exchange). He served as an independent non-executive director of Amber Hill Financial Holdings Limited (listed on the Stock Exchange) from May 2017 to December 2018. Mr. GE has been an independent director of Focus Media Information Technology Co., Ltd. (分眾傳媒信息技術股份有限公司) (listed on the Shenzhen Stock Exchange) from January 2016 to November 2021. Mr. GE was an independent non-executive director of Ping An Insurance (Group) Company of China, Ltd. (listed on the Stock Exchange) from June 2015 to August 2021. And was an independent non-executive director of Chong Sing Holdings FinTech Group Limited (listed on GEM of the Stock Exchange) from September 2014 to April 2020. From July 1992 to July 1995, Mr. GE served as a deputy general manager at Ernst & Young Hua Ming; from July 1995 to August 2012, Mr. GE served as the chairman at Ernst & Young Hua Ming; from August 2012 to September 2014, Mr. GE served as a partner of management committee at Ernst & Young Hua Ming LLP and subsequently from September 2014 to January 2016, Mr. GE served as a senior consultant at Ernst & Young Hua Ming LLP. Mr. GE has been a certified public accountant of the Chinese Institute of Certified Public Accountants since October 1983, and is also a senior accountant as certified by the Ministry of Finance of the PRC. Mr. GE is a vice president of the Mergers & Acquisitions Association of All-China Federation of Industry and Commerce (全國工商聯併購公會), an overseas member of the Society of Chinese Accountants and Auditors (香港華人會計師公會) and a member of the Hong Kong Chinese Enterprises Association (香港中國企業協會).

Mr. GE obtained his Master's degree in Western Accounting from the Research Institute for Fiscal Science, Ministry of Finance of the PRC in July 1982.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Ms. TAO Ping**  
(陶萍)

*Independent*

*Non-executive Director*

Aged 65, was appointed as an independent non-executive Director on 2 September 2020. Ms. TAO has been engaged in the telecommunications industry for 37 years and has accumulated rich management experience in provincial and group companies of the telecommunications industry. Ms. TAO served successively as the deputy general manager and the general manager in the Anhui branch office of China Telecom from June 2002 to February 2011. During that time, China Telecom's informatisation level was maintained at a leading position within the industry. In 2007, Ms. TAO was awarded the "Outstanding Informatisation Leader Award" by the National Informatisation Evaluation Center and in 2010, she was also awarded the honorary title of "National Model Worker". From March 2011 to November 2017, Ms. TAO served as the general manager and senior consultant of the strategic department of the China Telecom Group; and from July 2012 to December 2017, she also served as an employee director of the board of directors of the China Telecom Group. Ms. TAO obtained a Bachelor's degree in Engineering from the Nanjing University of Posts and Telecommunications (formerly known as the Nanjing Institute of Posts and Telecommunications) in 1982. She subsequently obtained a Master's degree in Business Administration from the Australian National University in 2004.



**Ms. HUANG Ying**  
(黃纓)

*Senior Vice President and  
the Chief Financial Officer*

Aged 54, has been a senior vice president and the chief financial officer of the Group since April 2017.

Ms. HUANG joined the Group in April 2017 and is primarily responsible for the finance and tax management, business operation management, audit, legal, compliance and capital management of the Group. Ms. HUANG has over 22 years of working experience in financial management in the telecommunications industry, and has over 12 years of experience in senior management roles. Prior to joining the Group, Ms. HUANG successively served as the general finance department manager, the deputy general manager and other positions of the finance department of China Mobile Communications Corporation (中國移動通信集團公司) from July 2002 to March 2017. She successively served as a principal staff of the finance department at the general post office of the Ministry of Posts and Telecommunications and a deputy director at the corporate finance office of the planning and finance department of the State Post Bureau of the PRC and other positions from May 1995 to June 2002.

In June 1990, Ms. HUANG obtained a Bachelor's degree in Economics from the Beijing University of Posts and Telecommunications, where she subsequently also obtained a Master's degree in Economics in April 1995. She obtained a Master of Business Administration degree from the University of Wisconsin, the US in May 2006.

## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. CHEN Wu**  
(陳武)

*Senior Vice President*

Aged 55, joined AsialInfo Technologies in April 2011 and has served as the senior vice president of AsialInfo Technologies since February 2015, who is responsible for public and government affairs management.

Mr. CHEN has over 20 years of working experience in business development and dealing with government affairs, and has over 15 years of experience in senior management roles.

Prior to joining AsialInfo Technologies, Mr. CHEN successively served as the general manager of the international department of Beijing Honglian 95 Information Industries Company Limited (北京鴻聯九五信息產業有限公司), deputy general manager of Mobile Navi (Beijing) Co., Ltd. (北京移動納維信息科技服務有限公司) and director of telecommunications division of Cisco Systems (China) Networking Technology Co., Ltd. (思科系統(中國)網絡技術有限公司), etc.

Mr. CHEN is currently a member of the 11th Committee of the Chinese People's Political Consultative Conference of the Beijing Haidian District, a vice chairman of the Alliance of Industrial Internet, and an executive director of Beijing Software and Information Service Industry Association.

Mr. CHEN obtained a Bachelor's degree in Japanese literature from Tianjin Foreign Studies University in July 1989, and was graduated from the Nanyang Technological University, Singapore in June 2007 with a Master's degree in Business Administration.



**Mr. LIANG Bin**  
(梁斌)

*Senior Vice President*

Aged 52, joined the Group in August 2002 and has been a senior vice president and the general manager of the supporting business division for China Mobile of the Group since January 2017. Mr. LIANG is primarily responsible for the overall operations management of the supporting business division for China Mobile.

Mr. LIANG has over 30 years of experience in the IT and telecommunications industry, and has over 20 years of experience in middle and senior management roles. He served as the president of the business division for China Telecom, the chairman and the president of the cloud information division, the vice president of the China Unicom division, the deputy general manager of the cable division and the general manager of the wireless division of the Group from August 2002 to December 2016. He also served as the R&D manager of Jiangsu Hongtu High Technology Co., Ltd. (江蘇宏圖科技股份有限公司) and UTStarcom Holdings Corp. from September 1998 to September 2002.

Mr. LIANG graduated from Nanjing University of Posts and Telecommunications (formerly known as Nanjing College of Posts and Telecommunications) with a major in Communications Engineering in July 1991.



## PROFILES OF DIRECTORS AND SENIOR MANAGEMENT



**Dr. OUYANG Ye, IEEE  
Fellow (歐陽曄)**

*Senior Vice President and  
the Chief Technology Officer*

Aged 41, was appointed as the chief technology officer and a senior vice president of the Group in July 2018, and also the chairman of the technology committee and the head of PRD (product R&D center) of the Group, and is primarily responsible for the research, development and innovation of the Group's products and technologies.

Dr. OUYANG has extensive experience in R&D and large team management in the ICT field. His research area focuses on R&D innovation and commercialisation in the interdisciplinary fields of mobile communications, data science and AI. Prior to joining AsialInfo Technologies, Dr. OUYANG was the manager of Communications Artificial Intelligence Systems Division of Verizon, the largest mobile communications operator in the US and Verizon Fellow.

Dr. OUYANG has won a number of honours and awards in industry and academia. Recent awards include the First Prize of 2022 Technology Progress Award of China Computer Federation (CCF), the 2017 Outstanding Asian American Engineer Award, the 2019 TMForum Future Digital Leaders in Telecommunications Award, the 2021 China Wu Wenjun Technology Progress Award, the 2021 US National Diversity Technology Leadership Award, the 2020 China Artificial Intelligence Business Leadership Award, the 2017 IEEE International Big Data Conference Best Paper Award, 2017 American Telecom Industry Innovation Award and Best OSS/BSS Product Award, 2017 North America Best Carrier Big Data System Award, 2016 US Telecommunications Industry Innovation Award, 2015 Wireless Communication Cross-Sector Contribution Award of IEEE Wireless Communications Annual Conference, etc. Dr. OUYANG has served in many international standards organisations and academic organisations, including IEEE, ETSI and other working groups and conference chairman, chairman of Artificial Intelligence Committee for the Beijing Software Association, career development instructor of Stevens Institute of Technology in the US, and director of Tsinghua University - AsialInfo Technologies 5G Intelligence Joint Laboratory, and also serves as editorial board and reviewer in many academic conferences and journals.

Dr. OUYANG authored more than 40 academic papers, 60 patents, 50 international standards, and 13 books. Dr. OUYANG obtained a Bachelor degree from the Southeast University in China, a Master's Degree in Columbia University and a Master of Science from the Tufts University in the US and a Ph.D. from the Stevens Institute of Technology.

# DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

## PRINCIPAL ACTIVITY

The principal activity of the Group is the provision of software products, solutions, consulting and related services.

## MAJOR SUBSIDIARIES

A list of our major subsidiaries together with the particulars of the place of incorporation/establishment, as well as their issued share capital/registered capital and their principal activities are set out in note 36 to the consolidated financial statements.

## RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

## DIVIDEND POLICY

The Company may declare and pay dividends by way of cash or by other means that we consider appropriate in the future. The distribution of dividends will be determined by the Board at its discretion. Whether the Company would declare or pay any dividends in the future and the amount of such dividends is subject to a number of factors, including the Group's results of operations, cash flows, financial condition, amount of cash dividends paid to the Company by our subsidiaries, requirements under the relevant accounting standards, future development needs and other factors that the Directors may consider relevant. By taking into considerations of the aforesaid factors properly, we determine a dividend payout ratio of not less than 40% of our annual distributable net profits in each financial year, in accordance with the binding and general dividend policy adopted by the Company. In addition, our dividend policy will also be subject to the Article of Association, Business Companies Act of British Virgin Islands, and any other applicable laws and regulations.

## FINAL DIVIDENDS

The Board resolved to declare the proposed final dividends of HK\$0.401 per Share for the Reporting Period (2021: HK\$0.416).

## BUSINESS REVIEW

An analysis on the business performance review of the Group during the Reporting Period and the future business development of the Group is set out in the section headed "Management Discussion and Analysis" and "Chairman's Statement" of this annual report, respectively. The major risks faced by the Group is set out in the section headed "Corporate Governance Report" of this annual report. The analysis of the Group using the key financial performance indicators for the Reporting Period is set out in the section headed "Management Discussion and Analysis" of this annual report.

## FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on pages 243 to 244 of this annual report. The summary does not form part of the audited consolidated financial statements.

## DIRECTORS' REPORT

### USE OF NET PROCEEDS FROM LISTING

The Shares of the Company were listed on the Main Board of the Stock Exchange on 19 December 2018. The net proceeds raised during the period of initial public offering with issue price of HK\$10.5 per Share (after deducting the underwriting commission and the issuance expenses from listing and prior to the exercise of the over-allotment option in January 2019) were approximately HK\$871 million. Due to the issuance and allotment of over-allotment Shares pursuant to the partial exercise of over-allotment options on 15 January 2019, additional net proceeds of approximately HK\$31 million were raised. The proposed use of the net proceeds was in line with those disclosed in the Prospectus. The remaining amounts had been fully utilised during the Reporting Period.

The following table sets out the details of the said net proceeds that were utilised as of 31 December 2022:

	Approximate percentage of total amount %	Proceeds from initial public offering HK\$'000	Proceeds utilised during the Reporting Period HK\$'000	Proceeds utilised up to 31 December 2022 HK\$'000
Enhance our R&D capabilities and expand DSaaS, IoT and 5G network intelligence businesses	35%	315,547	—	315,547
Repayment of bank loans	30%	270,469	—	270,469
Strategic investments and acquisition	25%	225,391	189,335	225,391
Working capital and other general corporate purpose	10%	90,156	—	90,156
<b>Total</b>	<b>100%</b>	<b>901,563</b>	<b>189,335</b>	<b>901,563</b>

### MAJOR CUSTOMERS AND SUPPLIERS

#### Major customers

For the Reporting Period, the transaction amount with the Group's top five customers accounted for approximately 30.6% (2021: approximately 33.4%) of the Group's total revenue, while the transaction amount with the Group's single largest customer accounted for approximately 14.9% (2021: approximately 15.6%) of the Group's total revenue.

#### Major suppliers

For the Reporting Period, the transaction amount with the Group's top five suppliers accounted for approximately 16.6% (2021: approximately 18.3%) of the Group's total cost, while the transaction amount with the Group's single largest supplier accounted for approximately 4.7% (2021: approximately 7.0%) of the Group's total cost.

During the Reporting Period, save that four out of the top five major customers are associates of the China Mobile Group (substantial shareholder of the Company), none of the Directors, any of their close associates (as defined in the Listing Rules) or any Shareholders (who, as far as the Directors are aware, own more than 5% of the number of issued Shares) of the Group had any interests in the Group's top five customers or suppliers.

During the Reporting Period, the Company maintained good relationships with its customers and suppliers.

**DIRECTORS'  
REPORT****ENVIRONMENTAL PROTECTION**

The environmental policies and performance of the Company are set out in the section headed “Environmental, Social and Governance (ESG) Report” of this annual report.

The Group has complied with the applicable environmental laws and regulations where its business operations are located. The Company will review its environmental protection practices from time to time, and will consider implementing other environmental protection measures and practices in the business operations of the Group to enhance sustainability.

**PROPERTY, PLANT AND EQUIPMENT**

Details of the changes in the property, plant and equipment of the Group during the Reporting Period are set out in note 12 to the consolidated financial statements.

**SHARE CAPITAL**

Details of movement in the share capital of the Company during the Reporting Period are set out in note 28 to the consolidated financial statements.

**RESERVES AND DISTRIBUTABLE RESERVES**

Details of the changes in the reserves of the Company for the Reporting Period are set out in note 37 to the audited consolidated financial statements, respectively, of which, the reserves available for distribution to Shareholders amounted to approximately RMB1,840 million (2021: approximately RMB1,932 million).

**DIRECTORS**

During the Reporting Period and up to the date of this annual report, the Directors are as follows:

**Executive Directors:**

Dr. TIAN Suning (*Chairman*)  
Mr. DING Jian  
Mr. GAO Nianshu (*Chief Executive Officer*)

**Non-executive Directors:**

Mr. ZHANG Yichen  
Mr. XIN Yuesheng  
Mr. YANG Lin  
Ms. LIU Hong  
Mr. CHENG Xike

**Independent non-executive Directors:**

Dr. GAO Jack Qunyao  
Dr. ZHANG Ya-Qin  
Mr. GE Ming  
Ms. TAO Ping

Pursuant to article 14.18 of the Articles of Association, 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) will retire from office by rotation and will be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. GAO Nianshu, Mr. YANG Lin, Dr. ZHANG Ya-Qin and Mr. CHENG Xike will retire and, being eligible, have offered themselves for re-election as Directors at the AGM.

## DIRECTORS' REPORT

Details of the Directors being re-elected at the AGM are set out in the circular despatched together with this annual report. The biographical details of the Directors and senior management are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has confirmed his/her independence for the Reporting Period in accordance with Rule 3.13 of the Listing Rules. The Company is of the view that all of the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

### DIRECTOR'S INTEREST IN A SIGNIFICANT TRANSACTION, ARRANGEMENT OR CONTRACT

For the Reporting Period and up to the date of this annual report, save as disclosed herein, none of the Directors had directly or indirectly a material interest in a transaction, arrangement or contract, to which the Company, any of its subsidiaries or its fellow subsidiaries is a party and is significant to the business of the Group.

### MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of all or any significant part of the Company's business, was entered into or existed during 2022.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2022, the Group had a total of 13,205 (31 December 2021: 13,332) full-time employees. The Company strives to align the remuneration level of its employees with market level, so as to maintain competitiveness. The remuneration of employees is subject to the remuneration and bonus policy of the Group, and determined in accordance with the performance of each staff. The Group also provides comprehensive benefit packages and career development opportunities to its employees, including insurance benefits, etc. Internal and external training programs are provided according to the change in the industry, technological updates and needs of employees.

Details of the Group's relationship with the employees are set out in the section headed "Environmental, Social and Governance (ESG) Report" of this annual report.

According to the Group's remuneration policy, in evaluating the amount of remuneration payable to Directors and senior management, the factors to be considered by the Remuneration Committee include the salaries paid by similar companies, tenure, commitment, responsibilities and individual performance of Directors and senior management (as the case may be), etc.

The remuneration received by Directors and senior management include salaries, bonuses, contributions to pension schemes, long-term reward (including share-based incentives), housing and other allowances, and benefits in kind in compliance with applicable laws, rules and regulations.

Details of the remuneration of the Directors and the five highest paid individuals of the Group are set out in note 11 to the consolidated financial statements.

### RETIREMENT AND EMPLOYEE BENEFIT SCHEMES

As required under the rules and regulations in the PRC, the Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. In addition to the contributions required to be made to the retirement plans on a certain percentage of the basic salaries of its employees, the Group has no further obligation for the actual payment of the previous or post-retirement benefits. The relevant state-managed retirement plans are responsible for the entire present obligation to retired employees.



DIRECTORS'  
REPORT

The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

In accordance with the relevant MPF laws and regulations in Hong Kong, the Company operates MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Company and are under the control of an independent MPF service provider. Under the rules of the MPF Scheme, each of the employer and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the MPF Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The monthly contributions of each of the employer and its employees are subject to a cap of HK\$1,500 and thereafter contributions are voluntary. The only obligation of the Company in respect of the MPF Scheme is to make the required contributions under the MPF Scheme and contributions to the MPF Scheme vest immediately.

During the Reporting Period, no forfeited contributions were used by the Group to reduce the existing level of contributions. Details of the retirement and employee benefit plans of the Company are set out in note 33 to the consolidated financial statements.

### DIRECTOR'S TERM OF OFFICE AND SERVICE CONTRACT

Each of the executive Directors has entered into a service contract with the Company, under which they have agreed to act as executive Directors for an initial term of three years commencing from 30 December 2022. Such contract shall be terminated by not less than three months' notice in writing served by the executive Director or the Company.

A non-executive Director, being Mr. CHENG Xike, has entered into a letter of appointment with the Company for a term of one year commencing from 30 June 2022. Each of the following non-executive Directors, being Mr. YANG Lin and Ms. LIU Hong, and an independent non-executive Director, being Ms. Tao Ping has signed an appointment with the Company for a term of one year commencing from 2 September 2022. In addition, each of the other non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of one year commencing from 30 December 2022. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee of USD60,000 (or equivalent in Hong Kong dollars) per annum.

Remuneration of each of the executive Directors and non-executive Directors will be first recommended by the Remuneration Committee and then determined by the Board as authorised by the Shareholders, in accordance with the Articles of Association.

### DIRECTOR'S INTEREST IN COMPETING BUSINESS

Apart from the businesses of the Group, Dr. TIAN Suning, the chairman and an executive Director, currently holds interests in the following businesses, which compete or are likely to compete, directly or indirectly, with the Group's businesses:

Name of Entity Engaging in Such Business	Equity Interest	Summary of Business
AsialInfo Security	Indirectly held approximately 50.99%	Operation of software products and services related to the network security
Nanjing AsialInfo Rongxin Enterprise Management Center (Limited Partnership) (南京亞信雲互聯網信息科技有限公司)	Indirectly held approximately 30%	Operation of software R&D, sales, product system (platform and cooperation) and other related businesses
Beijing Youyou Tianyu System Technology Co., Ltd. (北京友友天宇系統技術有限公司)	Indirectly held approximately 25.86%	Operation of software technology development, data processing and other related businesses
Beijing Tianyun Rongchuang Software Technology Co., Ltd. (北京天雲融創軟件技術有限公司)	Indirectly held approximately 18.23%	Operation of software technology development business
Tianyun Rongchuang Data Technology (Beijing) Co., Ltd. (天雲融創數據科技(北京)有限公司)	Indirectly held approximately 5.18%	Operation of technology development, application software services and other related businesses

## DIRECTORS' REPORT

Save as disclosed above, the Directors confirm that they did not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which will be 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 or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required under Section 352 of the SFO to be entered in the register referred to in that section, or which will be required under the Model Code to be notified to us and the Stock Exchange, once the Shares are listed, are as follows:

Name of Director/ chief executive	Nature of interest (Note 1)	Number of Shares	Approximate percentage of shareholding interest of the Company (Note 2)
Dr. TIAN Suning <sup>1</sup>	Beneficial owner (L)	48,932,670	5.27%
	Interest in controlled corporation (L)	1,151,111	0.12%
	Interest in controlled corporation (L)	31,209,360	3.36%
	Interest in controlled corporation (L)	39,442,000	4.24%
	Total:	120,735,141	12.99%
Mr. DING Jian <sup>2</sup>	Beneficial owner (L)	11,516,704	1.24%
	Interest in controlled corporation (L)	1,198,440	0.13%
	Total:	12,715,144	1.37%
Mr. GAO Nianshu <sup>3</sup>	Beneficial owner (L)	12,281,918	1.32%
	Beneficiary of a trust (L)	2,904,179	0.31%
	Others (L)	8,943,216	0.96%
	Total:	24,129,313	2.60%
Mr. ZHANG Yichen <sup>4</sup>	Interest in controlled corporation (L)	213,924,952	23.02%
Dr. GAO Jack Qun Yao <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Dr. ZHANG Ya-Qin <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Mr. GE Ming <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Ms. TAO Ping <sup>5</sup>	Beneficial owner (L)	112,000	0.01%

DIRECTORS'  
REPORT

## Notes:

1. (L) — Long position; (S) — Short position
2. As at 31 December 2022, a total of 929,315,321 Shares had been issued by the Company.
- <sup>1</sup> Dr. TIAN Suning is the sole shareholder of Info Addition Limited which in turn is a general partner of Info Addition Capital Limited Partnership. As such, Dr. TIAN Suning is deemed to be interested in the 1,151,111 Shares in which Info Addition Capital Limited Partnership is interested. Dr. TIAN Suning indirectly has full control over CBC Partners II L.P. which is the general partner of China Broadband Capital Partners II, L.P. which in turn is the sole shareholder of CBC TMT III Limited. Therefore, Dr. TIAN Suning is deemed to be interested in the 31,209,360 Shares in which CBC TMT III Limited is interested. PacificInfo Limited is wholly owned by Dr. TIAN Suning and therefore Dr. TIAN Suning is deemed to be interested in 39,442,000 Shares in which PacificInfo Limited is interested.
- <sup>2</sup> New Media China Investment I Limited is wholly owned by Mr. DING and therefore Mr. DING is deemed to be interested in the 1,198,440 Shares in which New Media China Investment I Limited is interested.
- <sup>3</sup> These interests comprise (i) 12,281,918 Shares; (ii) 5,144,560 Shares; (iii) 3,798,656 underlying Shares in respect of the outstanding share options granted to Mr. GAO under the Pre-IPO Share Option Scheme held by the custodian, Noble (Nominees) Limited; and (iv) 2,904,179 Shares granted under the 2020 Share Award Scheme held by AsiaInfo SAS Management Trust, respectively.
- <sup>4</sup> Each of Power Joy (Cayman) Limited (as the controlling shareholder of Skipper Investment Limited), CITIC Capital China Partners II L.P. (as the sole shareholder of Power Joy (Cayman) Limited), CCP II GP, Ltd. (as the general partner of CITIC Capital China Partners II L.P.), CCP Ltd. (as the general partner of CCP II GP, Ltd. and the shareholder of CCP II Advisory Ltd.), Trustar Capital Partners Limited (as the sole shareholder of CCP Ltd.), Trustar Capital Company Limited (as the sole shareholder of Trustar Capital Partners Limited), Trustar Capital Holdings Limited (as the sole shareholder of Trustar Capital Company Limited), CCHL Investment Holdings Limited and CP Management Holdings Limited (which hold 51% and 49% shareholding of Trustar Capital Holdings Limited, respectively) and Mr. ZHANG Yichen (as the sole shareholder of CP Management Holdings Limited) is deemed or taken to be interested in all the 213,924,952 Shares which are beneficially owned by Skipper Investment Limited for the purpose of Part XV of the SFO.
- <sup>5</sup> The Company granted 112,000 share options to each of independent non-executive Directors, under the 2019 Share Option Scheme, respectively, details of which are set out in the announcements of the Company dated 16 June 2020 and 25 March 2021 and the section headed "2019 Share Option Scheme" under the "Share Schemes" section of this report, respectively.

Save as disclosed above, none of the Directors nor chief executives of the Company had any interests 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 would be required to be notified to the Company and the Stock Exchange; or which would be required to be registered in the register to be kept pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, for the Reporting Period, at no time did the Company or any of its subsidiaries enter into any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS'  
REPORT

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, to the best of the Directors' knowledge, the following persons have interests or short positions in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Nature of interest (Note 1)	Number of Shares	Approximate percentage of shareholding interest of the Company (Note 2)
Skipper Investment Limited <sup>6</sup>	Beneficial owner(L)	213,924,952	23.02%
Power Joy (Cayman) Limited <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
CITIC Capital China Partners II L.P. <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
CCP II GP, Ltd. <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
CCP II Advisory Ltd. <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
CCP Ltd. <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
Trustar Capital Partners Limited <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
Trustar Capital Company Limited <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
Trustar Capital Holdings Limited <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
CCHL Investment Holdings Limited <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%
CP Management Holdings Limited <sup>6</sup>	Interest in controlled corporation(L)	213,924,952	23.02%

Notes:

- (L) — Long position; (S) — Short position
- As at 31 December 2022, a total of 929,315,321 Shares had been issued by the Company.

<sup>6</sup> Each of Power Joy (Cayman) Limited (as the controlling shareholder of Skipper Investment Limited), CITIC Capital China Partners II L.P. (as the sole shareholder of Power Joy (Cayman) Limited), CCP II GP, Ltd. (as the general partner of CITIC Capital China Partners II L.P.), CCP Ltd. (as the general partner of CCP II GP, Ltd. and shareholder of CCP II Advisory Ltd.), Trustar Capital Partners Limited (as the sole shareholder of CCP Ltd.), Trustar Capital Company Limited (as the sole shareholder of Trustar Capital Partners Limited), Trustar Capital Holdings Limited (as the sole shareholder of Trustar Capital Company Limited), CCHL Investment Holdings Limited and CP Management Holdings Limited (which hold 51% and 49% shareholding of Trustar Capital Holdings Limited, respectively) and Mr. ZHANG Yichen (as the sole shareholder of CP Management Holdings Limited) is respectively deemed or taken to be interested in all the Shares which are beneficially owned by Skipper Investment Limited for the purpose of Part XV of the SFO.

DIRECTORS'  
REPORT

Name of Shareholders	Nature of interest (Note 1)	Number of Shares	Approximate percentage of shareholding interest of the Company (Note 2)
China Mobile International Holdings Limited <sup>7</sup>	Beneficial owner (L)	182,259,893	19.61%
China Mobile (Hong Kong) Group Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.61%
China Mobile Communications Group Co., Ltd. <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.61%
China Mobile Hong Kong (BVI) Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.61%
China Mobile Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.61%
Ocean Voice Investment Holding Limited <sup>8</sup>	Beneficial owner (L)	60,129,928	6.47%
Sino Venture Capital 1B <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.47%
Sino Venture Capital 1 VCC <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.47%
Sino Capital Management Company Ltd <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.47%
Mr. LIAO Hsueh-Hsuan <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.47%
Sino Suisse Financial Holding Limited <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.47%
A.M.Y. (Sinosuisse) Ltd. <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.47%
Mr. LIU Chung Hsing <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.47%
Al Gharrafa Investment Company <sup>9</sup>	Beneficial owner (L)	52,015,608	5.60%
Qatar Holding LLC <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.60%
Qatar Investment Authority <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.60%
InnoValue Capital Ltd. <sup>10</sup>	Beneficial owner (L)	52,015,608	5.60%
Ms. LIU Tzu-Lien <sup>10</sup>	Interest in controlled corporation (L)	52,015,608	5.60%

<sup>7</sup> China Mobile International Holdings Limited is wholly owned by China Mobile Limited, which is owned as to 72.72% by China Mobile Hong Kong (BVI) Limited. China Mobile Hong Kong (BVI) Limited is wholly owned by China Mobile (Hong Kong) Group Limited, which is wholly owned by China Mobile Communications Group Co., Ltd. Hence, each of China Mobile (Hong Kong) Group Limited, China Mobile Communications Group Co., Ltd., China Mobile Hong Kong (BVI) Limited and China Mobile Limited is deemed or taken to be interested in the interests so acquired by the China Mobile International Holdings Limited for the purpose of Part XV of the SFO.

<sup>8</sup> The above shareholding information is based on the information received by the Company pursuant to an investigation conducted under Section 329 of the SFO, the specified date of which is 30 November 2022. Sino Venture Capital 1B (as the sole shareholder of Ocean Voice Investment Holding Limited), Sino Venture Capital 1 VCC (as the sole shareholder of Sino Venture Capital 1B), Sino Capital Management Company Limited (as the management shareholder of Sino Venture Capital 1 VCC) and Mr. LIAO Hsueh-Hsuan (holding 99% equity interest of Sino Capital Management Company Limited) are deemed or taken to be interested in all the Shares beneficially owned by Ocean Voice Investment Holding Limited for the purpose of Part XV of the SFO. In addition, Sino Suisse Financial Holding Limited (as the sole shareholder of Sino Suisse Capital Pte. Ltd. (as the manager of Sino Venture Capital 1 VCC)), A.M.Y. (Sinosuisse) Ltd. (holding 80% equity interest of Sino Suisse Financial Holding Limited) and Mr. LIU Chung Hsing (as the sole shareholder of A.M.Y. (Sinosuisse) Ltd.) are deemed or taken to be interested in all the Shares beneficially owned by Ocean Voice Investment Holding Limited.

<sup>9</sup> Each of Qatar Holding LLC (as the sole shareholder of Al Gharrafa Investment Company) and Qatar Investment Authority (as the sole shareholder of Qatar Holding LLC) is deemed or taken to be interested in all the Shares which are beneficially owned by Al Gharrafa Investment Company for the purpose of Part XV of the SFO.

<sup>10</sup> Ms. LIU Tzu-Lien (as the sole shareholder of InnoValue Capital Ltd.) is deemed or taken to be interested in all the Shares which are owned by the controlled corporation of InnoValue Capital Ltd. for the purpose of Part XV of the SFO.



## DIRECTORS' REPORT

### SHARE SCHEMES

#### SHARE OPTION SCHEMES

The (i) Pre-IPO Share Option Scheme and (ii) 2019 Share Option Scheme were approved and adopted by the Shareholders on 26 June 2018 and 25 November 2019, respectively, in order to grant eligible Directors, management and employees such related share-based compensation. The Remuneration Committee will, from time to time, determine the eligibility of participants to be granted any option as an incentive pursuant to, including but not limited to, the current and expected contribution of such participant, general financial position of the Group, general business targets and future plans of the Group. The Pre-IPO Share Option Scheme and the 2019 Share Option Scheme are aimed to approve and reward eligible participants who have contributed to the Group's growth and development.

#### PRE-IPO SHARE OPTION SCHEME

Eligible participants under the Pre-IPO Share Option Scheme include (i) any member of the Group or executive, non-executive or independent non-executive directors of any entity of the Group who are holding an interest; (ii) any full-time or part-time employee or affiliate of any member of the Group; (iii) any member of the Group or consultants, advisors and independent contractors of any entity of the Group who are holding an interest; or (iv) a qualified former grantee. The maximum number of Shares involved in share options that may be granted under the Pre-IPO Share Option Scheme (including the Shares involved in share options granted (whether exercised or not) and Shares issued under cancelled share options) is 15,055,107 Shares (being 120,440,856 Shares after taking into account the share subdivision), accounting for approximately 12.9% of the total number of issued Shares as at the Latest Practicable Date.

The exercise price per Share for share options granted under the Pre-IPO Share Option Scheme is determined by the Remuneration Committee and set out in the grant letter. The exercise price must not be lower than the nominal value of the Shares involved in the relevant share options. There is no consideration to be paid by eligible participants to accept the share options. The grantee may exercise all share options on or after the vesting date of the share options (rather than before) by giving the Exercise Notice to the Company. The Exercise Notice must specify that the share options are being exercised accordingly and the number of Shares involved in the exercise of such share options. If requested by the grantee in writing, the Remuneration Committee may in its absolute discretion accept "non-cash exercise" share options. The Remuneration Committee may also direct the grantee to exercise the share options through "non-cash exercise" if considers it appropriate. Otherwise, any Exercise Notice announced must be accompanied by a full remittance of the exercise price of the Shares. Any Exercise Notice issued without the relevant remittance or confirmation is an invalid notice. Within 30 days after receiving the Exercise Notice with the full remittance of the relevant exercise price and (if applicable) the certificate of the independent financial adviser (excluding any book closure period of the Company), the Company must allot and issue the relevant number of Shares to the grantee, and issues the relevant Shares certificate to the grantee. Unless otherwise stated, vested share options may be exercised by the grantee at any time during the applicable exercise period.

The Pre-IPO Share Option Scheme has expired after 11:59 p.m. on the business day before the listing date. The Company will no longer grant share options under the Pre-IPO Share Option Scheme. The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary for the grant of any share options before the expiration of validity or other circumstances that may be required under the provisions of the scheme.

DIRECTORS'  
REPORT

Please refer to the Prospectus for further information of the Pre-IPO Share Option Scheme. No share options had been cancelled during the Reporting Period. Details of movements in the share options granted under the Pre-IPO Share Option Scheme during the Reporting Period are as follows:

Grantees	Date of Grant <sup>1</sup>	Outstanding as at 1 January 2022	Exercised <sup>2</sup> during the Reporting Period	Lapsed	Outstanding as at 31 December 2022	Exercise Price (US\$)
<b>Director</b>						
GAO Nianshu	11 July 2018	800,000	—	—	800,000	1.9225
	1 August 2018	2,998,656	—	—	2,998,656	1.2725
<i>Sub-total</i>		<i>3,798,656</i>	—	—	<i>3,798,656</i>	
<b>Employees in aggregate</b>						
	1 August 2018	7,200	—	—	7,200	0.5525
	1 August 2018	16,000	—	—	16,000	0.84
	11 July 2018	520,000	520,000	—	—	1.13
	1 August 2018	16,650,087	2,817,071	176,208	13,656,808	1.2725
	11 July 2018	25,722,648	77,600	1,624,984	24,020,064	1.9225
	1 August 2018	43,954,044	114,800	2,474,812	41,364,432	1.9225
<i>Sub-total</i>		<i>86,869,979</i>	<i>3,529,471</i>	<i>4,276,004</i>	<i>79,064,504</i>	
<b>Total</b>		<b>90,668,635</b>	<b>3,529,471</b>	<b>4,276,004</b>	<b>82,863,160</b>	

Notes:

- The validity period of all the share options is ten years from the date of grant. As at the Latest Practicable Date, the share options were fully vested.
- The weighted average closing price immediately before the dates of the exercise of the share options for the Reporting Period was approximately HK\$13.91 per Share.

### 2019 Share Option Scheme

The purpose of the 2019 Share Option Scheme is to provide eligible participants an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives: (a) to motivate eligible participants to optimise their performance and efficiency for the benefit of the Group; and (b) to attract and retain eligible participants whose contributions are, will or expected to be beneficial to the Group. The 2019 Share Option Scheme shall be valid and effective for a period of 10 years from 25 November 2019.

## DIRECTORS' REPORT

The eligible participants of the 2019 Share Option Scheme include any director(s), employee(s) or consultant(s) of the Group (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) who the Remuneration Committee considers, in its sole discretion, has/have contributed or will contribute to the Group. The consultants of the Group may include: (a) any person or entity that provides research, development or other technical support to any member of the Group, i.e. senior professionals who provide consulting services for the Group with cutting-edge technical support such as 5G, big data, artificial intelligence and the Internet of Things; and (b) any adviser or consultant to any area of business or business development of any member of the Group, i.e. senior professionals who provide strategic advisory or consulting services for the Group's new business, new customers and new model of business development.

Pursuant to and subject to the terms of the 2019 Share Option Scheme, the Remuneration Committee shall be entitled (but shall not be bound) at any time, to grant share options to any eligible participant as the Remuneration Committee may in its absolute discretion select. Such grant shall be made to an eligible participant in such written form of a grant letter as the Remuneration Committee may from time to time determine and shall remain open for acceptance by the eligible participant concerned for a period of not less than 7 business days from the date of grant. A grant shall be deemed to have been accepted when the Company receives the duly signed grant letter from the grantee with the number of Shares in respect of which the offer is accepted and clearly stated therein together with a remittance of HK\$1.00 (or such other nominal sum in any currency as the Remuneration Committee may determine) in favour of the Company as the consideration for the grant thereof. Such remittance shall in no circumstances be refundable and shall not be deemed to be a part payment of the exercise price. Once accepted, the share option is deemed to be granted as from the date on which it was offered to the relevant eligible participant.

The maximum number of Shares which may be issued in respect of which share options may be granted under the 2019 Share Option Scheme together with the number of Shares which may be issued in respect of any options to be granted under any other share option scheme(s) shall not in aggregate exceed 10% (being 92,058,886 Shares, accounting for approximately 9.8% of the total number of issued Shares as at the Latest Practicable Date) of the total number of Shares (being 920,588,862 Shares) in issue on the date of approval of the refreshment of the 2019 Share Option Scheme Mandate Limit at the annual general meeting of the Company dated 28 May 2021 by the Shareholders. The number of Shares available for issue under the 2019 Share Option Scheme is 101,897,586 (representing approximately 10.9% of the total number of issued Shares as at the Latest Practicable Date), which includes 39,568,677 outstanding share options and 62,328,909 share options to be further granted by the Company. As of 31 December 2022, the Company can further grant 62,328,909 share options under the 2019 Share Option Scheme (as of 31 December 2021: 79,132,686).

Each share option shall be exercisable at such times and subject to terms and conditions set out in the 2019 Share Option Scheme (in particular, the provisions relating to early termination) and such other terms and conditions as the Remuneration Committee determines, provided that the exercise period of any share option shall not exceed 10 years from the date of grant of the share option. The terms of the 2019 Share Option Scheme do not specify a minimum vesting period for which a share option must be held before the share option can be exercised, but specified that the Remuneration Committee has the power to specify the requirement as to the said minimum vesting period.

DIRECTORS'  
REPORT

The exercise price of each share option shall be a price determined by the Remuneration Committee in its absolute discretion at the time of grant but not be less than the higher of: (i) the nominal value of a Share; (ii) the closing price of a Share as stated on the Stock Exchange's daily quotations sheet on the date of grant of such share option; and (iii) the average closing price of a Share as stated on the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of such share option. In determining the exercise price, the Remuneration Committee will take into account, among other things, the performance of the relevant eligible participants and/or their contributions (past or future) to the Group, the then prevailing market price of the Share at the date of grant, any minimum holding period, any vesting conditions, etc.

Unless otherwise terminated by the Board or the Shareholders in a general meeting in accordance with the terms of the 2019 Share Option Scheme, the 2019 Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date (being 25 November 2019), and the remaining life of the 2019 Share Option Scheme is about 6 years and 8 months. For further details of the 2019 Share Option Scheme, please refer to the circular of the Company dated 4 November 2019.

During the Reporting Period, the Company took into the consideration of the past performance of the eligible participants and their future possible contribution to the development of the Company when granting the share option. Details of movements in the outstanding share options granted under the 2019 Share Option Scheme during the Reporting Period are as follows:

Grantees	Date of Grant <sup>1</sup>	Outstanding as at 1 January 2022	Granted <sup>2</sup>	Exercised <sup>3</sup>	Lapsed	Outstanding as at 31 December 2022	Exercise Price (HK\$)
<b>Directors</b>							
Dr. GAO Jack							
Qun Yao	16 June 2020	112,000	—	—	—	112,000	9.56
Dr. ZHANG Ya-Qin	16 June 2020	112,000	—	—	—	112,000	9.56
Mr. GE Ming	16 June 2020	112,000	—	—	—	112,000	9.56
Ms. TAO Ping	25 March 2021	112,000	—	—	—	112,000	12.46
<b>Employees</b>							
	16 June 2020	11,523,400	—	737,000	1,291,700	9,494,700	9.56
	9 June 2021	12,926,200	—	104,000	975,000	11,847,200	12.54
	11 March 2022	—	14,763,500	—	633,000	14,130,500	13.24
	10 May 2022	—	3,648,277	—	—	3,648,277	13.32
<i>Sub-total</i>		<i>24,449,600</i>	<i>18,411,777</i>	<i>841,000</i>	<i>2,899,700</i>	<i>39,120,677</i>	
<b>Total</b>		<b>24,897,600</b>	<b>18,411,777</b>	<b>841,000</b>	<b>2,899,700</b>	<b>39,568,677</b>	

**DIRECTORS'  
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## Notes:

- The closing price was HK\$9.18, HK\$11.38, HK\$12.54, HK\$13.24 and HK\$13.32 per Share immediately before the respective date of grant being 16 June 2020, 25 March 2021, 9 June 2021, 11 March 2022 and 10 May 2022.
- The validity period of share options is ten (10) years commencing from the date of grant, for the share options granted on 16 June 2020 and 25 March 2021, 50%, 20% and 30% of the share options granted shall be vested on the date falling on the first, second and third anniversary from the date of grant, respectively, which are exercisable upon vesting within the validity period; and for the share options granted on 9 June 2021, 11 March 2022 and 10 May 2022, 40%, 30% and 30% of the share options granted shall be vested on the date falling on the first, second and third anniversary from the date of grant, respectively, which are exercisable upon vesting within the validity period. The Company has used the Binomial Model to determine the fair value of the share options as at the date of grant, which is to be recorded in profit or loss over the vesting period. For the share options granted on 16 June 2020 and 25 March 2021, the weighted average fair value of the share options granted by the Company was approximately HK\$3.51 per Share; for the share options granted on 9 June 2021, the weighted average fair value of the share options granted by the Company was approximately HK\$4.86 per Share; for the share options granted on 11 March 2022, the weighted average fair value of the share options granted by the Company was approximately HK\$4.97 per Share; and for the share options granted on 10 May 2022, the weighted average fair value of the share options granted by the Company was approximately HK\$4.97 per Share. Other than the exercise price mentioned above, the model inputs for determining the fair value of share options including:

	Granted on 16 June 2020	Granted on 25 March 2021	Granted on 9 June 2021	Granted on 11 March 2022	Granted on 10 May 2022
Closing price as at the date of grant	HK\$9.05	HK\$12.46	HK\$12.54	HK\$13.24	HK\$13.20
Risk free interest rate	0.5%	0.5%	1.1%	1.7%	1.7%
Expected dividend yield	2.5%	2.5%	2.8%	3.4%	3.4%
Expected volatility	49%	49%	50%	51%	51%

Further details of determining the fair value of the share options are set out in note 32 to the consolidated financial statements.

- The weighted average closing price of the Shares was approximately HK\$13.33 immediately before the date(s) of the exercise of the share options.
- No share options had been cancelled during the Reporting Period.

**SHARE AWARD SCHEME  
2020 Share Award Scheme**

The purposes of the 2020 Share Award Scheme are to (i) recognize the contributions and fully motivate the potential and vitality of talents of the eligible persons; and (ii) encourage the eligible persons to continue contributing to the long-term growth and development of the Group. Subject to the criteria and conditions as set out in the 2020 Share Award Scheme, any core management personnel whom the Board or the Remuneration Committee or their respective delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award.

The maximum number of Shares underlying all grants to be made pursuant to the 2020 Share Award Scheme (excluding award shares which have been forfeited in accordance with the 2020 Share Award Scheme) had been refreshed on 20 April 2021 and shall not exceed 46,013,946 Shares, representing 5.0% of the total number of issued Shares as at the date of refreshment (accounting for approximately 4.9% of the total number of issued Shares as at the Latest Practicable Date). As of 31 December 2022, the Company can further grant 8,707,600 award shares under the 2020 Share Award Scheme (as of 31 December 2021: 9,707,600).

The terms of the 2020 Share Award Scheme do not specify the maximum entitlement for an individual participant.



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The terms of the 2020 Share Award Scheme do not specify any period for an award to be vested, but specify that the Trust Management Committee may from time to time determine such vesting criteria and conditions or periods for the award to be vested.

The terms of the 2020 Share Award Scheme do not specify any amount required to be paid on acceptance of an award nor the payment period; and also do not provide for any basis of determining the purchase price of shares awarded.

According to the 2020 Share Award Scheme, the Company may transfer to the trustee the necessary funds and instruct the trustee to acquire Shares through market transactions at the prevailing market price or through the over-the-counter markets at the price determined by the Company, so as to satisfy the awards. During the Reporting Period, the trustee purchased a total of 1,764,000 Shares on the Stock Exchange.

Since 1 January 2023, neither the selected participant nor the trustee may exercise any voting rights in respect of any unvested Shares held under the trust, and that the exercise of any voting rights of vested Shares held under the trust shall be in accordance with the voting mechanism as set out below:

- (i) in respect of each general meeting of the Company, the Company will send a voting instruction form to each of the selected participants whose award shares are vested to solicit votes from such selected participants. The voting instruction form will be very similar to the proxy form for the relevant general meeting and will set out a general description of the resolutions proposed at the general meeting and will allow the selected participants to select whether to vote for or against each of the resolutions. A copy of the relevant corporate communication concerning matters to be proposed at such general meeting (such as Shareholders' circular and annual report) will also be made available to each of the selected participants so that the selected participants will have all relevant information for considering the relevant resolutions as if they were Shareholders. Each selected participant shall be entitled to one vote for each of the vested award share. The selected participants will be required to return the signed and completed voting instruction forms to the Trust Management Committee by the deadline stated in the voting instruction form, which deadline shall be no less than seven days before the time for holding the relevant general meeting and the selected participants will be given at least seven days to consider how they would like to cast their votes. In so far as the duly signed and completed voting instruction forms from the selected participants have been received by the Trust Management Committee prior to the proposed deadline, the Trust Management Committee will calculate the total of votes for and against each proposed resolution and will instruct the Trustee accordingly, and the trustee shall vote only in accordance with the instructions of the Trust Management Committee which reflect the instructions of the selected participants;
- (ii) for those selected participants who fail to return a duly signed and completed voting instruction form to the Trust Management Committee prior to the proposed deadline as set out in the voting instruction form, the Trust Management Committee will not give any instruction to the trustee so that no votes will be cast for such award shares and the trustee shall abstain from voting with respect to such award shares; and
- (iii) for the avoidance of doubt, for other Shares held by the trustee which (i) have not been granted to any selected participants or (ii) are unvested, the Trust Management Committee will not give any instruction to the trustee so that the trustee will not cast votes for those ungranted or unvested Shares and the trustee shall also abstain from voting with respect to such Shares.

## DIRECTORS' REPORT

The 2020 Share Award Scheme should be valid and effective for a period of 10 years from the date of adoption (being 7 January 2020) unless the Board may decide to terminate in advance. The remaining effective period for the 2020 Share Award Scheme was approximately 6 years and 10 months. Please refer to the announcements of the Company dated 8 January 2020 and 27 February 2020, respectively, for further details of the 2020 Share Award Scheme.

On 30 December 2020, 26 May 2021 and 11 March 2022, the Company respectively granted a total of 21,270,897 award shares, 15,260,449 award shares and 1,000,000 award shares to eligible persons. For further details, please refer to the Company's announcements dated 30 December 2020, 26 May 2021 and 11 March 2022. The closing prices of the Share immediately before the dates of grant (i.e. 30 December 2020, 26 May 2021 and 11 March 2022) are HK\$10.78, HK\$13.12 and HK\$13.24, respectively. During the Reporting Period, the Company took into the consideration of the past performance of the eligible participants and their future possible contribution to the development of the Company when granting the award shares.

The Company had determined the conditions(s) of the vesting of those award shares granted in 2022 based on the collective and individual performance of the eligible participants.

Details of movements in the award shares granted under the 2020 Share Award Scheme during the Reporting Period are as follows:

Grantees	Date of Grant	Number of				Number of
		award shares not yet vested as at 1 January 2022 <sup>1</sup>	Granted <sup>2</sup> during the Reporting Period	Vested <sup>3</sup>	Lapsed/ cancelled	award shares not yet vested as at 31 December 2022
<b>Five highest paid individuals</b>						
— Mr. GAO Nianshu (Director)	26 May 2021	4,840,299	—	1,936,120	—	2,904,179
— Others in aggregate	30 December 2020	350,000	—	140,000	—	210,000
	26 May 2021	4,770,150	—	1,908,060	—	2,862,090
	11 March 2022	—	1,000,000	—	—	1,000,000
<b>Other employees in aggregate</b>						
	30 December 2020	125,000	—	40,000	—	85,000
	26 May 2021	5,650,000	—	1,544,000	—	4,106,000
<b>Total</b>		15,735,449	1,000,000	5,568,180	—	11,167,269

**DIRECTORS'  
REPORT**

## Notes:

- 1) The vesting period shall commence on the date which is one year from the date of grant (i.e. 30 December 2020 and 26 May 2021, respectively) and end on the date which is three years from the date of grant. For further details, please refer to the announcements of the Company dated 30 December 2020 and 26 May 2021.
- 2) The vesting period shall commence on the date which is one year from the date of grant (i.e. 11 March 2022) and end on the date which is three years from the date of grant. For further details, please refer to the announcement of the Company dated 11 March 2022. Performance targets for such grant include the Company's financial performance indicators and the individual performance indicators of the grantees. The Company has determined the fair value of the award shares on the date of grant under the basis of market price, taking into account the characteristics of the award, including expected dividends and charged the same to profit or loss during the vesting period. The fair value of the award shares granted by the Company on 11 March 2022 is approximately HK\$13.24 per Share. Details of the fair value of the award shares at the time of grant and the accounting policies adopted are set out in note 32 to the consolidated financial statements.
- 3) The weighted average closing price of the Shares immediately before the vesting date of the award shares held by Mr. GAO Nianshu, the five highest paid individuals (including Mr. Gao Nianshu) and others are approximately HK\$12.92, HK\$12.98 and HK\$12.94, respectively.
- 4) No consideration is required to be paid upon the vesting of award shares.

**GENERAL**

No new Shares will be issued by the Company as a result of the grant of award shares. The number of Shares that may be issued in respect of share options granted under all the share schemes of the Company during the Reporting Period divided by the weighted average number of shares of the relevant classes in issue during the Reporting Period is approximately 19.9%.

Since 1 January 2023, unless separately approved by the Shareholders in general meeting (with the relevant eligible participant and such eligible participant's close associates (with the meaning ascribed thereto under the Listing Rules) (or such eligible participant's associates if such eligible participant is a connected person of the Company) abstaining from voting), no eligible participant shall be granted an award if such award will result in the total number of Shares issued and to be issued in respect of all share options and awards granted (excluding any lapsed share options and awards) to such eligible participant in the 12-month period up to and including the date of such grant would in aggregate exceed 1% of the total number of Shares in issue.

**USE OF PROCEEDS FROM THE SUBSCRIPTION**

On 14 April 2020, the Company and China Mobile International Holdings Limited (a wholly-owned subsidiary of China Mobile Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00941) and the Shanghai Stock Exchange (stock code: 600941)) entered into the subscription agreement.

The subscription was completed on 2 September 2020, which raised total proceeds and net proceeds of approximately HK\$1,385 million and approximately HK\$1,384 million, respectively. The net issue price per subscription share was approximately HK\$7.6. The usage of the net proceeds is consistent with the intended use as disclosed in the Company's circular dated 28 May 2020. The remaining amounts had been fully utilised during the Reporting Period.

**DIRECTORS'  
REPORT**

The following table sets out the utilisation details of the proceeds from the subscription by the Group:

	<b>Approximate proportion of total amount</b>	<b>Proceeds from the Subscription</b>	<b>Proceeds utilised during the Reporting Period</b>	<b>Proceeds utilised as of 31 December 2022</b>
	%	HK\$'000	HK\$'000	HK\$'000
R&D investment in new products and new technologies and business development of DSaaS, vertical industries and enterprise cloudification and OSS	40%	553,640	95,761	553,640
Invest or acquire assets and businesses that complement the Group's business and complement the Group's development strategy	35%	484,435	484,435	484,435
General working capital (including administrative purposes and sales and marketing purposes)	25%	346,025	39,374	346,025
<b>Total</b>	<b>100%</b>	<b>1,384,100</b>	<b>619,570</b>	<b>1,384,100</b>

**EQUITY-LINKED AGREEMENT**

Save as disclosed in this annual report, no equity-linked agreement was entered into or renewed by the Company during the Reporting Period or subsisting as at 31 December 2022.

**PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Reporting Period, save for the purchase of a total of 1,764,000 Shares by the trustee on the Stock Exchange pursuant to the 2020 Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

**ARRANGEMENTS ON PRE-EMPTIVE RIGHTS AND SHARE OPTIONS**

For the Reporting Period, there were no provisions relating to pre-emptive rights, which required the Company to offer new Shares on a pro-rata basis to existing Shareholders, or any share option arrangement under the relevant laws of the British Virgin Islands and the Articles of Association.

**MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the Reporting Period.

**DIRECTORS'  
REPORT**

For the Reporting Period, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard as set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

**CONTINUING CONNECTED TRANSACTIONS**

Below are the continuing connected transactions conducted or entered into by the Group during 2022 which were subject to reporting, annual review, announcement and/or independent Shareholders approval requirements pursuant to Chapter 14A of the Listing Rules. China Mobile Group in this section represents China Mobile Limited and its associates (as defined in Chapter 14A of the Listing Rules).

**Non-exempted continuing connected transactions****1 The provision of software products and services by the Group to China Mobile Group**

The Company entered into the Previous Software Products and Services Framework Agreement with CMC on 20 April 2020, pursuant to which, the Company agreed to provide software products and services to the members of China Mobile Group, including but not limited to, the provision of software products and related deployment services, ongoing operation and maintenance services, data-driven operation services, business consulting services, system integration services, corporate trainings and procurement and sale of third-party hardware and software. The validity period of the Previous Software Products and Services Framework Agreement is from 2 September 2020 to 31 December 2022. CMC is a wholly-owned subsidiary of China Mobile Limited, which wholly owns China Mobile International Holdings Limited (a substantial Shareholder of the Company) and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Pricing policy: The prices to be charged by the Group for products and/or services to be provided to China Mobile Group under any separate definitive agreements pursuant to the Previous Software Products and Services Framework Agreement shall be determined based on arm's length negotiation between the parties and on order-by-order basis with reference to the prevailing market price, being the price offered to or charged by Independent Third Parties in contemporaneous transactions in respect of similar types of products or services in the ordinary course of business in the same or nearby service area and subject to normal commercial terms and in accordance with the principle of fairness and reasonableness.

The annual caps for 2020, 2021 and 2022 are RMB4,210,000,000, RMB4,840,000,000 and RMB5,730,000,000, respectively. The actual transaction amount for the Reporting Period was approximately RMB4,834,963,000 (2021: approximately RMB4,441,172,000).

The Company has entered into the New Software Products and Services Framework Agreement with CMC on 28 October 2022 for the period commencing from 1 January 2023 to 31 December 2025.

The annual caps for 2023, 2024 and 2025 under the New Software Products and Services Framework Agreement are RMB6,200,000,000, RMB6,900,000,000 and RMB7,600,000,000, respectively.



**DIRECTORS'  
REPORT****Partially exempted continuing connected transactions**

- 1 Technological services provided to the Group by AsialInfo Security  
AsialInfo Security, being a company controlled by Dr. TIAN Suning (the chairman and executive Director) is a connected person of the Group pursuant to the Listing Rules.

On 29 December 2020, AsialInfo Security entered into the New Security Technological Security Service Framework Agreement with the Company, pursuant to which AsialInfo Security agreed to (i) provide technical staff to support the projects undertaken by the Group; and (ii) provide certain network security services and products to the Group. The validity period of the New Security Technological Security Service Framework Agreement is from 1 January 2021 to 31 December 2023.

Pricing policy: The service fees payable by the Group to AsialInfo Security under any separate technological service agreement pursuant to the New Security Technological Security Service Framework Agreement will be determined based on an arm's length negotiation between the parties with reference to (i) the staff costs (including salaries and staff expenses) and/or (ii) market rate of similar products and services. In any event, such service fees shall not be higher than the price charged by AsialInfo Security to its independent customers for similar services and products.

The annual caps for each of 2021, 2022 and 2023 under the New Security Technological Security Service Framework Agreement shall be RMB15,000,000. The actual transaction amount for the Reporting Period was approximately RMB2,359,000 (2021: approximately RMB2,569,000).

- 2 China Mobile Group leases workspace stations to the Group

On 20 April 2020, the Group entered into the Previous Lease Framework Agreement with CMC, pursuant to which China Mobile Group has agreed to lease and use its reasonable endeavours and good faith to procure other members of China Mobile Group to lease workspace stations to any members of the Group to facilitate the Group's provision of software services to members of China Mobile Group. The validity period of the Previous Lease Framework Agreement is from 2 September 2020 to 31 December 2022.

Pricing policy: The pricing terms of the Previous Lease Framework Agreement and each definitive agreement shall be consistent with the following guidelines: (i) the terms of the lease shall be negotiated and agreed by the parties on an arm's length basis and shall be fair and reasonable; (ii) the rentals shall represent the prevailing market rentals of similar premises in neighboring areas based on available property rental market comparables and, actual gross floor area of each of the leased premises; (iii) annual increments in rentals shall be determined by reference to the potential increase in the value of the premises; and (iv) where property rental market comparables are not available, the pricing terms shall be determined on a fair and reasonable basis which is equivalent or comparable to those offered to or quoted by Independent Third Parties to the Group for similar premises in proximity.

The annual caps for 2020, 2021 and 2022 under the Previous Lease Framework Agreement shall be RMB6,000,000, RMB7,500,000 and RMB10,000,000, respectively. The actual transaction amount for the Reporting Period was approximately RMB5,554,000 (2021: approximately RMB4,837,000).

The Group has entered into the New Lease Framework Agreement with CMC on 28 October 2022 for the period commencing from 1 January 2023 to 31 December 2025.

The annual caps for 2023, 2024 and 2025 under the New Lease Framework Agreement are RMB12,000,000, RMB13,000,000 and RMB15,000,000, respectively.

DIRECTORS'  
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- 3 Provision of work spaces and certain ancillary office maintenance services to AsialInfo Security by the Group
- AsialInfo China, a wholly-owned subsidiary of the Company, entered into the Lease Agreement with AsialInfo Chengdu (a wholly-owned subsidiary of AsialInfo Security) on 30 December 2019 to replace the old framework agreement, pursuant to which AsialInfo China agreed to provide work spaces and certain ancillary office maintenance services to AsialInfo Security. The Lease Agreement is valid for a term of three years commencing from 1 January 2020.

Rentals and fees: The fees payable under the Lease Agreement shall not exceed RMB14,500,000 for the first year ended 31 December 2020 (assuming no change in the leased areas), which include rentals for the work spaces and fees arising from the ancillary office maintenance services to be provided by AsialInfo China to AsialInfo Chengdu. The specific amount of the fees payable under the Lease Agreement shall be calculated per RMB7.10/sq.m./day, comprising (i) rental fee at RMB6.00/sq.m./day; and (ii) service fee at RMB1.10/sq.m./day, subject to the actual office area to be used by AsialInfo Chengdu, which are inclusive of facilities usage charges and management fee and exclusive of other IT utilities charges and tax.

The annual caps under the Lease Agreement for 2020, 2021 and 2022 shall be RMB14,500,000, RMB15,000,000 and RMB15,500,000, respectively. The actual transaction amount for the Reporting Period was approximately RMB9,615,000 (2021: approximately RMB9,615,000).

- 4 Provision of technological services and products to AsialInfo Security by the Group
- On 29 December 2020, the Group entered into the New Security Technological Service Framework Agreement with AsialInfo Security, pursuant to which the Group agreed to provide (i) technical staff to support projects undertaken by AsialInfo Security Group; and (ii) certain software products and services to AsialInfo Security Group. The New Security Technological Service Framework Agreement has a term commencing from 1 January 2021 to 31 December 2023.

Pricing policy: pursuant to the New Security Technological Service Framework Agreement, the service fees payable to the Group under any separate technological service agreements are determined between the parties with reference to (i) the staff costs (including staff salaries and disbursements) or cost of the products to be sold; (ii) the complexity of the nature of work and/or services to be provided; and (iii) a margin as agreed between the Group and AsialInfo Security taking into account the margin for the services/products of similar nature in the market by referring to margins for provision of similar services/sale of similar products by the Group to independent customers.

The annual caps under the New Security Technological Service Framework Agreement for each of the years of 2021, 2022 and 2023 shall be RMB20,000,000. The actual transaction amount for the Reporting Period was approximately RMB884,000 (2021: approximately RMB515,000).

- 5 Provision of information and telecommunication technology services and products by China Mobile Group to the Group
- On 22 September 2021, the Group and CMC entered into the Previous Master Procurement Agreement regarding the provision of information and telecommunication technology services and products, including but not limited to voice services, information services (such as SMS, MMS, hotline, prepaid cards, wireless/wired broadband services), mobile cloud business related services and products, advertising and sales, customised application technology, application and other services, smart end and communication products, etc., by China Mobile Group to the members of the Group, for a term commencing from 22 September 2021 to 31 December 2022 (both days inclusive).

**DIRECTORS'  
REPORT**

Pricing policy: The prices to be charged by China Mobile Group for the services and products to be provided to the Group under any separate definitive agreements pursuant to the Previous Master Procurement Agreement shall be determined based on arm's length negotiation between the parties and subject to normal commercial terms and in accordance with the principles of fairness and reasonableness. Such prices shall be determined with reference to the prevailing market price, being the price offered to or charged by Independent Third Parties in contemporaneous transactions in respect of similar types of products or services in the ordinary course of business in nearby service areas.

The annual caps for 2021 and 2022 under the Previous Master Procurement Agreement were RMB60,000,000 and RMB90,000,000, respectively. The actual transaction amount for the Reporting Period was approximately RMB31,983,000 (2021: approximately RMB12,895,000).

The Group has entered into the New Master Procurement Agreement with CMC on 28 October 2022 for the period commencing from 1 January 2023 to 31 December 2025.

The annual caps for 2023, 2024 and 2025 under the New Master Procurement Agreement are RMB170,000,000, RMB230,000,000 and RMB290,000,000, respectively.

For the Reporting Period, the independent non-executive Directors have reviewed the above continuing connected transactions and have confirmed that such transactions:

- (i) are entered into during the ordinary and usual course of business of the Group;
- (ii) are on normal commercial terms or better terms; and
- (iii) are in accordance with the agreements related to such transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's independent auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The independent auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

The independent auditors' letter has confirmed that nothing has come to their attention that cause them to believe that the continuing connected transactions:

- (A) have not been approved by the Board;
- (B) were not, in all material respects, in accordance with the pricing policies of the Group as stated in this annual report;
- (C) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and
- (D) have exceeded their respective annual caps for the Reporting Period set out in the previous announcements of the Company.

**DIRECTORS'  
REPORT**

Save as disclosed above, the related party transactions referred in note 34 to the consolidated financial statements do not constitute the connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, and except continuing connected transactions (if any) that were fully exempt from the requirements under Chapter 14A of the Listing Rules by the Stock Exchange, there were no connected transactions or continuing connected transactions which are required to be disclosed by the Company during the Reporting Period in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

**COMPLIANCE WITH DEED OF NON-COMPETITION**

In order to ensure that we do not have direct competition between our activities and those of our substantial Shareholders, Skipper Investment Limited entered into a deed of non-competition in favor of the Company on 5 July 2018, pursuant to which Skipper Investment Limited has undertaken to the Company (for itself and for the interest of its subsidiaries) that it would not, and would use its best efforts to procure that its associates (except any members of the Group) shall not, whether directly or indirectly (including through any physical entities, partnership, joint venture or other contractual arrangement) or as a principal or agent, and whether on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of the Group) to carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with the business of any member of the Group. If any investment or other business opportunities relating to our business are identified by Skipper Investment Limited (the “**Business Opportunities**”), it shall refer such Business Opportunities to the Company and shall not seek such Business Opportunities unless the Directors or Board Committees decline the Business Opportunities. For details of the deed of non-competition, please refer to the Prospectus.

Skipper Investment Limited has provided the Company with the confirmation in writing of compliance of the deed of non-competition. The independent non-executive Directors have also reviewed the compliance of the deed of non-competition (in particular, the right of first refusal relating to any Business Opportunities) by Skipper Investment Limited, and considered that the deed of non-competition has been complied with for the Reporting Period.

**CONTRACT OF SIGNIFICANCE**

At no time during the Reporting Period had the Company or any of its subsidiaries entered into any contract of significance with the controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

**PERMITTED INDEMNITY PROVISIONS**

In accordance with the Articles of Association and subject to any applicable laws and regulations, each Director (who is being appointed from time to time) shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

**DONATIONS**

During the Reporting Period, charitable and other donations made by the Group were approximately RMB940,000 (2021: approximately RMB700,000).

## DIRECTORS' REPORT

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

For details, please refer to the Corporate Governance Report in this annual report.

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that for anytime for the Reporting Period and up to the Latest Practicable Date prior to the issue of this annual report, at least 25% of the total issued share capital (the minimum public float percentage required by the Stock Exchange and the Listing Rules) of the Company was held by the public.

### TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

### MATERIAL LEGAL PROCEEDINGS AND COMPLIANCE

For the Reporting Period and up to the date of this report, to the knowledge of Directors, the Company has complied with applicable laws and regulations in all material respects, and there are no material legal proceedings or claims which are pending or threatened against the Company.

### AUDIT COMMITTEE

The Audit Committee had, together with the management and the auditor of the Company, KPMG reviewed the accounting standards and practices adopted by the Group, and discussed internal control and financial reporting matters, including the review of the audited consolidated financial statements for the Reporting Period.

### AUDITORS

Deloitte Touche Tohmatsu ("**Deloitte**") has retired as the auditor of the Company at the conclusion of the annual general meeting held on 28 May 2020, and KPMG has been appointed as the auditor of the Company following the retirement of Deloitte.

KPMG has audited the accompanying consolidated financial statements prepared based on the Hong Kong Financial Reporting Standards for the Reporting Period.

A resolution will be proposed at the AGM for the approval of Shareholders to appoint KPMG as the auditor of the Company for the year ending 31 December 2023.

### EVENTS AFTER THE REPORTING PERIOD

Since the end of the Reporting Period and up to the date of this annual report, there has been no significant event after the Reporting Period that affects the Group.

By order of the Board

**Dr. TIAN Suning**

*Chairman and Executive Director*



# CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report set out in this annual report for the Reporting Period.

## CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance in order to safeguard the interests of its Shareholders and enhance the corporate value and accountability. The Company has adopted the principles set out in the CG Code as its own code of corporate governance. The Company has applied the principles of the CG Code on the Company's corporate governance structure and operation in the manner as stated in this report, and will always and has complied with all applicable code provisions of the CG Code for the Reporting Period. The Company will continue to review and oversee the corporate governance practices to ensure its compliance with the CG Code.

## RESPONSIBILITY OF THE BOARD

The Board is responsible for the overall leadership of the Group and oversees the strategic decisions and monitors business and performance of the Group. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board Committees, including the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy and Investment Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times. The Company has maintained appropriate liability insurance for legal proceedings against Directors and will review the coverage of the insurance annually.

## COMPOSITION OF THE BOARD

As at the date of this annual report, the Board comprises 12 Directors, which includes 3 executive Directors, 5 non-executive Directors and 4 independent non-executive Directors. The members of the Board are set out as follows:

Name	Gender	Position
TIAN Suning	Male	Executive Director (Chairman)
DING Jian	Male	Executive Director
GAO Nianshu	Male	Executive Director (Chief Executive Officer)
ZHANG Yichen	Male	Non-executive Director
XIN Yuesheng	Male	Non-executive Director
CHENG Xike	Male	Non-executive Director
YANG Lin	Male	Non-executive Director
LIU Hong	Female	Non-executive Director
GAO Jack Qunyao	Male	Independent non-executive Director
ZHANG Ya-Qin	Male	Independent non-executive Director
GE Ming	Male	Independent non-executive Director
TAO Ping	Female	Independent non-executive Director

The biographies of the Directors are set out in the "Profiles of Directors and Senior Management" section in this annual report.

## CORPORATE GOVERNANCE REPORT

During the Reporting Period and up to the date of this report, the Board has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise at any time.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules in relation to appointing independent non-executive Directors as equivalent to one-third members of the Board. Each of independent non-executive Directors has confirmed its independence under Rule 3.13 of the Listing Rules for the Reporting Period. Therefore, the Company regarded them as independent parties.

Save as disclosed in biographies of the Directors set out in the section headed "Profiles of Directors and Senior Management" in this annual report, none of the Directors has any relationship (including financial, business, family members or other material/relevant relationship) with any other Directors or chief executives (particularly the chairman and Chief Executive Officer).

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure. We have adopted the Board Diversity Policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board.

We are also committed to promoting diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of our corporate governance as a whole. All Directors, including independent non-executive Directors, have brought a variety of valuable business experience, knowledge and professional skills to the Board for its efficient and effective running. Independent non-executive Directors are invited to serve on the Board Committees like the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring Directors to disclose the number and nature of positions held in listed companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

### INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction training and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under relevant statutes, laws, rules and regulations in accordance with code provision C.1.1 of the CG Code. The Company will also arrange regular seminars 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 also 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.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills, ensuring that their contribution to the Board consistently remains well informed and thoroughly relevant. 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.

CORPORATE GOVERNANCE  
REPORT

All Directors have complied with code provision C.1.4 of the CG Code in relation to the training of Directors. During the Reporting Period, the Company has provided all Directors with training, including Directors' responsibilities, Listing Rules and corporate governance matters, and has provided executive Directors and management with internal training in relation to the Company.

A summary of training received by the Directors for the Reporting Period is as follows:

Name of Directors	Nature of Continuous Professional Development Training <sup>Note</sup>
<i>Executive Directors</i>	
TIAN Suning	A, B
DING Jian	A, B
GAO Nianshu	A, B
<i>Non-executive Directors</i>	
ZHANG Yichen	A, B
XIN Yuesheng	A, B
CHENG Xike	A, B
YANG Lin	A, B
LIU Hong	A, B
<i>Independent non-executive Directors</i>	
GAO Jack Qun Yao	A, B
ZHANG Ya-Qin	A, B
GE Ming	A, B
TAO Ping	A, B

Notes:

- A: Attending seminars and/or conferences and/or forums and/or briefings, or making speeches on seminars and/or conferences and/or forums, or participating in trainings provided by law firms that are relating to the business of the Company
- B: Reading materials on various topics, including corporate governance matters, Directors' responsibilities, the Listing Rules and other relevant laws and regulations

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of the CG Code, the roles of chairman of the Board and Chief Executive Officer should be separated and performed by different individuals. The chairman of the Board and the Chief Executive Officer are separately held by Dr. TIAN Suning and Mr. GAO Nianshu, respectively, with clear distinction in responsibilities. The chairman of the Board is responsible for providing strategic advice and guidance on the development of the Group, while the Chief Executive Officer is responsible for the day-to-day operations of the Group.

## CORPORATE GOVERNANCE REPORT

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Pursuant to the requirement of the Articles of Association, the Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company upon appointment and shall then be eligible for re-election at the relevant meetings.

No Director has entered into any service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation). For further details of the term of appointment of non-executive Directors, please refer to the section headed "Director's Term of Office and Service Contract" in the Directors' Report.

The Company may from time to time by resolution of members increase or reduce the number of Directors, provided that the number of Directors shall not be less than two (2). Subject to the provisions of the Articles of Association and requirements under the statutes, the Company may by resolution of members elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company upon appointment, and in each case such Director shall then be eligible for re-election at the relevant meeting.

No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven (7) days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven (7) days prior to the date of such meeting, there has been given to the secretary of the Company notice in writing by a member (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition and making recommendations to the Board on the appointment and re-election of Directors and succession planning for Directors.

### BOARD MEETINGS

The Company will adopt the practice of holding Board meetings regularly, at least four times a year as required by code provision C.5.1 of the CG Code, and at approximately quarterly intervals. Notices of not less than fourteen (14) days are given for regular Board meetings to provide all Directors with an opportunity to attend the regular meeting and discuss matters in the agenda therein.

For other Board and Board Committee meetings, reasonable notice will be given by the Company. Notices of meetings, which include the agenda and accompanying Board papers are dispatched to the Directors at least three (3) days before the Board and Board Committees meetings to ensure that they have sufficient time to review the accompanying documents and are adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. The company secretary of the Company will keep the minutes of meetings and provide copies of such minutes to all Directors for reference and record purposes.

CORPORATE GOVERNANCE  
REPORT

Dr. TIAN Suning, the chairman of the Board and the chairman of the Nomination Committee, had attended the annual general meeting in 2022 as required by code provision F.2.2 of the CG Code. The chairman of the Audit Committee, Mr. GE Ming, and the representatives of the independent auditor of the Company were also present at the meeting to answer questions from the Shareholders.

Minutes of the Board meetings and Committee meetings will record in sufficient detail the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent/will be sent to the Directors for their consideration within a reasonable time after convening the meetings. The minutes of the Board meetings are open for inspection by all Directors.

The Board held a total of five meetings in 2022. The attendance of each Director at the Board meetings, Board Committees meetings, annual general meeting and extraordinary general meeting (whether in person or electronically) is detailed in the table below:

Name of Directors	Attendance/Board Meetings, Board Committee Meetings and Annual General Meeting						
	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	Strategy and Investment Committee	Annual General Meeting	Extraordinary General Meeting
<i>Executive Directors</i>							
Dr. TIAN Suning	5/5	—	1/1	—	1/1	1/1	1/1
Mr. DING Jian	5/5	—	—	—	1/1	1/1	1/1
Mr. GAO Nianshu	5/5	—	1/1	—	1/1	1/1	1/1
<i>Non-executive Directors</i>							
Mr. ZHANG Yichen	5/5	—	—	—	—	1/1	1/1
Mr. XIN Yuesheng	5/5	—	—	1/1	1/1	1/1	1/1
Mr. CHENG Xike	5/5	2/2	—	—	—	1/1	1/1
Mr. YANG Lin	5/5	—	—	—	1/1	1/1	1/1
Ms. LIU Hong	5/5	—	1/1	—	—	1/1	1/1
<i>Independent non-executive Directors</i>							
Dr. GAO Jack Qunyao	5/5	—	1/1	1/1	—	1/1	1/1
Dr. ZHANG Ya-Qin	5/5	2/2	1/1	1/1	—	1/1	1/1
Mr. GE Ming	5/5	2/2	1/1	—	—	1/1	1/1
Ms. TAO Ping	5/5	2/2	1/1	—	—	1/1	1/1

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Specific enquiry has been made to all the Directors by the Company and each of the Directors has confirmed that he/she will always comply and had complied with the required standards set out in the Model Code for the Reporting Period.



## CORPORATE GOVERNANCE REPORT

For the Reporting Period, the Company also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

### DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

### CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of Directors and their corporate governance duties, which include:

- (a) to formulate, review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, and make recommendation to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and to make recommendations and report to the Board;
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- (f) to review and monitor the Company's compliance with the Company's whistleblowing policy and anti-corruption policy.

The Board had reviewed and performed the above corporate governance functions in the Reporting Period.

### BOARD COMMITTEES

#### Audit Committee

The Audit Committee consists of four members: i.e. three independent non-executive Directors, being Mr. GE Ming (Chairman), Dr. ZHANG Ya-Qin and Ms. TAO Ping, and one non-executive Director, being Mr. CHENG Xike, majority of them are independent non-executive Directors.

**CORPORATE GOVERNANCE  
REPORT**

The primary duties of the Audit Committee are as follows:

1. to monitor the completeness of the financial statements of the Company and the annual reports and accounts, the half-year reports and (if to be published) the quarterly reports of the Company, and review the material accounting judgments stated in the statements and reports;
2. to review the financial statements and reports and consider any significant or unusual matters raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or the auditor before submission to the Board;
3. to review the adequacy and effectiveness of the Company's internal audit function, financial control and reporting systems; internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function; and
4. to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.

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

In the two meetings held in 2022, the Audit Committee had performed various duties, including reviewing the 2021 annual results and 2022 interim results of the Group as well as the reports prepared by the external auditor relating to the accounting matters and other major findings identified during the course of the interim review and annual audit, and reviewing the reports on the responsibilities of the risk management and internal control systems of the Group, the effectiveness of the Company's internal audit function and the fulfillment of other obligations set out in the CG Code. During the Reporting Period, the Board had no disagreement with the Audit Committee's view on the re-appointment of the Company's external auditor.

**Nomination Committee**

The Nomination Committee consists of seven members: i.e. two executive Directors, being Dr. TIAN Suning (Chairman) and Mr. GAO Nianshu, four independent non-executive Directors, being Dr. GAO Jack Qunyao, Dr. ZHANG Ya-Qin, Mr. GE Ming and Ms. TAO Ping, and one non-executive Director, being Ms. LIU Hong.

The primary duties of the Nomination Committee are as follows:

1. to review the structure, number and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's strategy;
2. to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;
3. to assess the independence of independent non-executive Directors;
4. to make recommendations to the Board on the appointment or re-appointment of Directors and the succession planning for Directors, in particular the chairman and the chief executive officer; and
5. to perform missions allocated by the Board from time to time.

## CORPORATE GOVERNANCE REPORT

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

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

In the meeting held in 2022, the Nomination Committee had performed various duties, including reviewing the structure, number and composition (including the skills, knowledge and experience) of the Board, assessing the independence of independent non-executive Directors, making recommendations to the Board on matters relating to the succession of Directors and disclosing the policy on nomination of Directors during the Reporting Period, including the nomination process adopted by the Nomination Committee for director candidates and the selection and recommendation criteria during the Reporting Period.

### **Policy for Nomination of Directors**

The Company had adopted its policy for nomination of Directors through resolution on 19 December 2018 and the summary is as follows: the Company values the selection process of the Board members with high transparency. The nomination policy aims to ensure that the Board keeps balance on the skills, experience and diversity of views to meet the business needs of the Company. The Nomination Committee has been appointed to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. The Board is ultimately responsible for (i) the selection and appointment of new Directors, and (ii) the relevant matters in relation to retirement by rotation and re-election at annual general meetings pursuant to the Articles of Association.

### **Diversity**

The Company had adopted the Board Diversity Policy along with setting the measurable targets for implementing this policy in order to achieve the approach adopted for the diversity of the Board. The Company is convinced that the diversity of the Board is beneficial to improve the quality of its performance. When setting up composition of the Board, the Company considers the diversity of the Board from various measurable aspects, including but not limited to skills, professional experience, knowledge, expertise, culture, independence, race, age and gender. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of business management, telecommunications, information technology, software solutions, finance, investment, auditing and accounting. They obtained degrees in various majors including business administration, natural resources management, library science, engineering, computer science, telecommunications, economics and accounting. All appointments to the Board are based on the principle of meritocracy, while considering diversity, including gender diversity. The measurable targets for the implementation of this diversity policy include independence, educational background, professional qualifications and years of employment.

CORPORATE GOVERNANCE  
REPORT

Our Board members have a wide range of age, ranging from 33 years old to 72 years old. With respect to the succession of Directors, the Nominating Committee will also engage assistance in identifying potential female Board members as and when necessary. The Board will continue to adjust the proportion of female members in the future if suitable candidates are available. Details of the current members of the Board are set out as follows:

<b>Gender</b>					<b>Male</b>	<b>Female</b>
					10	2
<b>Age group</b>	<b>30-39</b>	<b>40-49</b>	<b>50-59</b>	<b>60-69</b>	<b>70-79</b>	
	1	0	6	4	1	
<b>Length of service</b>				<b>5 years or below</b>	<b>6 to 10 years</b>	<b>Over 10 years</b>
				7	3	2

In 2022, the Group employed 13,205 full-time employees, of which 10,220 were male and 2,985 were female. The gender ratio of all employees (including senior management) is approximately 77.4% (male) and approximately 22.6% (female), respectively.

Despite that it is less relevant for the Group to achieve gender diversity across the workforce (including senior management) given the nature of the business of the Group, we still have taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to the Board and the management levels. In particular, one out of five of the existing senior management of the Company are female and, our company secretary is female. We will also continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole.

The policy is subject to annual review by the Nominating Committee. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continuous effectiveness.

### Remuneration Committee

The Remuneration Committee consists of three members: i.e. two independent non-executive Directors, being Dr. GAO Jack Qun Yao (Chairman) and Dr. ZHANG Ya-Qin, and one non-executive Director, being Mr. XIN Yuesheng.

The primary duties of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's overall policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to review and approve the management's remuneration proposals with reference to the corporate goals and objectives determined by the Board from time to time;

## CORPORATE GOVERNANCE REPORT

3. to make recommendations to the Board on the remuneration packages of individual Directors and senior management (i.e. the code provision E.1.2(c)(ii) of the CG Code is adopted). These, among other things, include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);
4. to assess performance of the executive Directors and approve the terms of the executive Directors' service contracts;
5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with such contractual terms and is otherwise fair and not excessive;
7. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
8. to review and/or approve matters relating to share schemes described under Chapter 17 of the Listing Rules; and
9. to ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration.

The written terms of reference of the Remuneration Committee (as amended and approved by the Board on 30 December 2022) are available on the websites of the Stock Exchange and the Company.

In 2022, the Remuneration Committee held one meeting and has performed primary duties such as reviewed the Group's policy on remuneration of all the Directors and senior management of the Group, evaluated the performance of the executive Directors and approved the terms of the executive Directors' service contracts. The Remuneration Committee, after assessing their performance, had advised the Board on the remuneration packages of all executive Directors and senior management of the Group, and the remuneration of the independent non-executive Directors. The Remuneration Committee was notified that the Board has not resolved to approve any remuneration or cooperation arrangements with which the Remuneration Committee has disagreed with.

### Strategy and Investment Committee

The Strategy and Investment Committee consists of five members: i.e. three executive Directors, being Dr. TIAN Suning, Mr. GAO Nianshu and Mr. DING Jian, and two non-executive Directors, being Mr. XIN Yuesheng (Chairman) and Mr. YANG Lin.

**CORPORATE GOVERNANCE  
REPORT**

The primary duties of the Strategy and Investment Committee are as follows:

1. to conduct research on the long-term strategic planning, annual operational plans, investment policies and major investment and financing projects of the Company and make recommendations, and to monitor and follow up on major investment and financing projects approved by the Shareholders' meeting and the Board and to notify all Directors in a timely manner;
2. with the authorization of the Board, to approve major discloseable investment and financing projects with a total transaction amount (in a single transaction or transactions under the same project) of more than RMB50 million (including RMB50 million) but not subject to the Board's approval, other than ordinary operating loans, credits, privatization loans and income-based transactions in the ordinary course of business. Matters related to the approvals above shall also comply with the relevant requirements of the Listing Rules regarding notifiable transactions;
3. to conduct research on other major matters that may have impacts on the development of the Company and make recommendations to the Board; and
4. other matters stipulated by the terms of reference of the Strategy and Investment Committee and authorised by the Board.

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

**DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE  
CONSOLIDATED FINANCIAL STATEMENTS**

The Directors understand and acknowledge their responsibility for preparing the Company's consolidated financial statements for the Reporting Period which give a true and fair view of the Group's conditions, 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 Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's 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 Company is set out in the section headed "Independent Auditor's Report" of this annual report.



## CORPORATE GOVERNANCE REPORT

### REMUNERATION OF SENIOR MANAGEMENT

Our senior management receive remuneration in the form of salaries, bonuses, contributions to pension schemes, long-term incentives (including share-based incentives), housing and other allowances and benefits in kind subject to applicable laws, rules and regulations.

The remuneration of senior management of the Company (whose biographies are set out in the section headed “Profiles of Directors and Senior Management” of this annual report) for the Reporting Period falls under the following bands:

Band of remuneration	Number of individuals
HK\$7,500,001 to HK\$8,000,000	1
HK\$10,000,001 to HK\$10,500,000	1
HK\$16,000,001 to HK\$16,500,000	1
HK\$18,000,001 to HK\$18,500,000	1
HK\$33,000,001 to HK\$33,500,000	1

### REMUNERATION OF AUDITOR

For the Reporting Period, in respect of audit and non-audit services offered to the Company by the auditor of the Company, KPMG, the remuneration paid or payable by the Group are set out as follows:

Classification of services	Amount RMB'000
Audit and audit-related services	6,650
Non-audit services <sup>(i)</sup>	165
<b>Total</b>	<b>6,815</b>

Note:

(i) The non-audit services conducted by the auditor mainly include tax advisory services and due diligence services for financial tax.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management, internal control systems and internal audit function to safeguard Shareholders’ investments and the Company’s assets and reviewing the effectiveness of such systems annually. The Board reviews such systems on a semi-annual basis.

The Group’s risk management and internal control team plays an important role in monitoring the Group’s internal governance. The major duties of internal control team are to regulate and review the Company’s financial condition and internal control and conduct comprehensive audits of all branches and subsidiaries of the Company on a semi-annual basis.

## CORPORATE GOVERNANCE REPORT

With the requirements of the CG Code, the Company has established a “three-level” risk management framework consisting of functional back office, internal audit and external auditor. Internal audit department has released risk management system and continuously monitors the completeness, rationality and effectiveness of the system by identifying and assessing major external and internal risks during risk surveys of the headquarters and business units. Effective procedures on internal control deficiencies were implemented to enhance the risk control and prevention ability.

The Company has now established a complete and effective internal control system in which systematic internal control and necessary internal supervision mechanism have been established from the corporate level to the business operation level. Now the scope of evaluation of the Company comprises internal environment, risk assessment, control activities, information and communication and internal supervision; major business within the scope of the evaluation are sales, costs, funding, finance, procurement, investment and related transactions. Meanwhile, the independent evaluation of the design of internal control of the Company and the efficiency and effectiveness of implementation is conducted by way of risk inspection, internal audits, supervisors’ inspection, etc. in an effort to ensure legal and compliant operations of the Company, asset safety, and the authenticity and completeness of financial reports and relevant information.

The Company has formulated and complemented Asiainfo Inside Information and Insider Dealing Management System which stipulates the inside information scope, inside information insider scope, prescribes registration requirements for the insider before the disclosure of inside information and stipulates that insiders should not deal with the securities of the Company or should report his securities transactions in advance.

The Board has reviewed risk management, internal audit and internal control systems of the Group for the Reporting Period and believes that such systems are effective and adequate.

### RESPONSE TO MAJOR RISKS

In 2022, the Group conducted an annual risk review and assessment of the Company as a whole based on the corporate risk management framework, and formulated coping and monitoring measures for major risks so as to prevent or reduce possible occurrence of major risks in the Company.

The Company saw a rapid development in the results of operations in 2022. We derived a significant portion of our revenue from telecom operators in China, which depended on our ability to develop and maintain longstanding business relationships with telecom operators in China. Our close relationships with clients might be impaired if we failed to offer software products and services required by telecom operators or if telecom operators turned to our competitors instead for the purpose of sourcing software products and services. We owed our success of business to the continuing efforts made by our core management and technical personnel, and our business might be affected to a certain extent if we lost their services or they competed against us.

In order to cope with its potential operational risks and ensure its continuous and long-term development, the Company increased its input to business support, 5G intelligent network, data-driven operation, big data and AI products. Additionally, the Company also actively participated in the transformation and upgrading of telecom operators by supporting the R&D of various large-scale IT projects, further consolidating our leading position in the telecom software and service market. Moreover, we strengthened the management of core management and technical personnel, designed career development channels for talents, and simultaneously improved the incentive mechanism and continued to reinforce staff training, in the hope of offering and ensuring talents reserve for the Company’s sustainable development.

## CORPORATE GOVERNANCE REPORT

### WHISTLEBLOWING POLICY

The Group adopted a whistleblowing policy which provides reporting channels and guidance for employees and other parties who deal with the Group (e.g. contractors and suppliers, etc.) to report possible improprieties in matters of finance or other matters. They may raise concerns, in confidence, to the Audit Committee about the possible improprieties in any matters related to the Company. As anonymous whistleblowing can only provide limited information, hence hindering any relevant investigation and follow-up work, we encourage whistleblowers to state their names to enhance investigation efficiency. A member of the Audit Committee has been appointed as the contact person for channeling any possible irregularities reflected by the staff, suppliers and distributors.

### ANTI-CORRUPTION POLICY

The Group has established anti-corruption policies to prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, or other parties, while they are performing employee duties, and prohibit any activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. The Group endeavors to maintain high moral standard and integrity, and hence we require our employees and encourage employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest to ensure that the employees of the Group would comply with the Prevention of Bribery Ordinance of Hong Kong, Chapter 201 of the Laws of Hong Kong (《香港《防止賄賂條例》(香港法例第201章)), Criminal Law of the People's Republic of China(《中華人民共和國刑法》), the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》). A whistle-blowing mechanism is in place for employees and external stakeholders to report any kinds of malpractices through our reporting channels. The Group protects the identity of whistle-blower and keeps the reported information confidential. Internal investigation will be undergone to verify the reported case(s) and remedial actions will be taken where necessary based on the result findings of the investigation. The Group reviews the policy annually to ensure that it remains appropriate.

### MECHANISM TO ENSURE INDEPENDENT VIEWS AND INPUT ARE AVAILABLE TO THE BOARD

The Company has adopted certain mechanisms to ensure independent views and input are available to the Board, details of its key features are as follows:

- the Company shall arrange/purchase appropriate and sufficient resources and insurance cover in respect of any matter relating to the obtaining of independent opinions by the Board; and
- the Board shall review its structure, size, composition (including the skills, knowledge and experience) and the Board Diversity Policy at least once a year to maintain a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors).

The Board should review the implementation and effectiveness of the abovementioned mechanisms on an annual basis; and had reviewed the same for the Reporting Period and is of the opinion that those are proper, adequate and/or effective.

### COMPANY SECRETARY

The Company engages Ms. YU Wing Sze (余詠詩) from an external service provider as the company secretary. Ms. YU is the primary corporate contact person of the external service provider whose primary contact person at the Company is Mr. ZHAO Yan, the senior office director of the Board office.

For the Reporting Period, Ms. YU has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

### PROCEDURES FOR CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS/RESOLUTIONS

Pursuant to Article 10.3 of the Articles of Association, on the requisition of the Shareholders of the Company at the date of deposit of the requisition holding not less than one-tenth of the number of issued Shares of the Company at the principal place of business of the Company in Hong Kong having the right to vote at general meetings, the Board is obliged to proceed to convene an extraordinary general meeting. The requisitionists must state the purposes of the meeting and sign the requisition letter. If the Board does not within twenty one (21) days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further twenty one (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 (3) 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. The Shareholders who wish to put forward proposals and/or resolutions may requisition an extraordinary general meeting and include a proposal and/or resolution at such meeting pursuant to Article 10.3 of the Articles of Association.

Shareholders may send the requisition letter to the Company's principal place of business in Hong Kong at 31/F, Tower Two Times Square, 1 Matheson Street, Causeway Bay to the attention of the company secretary of the Company.

### SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may send their enquiries in writing with contact details (including registered name, address, telephone number and email address) to the Company's principal place of business in Hong Kong at 31/F, Tower Two Times Square, 1 Matheson Street, Causeway Bay to the attention of the company secretary of the Company.

The Company welcomes the views of and enquiries from the Shareholders. Enquiries to the Board or senior management of the Company will be dealt with in an informative and timely manner.

### COMMUNICATION POLICY WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of its information, which will enable Shareholders and investors to make the informed investment decisions. The Company establishes an investor relations department and liaison mailbox (ir@asiainfo.com), which is responsible for providing Shareholders and investors with the necessary information and services. It maintains proactive communications with Shareholders, investors and other capital market participants, which enable Shareholders and investors to fully understand the Company's operation and development, by various means such as participating in domestic and foreign investor exchanges, performance conferences, press conferences, telephone conferences and investment analysts meetings.

## CORPORATE GOVERNANCE REPORT

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Company and the chairman of each of the Board Committees or their authorised representative will attend the annual general meetings to answer Shareholders' questions. The auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. Any email from our Shareholders to the aforesaid liaison mailbox to make enquiry to the Board are also welcome.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website at [www.asiainfo.com](http://www.asiainfo.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the Reporting Period, the Company has reviewed the implementation and effectiveness of the Shareholders' communication policy. After evaluating and considering the actual communication circumstance between the Company and Shareholders during the year, the Company is of the opinion that (i) the Company has implemented the policy properly; and (ii) the policy can effectively facilitate the communication between the Company and Shareholders.

### AMENDMENT TO CONSTITUTIONAL DOCUMENTS

The Articles of Association was amended in the Company's annual general meeting in 2022 for the purpose of, among others, (i) bringing the Articles of Associations in line with the relevant requirements of the applicable laws of the British Virgin Islands and the Listing Rules; (ii) providing flexibility to the Company in relation to the conduct of general meetings; and (iii) making other consequential and housekeeping amendments. The latest version of the Articles of Association is available on the websites of the Stock Exchange and the Company.

# INDEPENDENT AUDITOR'S REPORT



## TO THE SHAREHOLDERS OF ASIAINFO TECHNOLOGIES LIMITED

*(Incorporated in the British Virgin Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of AsiaInfo Technologies Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 143 to 242, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other 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 a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated 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 (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) 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**”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the British Virgin Islands, 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS (Continued)

#### Revenue: Recognition of revenue from software products and related services

*Refer to Note 3 to the consolidated financial statements and the accounting policies in Note 1(v).*

The key audit matter	How the matter was addressed in our audit
<p>A significant portion of the Group's revenue comes from the provision of software products and related services, which is recognised over time based on the stage of completion of a contract by reference to the proportion of costs incurred relative to the estimated total costs to completion.</p> <p>Significant management judgement is required in estimating total contract costs throughout the contract period. Key assumptions include total estimated labour hours to complete the contract, labour rate, subcontracting costs, material costs and other related expenses.</p> <p>We identified revenue recognition of software product and related services as a key audit matter due to the involvement of significant management judgement in estimating total contract costs of each contract.</p>	<p>Our audit procedures on revenue recognised over time based on the stage of completion of contracts included the following:</p> <ul style="list-style-type: none"> <li>• Assessing the design, implementation and operating effectiveness of the Group's key internal controls over revenue recognition of software business, with the assistance of our internal information technology specialist;</li> <li>• Agreeing the costs incurred to date to expense invoices, labour hours incurred and standard hourly rates, agreeing the total sales contract sum to the signed contracts, and tracing the estimated total costs to the approved project budgets on a sample basis;</li> <li>• Assessing the mathematical accuracy of management's calculation of the percentage of completion and the relevant revenue recognised;</li> <li>• Inspecting, on a sample basis, the completion reports or other evidence for projects completed in the current year;</li> <li>• Comparing, on a sample basis, the actual costs incurred for completed contracts to the estimation of total costs, identifying any significant variance and inquiring with management for the reason; and</li> <li>• Evaluating the reasonableness of the disclosures with reference to the prevailing accounting standards.</li> </ul>

INDEPENDENT AUDITOR'S  
REPORT**KEY AUDIT MATTERS (Continued)****Goodwill: Impairment of goodwill**

*Refer to Note 16 to the consolidated financial statements and the accounting policies in Note 1(f).*

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group recorded net amount of goodwill in software business amounting to RMB1,932,246,000 and in iResearch consulting business amounting to RMB190,381,000 as at 31 December 2022. The Group made impairment provision of RMB24,160,000 in relation to iResearch consulting business for the year ended 31 December 2022.</p> <p>Impairment of goodwill is assessed annually by management by comparing the recoverable amount and carrying amount of the relevant cash-generating unit at the end of the reporting period. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Management engaged an external valuer to determine the value in use of the relevant cash-generating units, which involved significant assumptions such as discount rate and the forecasts of future revenue growth rates and gross margins used in the estimated future cash flow.</p> <p>We identified impairment of goodwill as a key audit matter because of the magnitude of the carrying amount of goodwill and the impairment assessments prepared by management contain certain judgments which could be subject to management bias in their selection.</p>	<p>Our audit procedures to management's impairment assessment of goodwill included the following:</p> <ul style="list-style-type: none"> <li>• Assessing the design, implementation and operating effectiveness of the Group's key control over the management's impairment assessment on goodwill;</li> <li>• Evaluating the competence, experience, capability and objectivity of the external valuer engaged by management to perform the calculation of the recoverable amounts;</li> <li>• Evaluating the appropriateness of identification of the cash-generating units;</li> <li>• Checking the mathematical accuracy of the calculation of the recoverable amount included in the valuation report prepared by the external valuer;</li> <li>• With the assistance of our internal valuation specialist, assessing the appropriateness of the methodology adopted in determining the recoverable amount and evaluating the discount rate used in the discounted cash flow model by comparing with the industry practice;</li> <li>• Evaluating the key assumptions used in the estimated future cash flow, including forecasts of future revenue growth rates and gross margins, by comparing with historical performance, forecast approved by management and where appropriate, referencing to benchmarking companies and industry reports;</li> <li>• Obtaining from management sensitivity analyses, where appropriate, for key assumptions adopted in the discounted cashflow forecasts, assessing the impact of changes in the key assumptions on the conclusions reached in the impairment assessments and whether there was any indication of management bias;</li> <li>• Comparing forecast revenue, forecast cost of sales, forecast other operating expenses and forecast working capital included in the discounted cash flow forecasts prepared in the prior year with the current year's performance to assess how accurate the prior year's cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified and whether there was any indication of management bias; and</li> <li>• Assessing the reasonableness of the disclosures in the consolidated financial statements of the assumptions in the impairment assessments of goodwill with reference to the requirements of the prevailing accounting standards.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

### RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the Audit Committee in discharging their responsibilities 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, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

**INDEPENDENT AUDITOR'S  
REPORT****AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism 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 the Audit Committee 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, 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 the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Siu Tung.

#### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
7 March 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	2022 RMB'000	2021 RMB'000
<b>Revenue</b>	3	<b>7,737,787</b>	6,894,667
<b>Cost of sales</b>		<b>(4,798,293)</b>	(4,249,501)
Gross profit		<b>2,939,494</b>	2,645,166
Other income	4	<b>156,071</b>	162,191
Impairment losses under expected credit loss model, net of reversal		<b>(79,671)</b>	(68,415)
Other gains and losses	5	<b>(1,172)</b>	(4,434)
Selling and marketing expenses		<b>(597,031)</b>	(505,255)
Administrative expenses		<b>(344,558)</b>	(296,225)
Research and development ("R&D") expenses		<b>(1,107,687)</b>	(1,006,051)
Share of results of associates		<b>(8,863)</b>	172
Finance costs	6	<b>(13,113)</b>	(10,618)
<b>Profit before tax</b>		<b>943,470</b>	916,531
Income tax expenses	7	<b>(119,058)</b>	(134,012)
<b>Profit for the year</b>	8	<b>824,412</b>	782,519
<b>Other comprehensive income for the year, net of tax</b>			
Item that will not be reclassified to profit or loss:			
Changes in the fair value of financial assets measured at fair value through other comprehensive income ("FVOCI")		<b>(2,970)</b>	—
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(6,541)</b>	—
<b>Other comprehensive income for the year</b>		<b>(9,511)</b>	—
<b>Total comprehensive income for the year</b>		<b>814,901</b>	782,519
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		<b>831,845</b>	785,729
Non-controlling interests		<b>(7,433)</b>	(3,210)
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		<b>822,514</b>	785,729
Non-controlling interests		<b>(7,613)</b>	(3,210)
<b>Earnings per share</b>			
— Basic (RMB)	10	<b>0.92</b>	0.86
— Diluted (RMB)	10	<b>0.90</b>	0.84

The notes on pages 150 to 242 form part of these financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out in Note 9.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022  
(Expressed in thousands of Renminbi)

	Note	2022 RMB'000	2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	12	291,690	285,170
Right-of-use assets	13	285,289	228,350
Intangible assets	14	141,534	5,297
Goodwill	16	2,122,627	1,932,246
Investments in associates	17	88,969	19,672
Financial assets at fair value through profit or loss ("FVTPL")	21	22,135	—
Financial assets at FVOCI	21	47,929	—
Deferred tax assets	26	125,815	120,930
Pledged bank deposits	23	1,291	333
Term deposits	23	170,000	370,000
Other non-current assets		32,349	23,241
		<b>3,329,628</b>	<b>2,985,239</b>
<b>Current assets</b>			
Inventories		22,970	2,349
Trade and notes receivables	18	1,137,330	846,573
Prepayments, deposits and other receivables	19	210,660	188,699
Contract assets	20	2,596,691	2,230,815
Financial assets at FVTPL	21	692,395	528,692
Amounts due from related parties	34	96,626	12,532
Pledged bank deposits	23	152,277	178,744
Term deposits	23	261,636	200,000
Bank balances and cash	23	1,933,250	2,331,821
		<b>7,103,835</b>	<b>6,520,225</b>
<b>Current liabilities</b>			
Trade and notes payables	24	523,091	323,677
Contract liabilities	20	273,249	290,495
Other payables, deposits received and accrued expenses	25	2,076,860	2,159,975
Amounts due to related parties	34	17,194	11,881
Income tax payable		323,409	274,194
Lease liabilities	13	68,906	49,239
		<b>3,282,709</b>	<b>3,109,461</b>
<b>Net current assets</b>		<b>3,821,126</b>	<b>3,410,764</b>

**CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION**As at 31 December 2022  
(Expressed in thousands of Renminbi)

	Note	2022 RMB'000	2021 RMB'000
<b>Total assets less current liabilities</b>		<b>7,150,754</b>	6,396,003
<b>Non-current liabilities</b>			
Deferred tax liabilities	26	211,399	155,812
Lease liabilities	13	133,716	88,622
		<b>345,115</b>	244,434
<b>NET ASSETS</b>		<b>6,805,639</b>	6,151,569
<b>Capital and reserves</b>			
Share capital	28	—	—
Reserves		6,795,583	6,154,779
Equity attributable to equity holders of the Company		6,795,583	6,154,779
Non-controlling interests		10,056	(3,210)
<b>TOTAL EQUITY</b>		<b>6,805,639</b>	6,151,569

The consolidated financial statements on pages 143 to 242 were approved and authorised for issue by the Board of Directors on 7 March 2023 and are signed on its behalf by:

**Mr. Tian Suning**  
*Director*

**Mr. Gao Nianshu**  
*Director*

The notes on pages 150 to 242 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022  
 (Expressed in thousands of Renminbi)

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Translation reserve	Statutory surplus reserves <sup>(i)</sup>	Other reserves	Retained profits	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	—	2,115,627	285,200	(15,129)	180,809	1,571,420	1,417,521	5,555,448	—	5,555,448
Profit for the year and total comprehensive income for the year	—	—	—	—	—	—	785,729	785,729	(3,210)	782,519
Recognition of equity-settled share-based payments (Note 32)	—	—	—	—	—	106,994	—	106,994	—	106,994
Lapse of share options and restricted stock units	—	—	—	—	—	(18,706)	18,706	—	—	—
Dividends approved in respect of the previous year (Note 9)	—	—	—	—	—	—	(261,334)	(261,334)	—	(261,334)
Purchase of Shares for share award scheme (Note 29)	—	(75,359)	—	—	—	—	—	(75,359)	—	(75,359)
Vesting of restricted stock units (Note 32)	—	35,990	—	—	—	(35,990)	—	—	—	—
Exercise of share options (Note 32)	—	64,008	—	—	—	(20,707)	—	43,301	—	43,301
Transfer to statutory surplus reserve	—	—	—	—	6,450	—	(6,450)	—	—	—
Changes in equity for the year	—	24,639	—	—	6,450	31,591	(249,078)	(186,398)	—	(186,398)
At 31 December 2021	—	2,140,266	285,200	(15,129)	187,259	1,603,011	1,954,172	6,154,779	(3,210)	6,151,569

	Attributable to equity holders of the Company										
	Share capital	Share premium	Merger reserve	Translation reserve	Statutory surplus reserves <sup>(i)</sup>	Fair value reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	—	2,140,266	285,200	(15,129)	187,259	—	1,603,011	1,954,172	6,154,779	(3,210)	6,151,569
Profit for the year	—	—	—	—	—	—	—	831,845	831,845	(7,433)	824,412
Other comprehensive income	—	—	—	(6,532)	—	(2,799)	—	—	(9,331)	(180)	(9,511)
Total comprehensive income	—	—	—	(6,532)	—	(2,799)	—	831,845	822,514	(7,613)	814,901
Recognition of equity-settled share-based payments (Note 32)	—	—	—	—	—	—	127,302	—	127,302	—	127,302
Lapse of share options and restricted stock units	—	—	—	—	—	—	(12,079)	12,079	—	—	—
Dividends approved in respect of the previous year (Note 9)	—	—	—	—	—	—	—	(328,354)	(328,354)	—	(328,354)
Disposal of financial assets at FVOCI	—	—	—	—	—	(1,292)	—	1,292	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	20,879	20,879
Purchase of Shares for share award scheme (Note 29)	—	(17,324)	—	—	—	—	—	—	(17,324)	—	(17,324)
Vesting of restricted stock units (Note 32)	—	61,398	—	—	—	—	(61,398)	—	—	—	—
Exercise of share options (Note 32)	—	52,022	—	—	—	—	(15,356)	—	36,666	—	36,666
Transfer to statutory surplus reserve	—	—	—	—	3,930	—	—	(3,930)	—	—	—
Changes in equity for the year	—	96,096	—	—	3,930	(1,292)	38,469	(318,913)	(181,710)	20,879	(160,831)
At 31 December 2022	—	2,236,362	285,200	(21,661)	191,189	(4,091)	1,641,480	2,467,104	6,795,583	10,056	6,805,639

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi)

Note:

- (i) In accordance with the articles of association of all subsidiaries established in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to set aside 10% of their profit after tax as per statutory financial statements determined under the PRC laws and regulations for the statutory surplus reserve fund until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity owners of the subsidiaries. The statutory surplus reserve can be used to make up previous years' losses, expand the existing operations or convert into additional capital of the respective subsidiaries.

The notes on pages 150 to 242 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi)

	2022 RMB'000	2021 RMB'000
<b>Operating activities</b>		
Profit before tax	943,470	916,531
Adjustments for:		
Depreciation of property, plant and equipment	41,986	36,929
Depreciation of right-of-use assets	90,573	71,814
Amortisation of intangible assets	28,317	3,367
Impairment losses on goodwill	24,160	—
Net losses on disposal of property, plant and equipment	390	68
Finance costs	13,113	10,618
Net foreign exchange (gain)/loss	(30,420)	7,260
Interest income on bank balances, pledged bank deposits and term deposits	(35,473)	(36,396)
Net gains on disposal of financial assets at FVTPL	(13,720)	(26,597)
Changes in fair value of financial assets at FVTPL	(338)	(6,896)
Interest income from related parties	(3,005)	—
Share of results of associates	8,863	(172)
Impairment losses under expected credit loss model, net of reversal	79,671	70,942
Share-based payment expenses	127,302	106,994
Operating cash flows before movements in working capital	1,274,889	1,154,462
Increase in inventories	(2,699)	(1,957)
(Increase)/decrease in trade and notes receivables	(276,454)	113,508
Increase in prepayments, deposits and other receivables	(23,854)	(51,582)
Increase in contract assets	(417,755)	(597,304)
Decrease/(increase) in amounts due from related parties	1,649	(2,299)
Increase in other non-current assets	(7,726)	(6,153)
Increase in amounts due to related parties	5,313	2,727
Increase in trade and notes payables	191,763	174,223
Decrease in contract liabilities	(56,451)	(102,876)
Decrease in pledged bank deposits	25,509	—
(Decrease)/increase in other payables, deposits received and accrued expenses	(132,279)	92,019
Cash generated from operating activities	581,905	774,768
Income taxes paid	(32,732)	(93,450)
<b>Net cash generated from operating activities</b>	<b>549,173</b>	<b>681,318</b>

**CONSOLIDATED STATEMENT OF  
CASH FLOWS**For the year ended 31 December 2022  
(Expressed in thousands of Renminbi)

	2022 RMB'000	2021 RMB'000
<b>Investing activities</b>		
Purchases of property, plant and equipment	(47,165)	(31,329)
Purchases of intangible assets	(1,963)	(5,039)
Acquisition of investment in associates	(78,160)	(19,500)
Acquisition of subsidiaries, net of cash acquired	(439,235)	—
Purchases of financial assets at FVTPL	(1,309,807)	(2,322,288)
Proceeds on disposal of property, plant and equipment	1,184	360
Proceeds on disposal of intangible assets	—	193
Proceeds on disposal of investment in an associate	—	30,000
Proceeds on disposal of financial assets at FVTPL	1,192,444	2,930,889
Proceeds on disposal of financial assets at FVOCI	9,291	—
Placement of pledged bank deposits	—	(385,747)
Withdrawal of pledged bank deposits	—	478,474
Placement of term deposits	(111,585)	(510,000)
Withdrawal of term deposits	250,000	319,975
Interest received on hold of bank balances and deposits	34,758	32,706
Loans provided to related parties	(90,001)	—
<b>Net cash (used in)/generated from investing activities</b>	<b>(590,239)</b>	518,694
<b>Financing activities</b>		
Repayment of bank borrowings	—	(134,308)
Borrowing interest paid	—	(912)
Interest received on hold of pledged bank deposits	3,350	—
Capital element of lease rentals paid	(85,110)	(68,905)
Interest element of lease rentals paid	(10,197)	(9,660)
Proceeds from issue of Shares under share option schemes	51,244	29,378
Payment for repurchase of Shares	—	(75,359)
Dividends paid	(329,638)	(264,277)
Other cash flows arising from financial activities	—	(25,765)
<b>Net cash used in financing activities</b>	<b>(370,351)</b>	(549,808)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(411,417)</b>	650,204
<b>Cash and cash equivalents at 1 January</b>	<b>2,331,821</b>	1,690,151
Effect of exchange rate changes	12,846	(8,534)
<b>Cash and cash equivalents at 31 December, Represented by bank balances and cash</b>	<b>1,933,250</b>	2,331,821

The notes on pages 150 to 242 form part of these financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 1 SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These 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. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Financial assets at FVTPL
- Financial assets at FVOCI

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(c) Changes in accounting policies**

The HKICPA have issued the following amendments to HKFRSs and HKASs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

**(d) Subsidiaries and non-controlling interests****(i) Subsidiaries**

Subsidiaries are entities 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(q) or (r) depending on the nature of the liability.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (d) Subsidiaries and non-controlling interests (Continued)

##### (i) Subsidiaries (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

##### (ii) Business combination other than under common control

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred for the acquisition of a subsidiary includes the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group and the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (l)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit loss ("ECL(s)") model to such other long-term interests where applicable.

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 investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Associates (Continued)

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 1(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

#### (f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)).

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Other investments in debt and equity securities**

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 31. These investments are subsequently accounted for as follows, depending on their classification.

**(i) Investments other than equity investments**

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(v)(iii)).
- fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value through profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (g) Other investments in debt and equity securities (Continued)

##### (ii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income.

##### (h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

##### (i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(l)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost, less their estimated residual value, if any, using the straight line method over their estimated useful lives as disclosed in Note 12.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(j) Intangible assets (other than goodwill)**

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(l)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives as disclosed in Note 14.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out in Note 14.

**(k) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

**(i) As a lessee**

Where the contract contains lease components and non-lease components, the Group has elected to separate non-lease components and accounts for each lease component as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) Leased assets (Continued)

##### (i) As a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(l)(ii)).

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(k) Leased assets (Continued)****(i) As a lessee (Continued)**

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“**lease modification**”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**(ii) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

**(l) Credit losses and impairment of assets**

Credit losses from financial instruments and contract assets and lease receivables

**(i) The Group recognises a loss allowance for ECLs on the following items:**

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables);
- contract assets as defined in HKFRS 15 (see note 1(n)); and
- lease receivables.

Other financial assets measured at fair value are not subject to the ECL assessment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (II) Credit losses and impairment of assets (Continued)

Credit losses from financial instruments and contract assets and lease receivables (Continued)

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

##### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 30 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(I) Credit losses and impairment of assets (Continued)**

Credit losses from financial instruments and contract assets and lease receivables (Continued)

***Significant increases in credit risk (Continued)***

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

***Basis of calculation of interest income***

Interest income recognised in accordance with note 1(v)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (I) Credit losses and impairment of assets (Continued)

Credit losses from financial instruments and contract assets and lease receivables (Continued)

##### *Basis of calculation of interest income (Continued)*

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### *Write-off policy*

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### (ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries and associates in the Company's statement of financial position.

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**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(l) Credit losses and impairment of assets (Continued)****(ii) Impairment of other non-current assets (Continued)**

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units ("CGU") are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

**(m) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(v)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 1(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(v)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(o)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(v)).

#### (o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(n)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 1(l)(i)).

#### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(l)(i).

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

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**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(q) Trade and other payables**

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

**(r) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(w)).

**(s) Employee benefits****(i) Short-term employee benefits**

Salaries, annual bonuses and paid annual leave 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.

**(ii) Retirement benefits scheme**

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

**(iii) Share-based payments**

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (s) Employee benefits (Continued)

##### (iii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the other reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the other reserve). The equity amount is recognised in the other reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

Treasury shares which are held by the Company for 2020 Share Award Scheme are recognised directly in equity at cost. The amount will be transferred to the share premium account when the related awarded shares are vested on first-in-first-out basis.

##### (iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

#### (t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities, which are recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

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**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(t) Income tax (Continued)**

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset.

**(u) Provisions, contingent liabilities and onerous contracts****(i) Provisions and contingent liabilities**

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non- occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(ii) Onerous contracts**

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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:

- the customer simultaneously received and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- 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.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

#### (i) Revenue from contracts with customer

##### *Variable consideration*

For contracts with performance bonus that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of the reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (v) Revenue and other income (Continued)

##### (i) Revenue from contracts with customer (Continued)

*Over time revenue recognition: 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.

Revenue is measured based on the consideration specified in a contract with customer and excluded amounts collected on behalf of third parties. The Group principally earns revenue from provision of software and data-driven operation services as well as a variety of other services including:

- Provision of services
- Sales of goods

Specifically, revenue is recognised in profit or loss as follows:

##### *Provision of services*

The Group primarily is engaged in:

- i. software products and related deployment service;
- ii. ongoing operation and maintenance services ("**O&M services**");
- iii. data-driven operation services;
- iv. industry research and consulting services; and
- v. others.

##### i. **Software products and related deployment services**

The software products and related deployment services include a comprehensive set of professional services, from demand analysis, project design and planning, software development and sourcing, system installation and launch to trial operation and acceptance, which are highly interrelated to and significantly affected by other goods and services in the contract. The directors of the Company have assessed that the Group's performance creates and enhances an asset that the customers control as the Group performs. Therefore, the directors of the Company have satisfied that there is only one single performance obligation and the services are satisfied over time.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (v) Revenue and other income (Continued)

- (i) Revenue from contracts with customer (Continued)

*Provision of services (Continued)*

i. **Software products and related deployment services (Continued)**

Revenue from software products and related deployment services, which are generally under project based development contracts, is recognised based on the stage of completion of the contract which is determined as the proportion of the costs incurred for the works (i.e. subcontracting costs, material costs, rental expenses and direct staff costs incurred) performed to date relative to the estimated total costs to complete the satisfaction of these services and the margin of each project, to the extent that the amount can be measured reliably and its recovery is considered probable.

ii. **Ongoing O&M services**

Upon the launch of a system from the software products and related deployment services the Group provided, customers typically engage the Group to provide ongoing O&M services to ensure the stable functioning of the system.

Pursuant to the contracts of rendering related O&M services, the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring O&M services to customers. Additionally, the O&M services typically meet the criterion where customers simultaneously receive and consume the benefits of the Group's performance as the Group performs. The fact that another entity would not need to re-perform maintenance services for the service that the Group has provided to date also demonstrates that customers simultaneously receive and consume the benefits of the Group's performance as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation of rendering O&M services are satisfied over time which is recognised over the service period.

iii. **Data-driven operation services**

The Group provides data-driven operation services directly to telecom operators and/or in collaboration with telecom operators to the government and enterprise customers in relation to the rendering of comprehensive data operational analytics services to analyse customer behavior.

The directors of the Company have assessed that the data-driven operation service is one single performance obligation and the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs. Therefore, the directors of the Company have satisfied that the services are satisfied over time.

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**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(v) Revenue and other income (Continued)****(i) Revenue from contracts with customer (Continued)***Provision of services (Continued)***iv. Industry research and consulting services**

The Group provides professional services such as industry research, user research, strategy, digital consulting planning, etc. to customers in various industries including science and technology, media, communications, new economy and consumption. The service is provided to the customer in accordance with the agreed-upon specifications in the contract. The directors of the Company have satisfied that there is only one single performance obligation, and the revenue is recognised at a point in time when the Group receives the customer's acceptance.

**v. Others**

The Group generates other revenues from system integration service and corporate trainings.

The Group enters into system integration service agreements with telecom operators and large enterprises, the term of which generally ranges with a fixed contract price.

The performance obligation of provision of such services is satisfied over time. Revenue from rendering corporate trainings is recognised based on the services provided as the customers simultaneously receive and consume the service provided by the Group over the period. Revenue from rendering system integration services is recognised over time based on the stage of completion of the contract which is determined as the proportion of the cost incurred for the work performed to date relative to the estimated total costs to complete the satisfaction of these services and the margin of each project as the Group's performance creates and enhances an asset that the customers control as the Group performs.

*Sales of goods*

The Group generates other revenues from sales of third-party hardware and software.

Revenue is recognised at a point in time when the customer obtains control of the third-party hardware and software.

**(ii) Rental income from operating leases**

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (v) Revenue and other income (Continued)

##### (iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. 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 asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(l)(i)).

##### (iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

#### (w) Research and development costs

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

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

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

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**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(w) Research and development costs (Continued)**

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

The Group did not meet the criteria to recognise any internally-generated intangible asset from development activities or from the development phase of an internal project.

**(x) Financial guarantee**

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see Note 35).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (x) Financial guarantee (Continued)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

#### (y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

#### (z) Related parties

- (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 the Group's parent.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

**1 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(z) Related parties (Continued)**

- (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.
  - (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 Group's parent.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 ACCOUNTING JUDGEMENT AND ESTIMATES

#### (a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

##### Judgments in determining the timing of satisfaction of performance obligations

Note 1 describes the revenue recognition basis to each of the Group's revenue stream. The recognition of each of the Group's revenue stream requires judgment by the directors of the Company in determining the timing of satisfaction of performance obligations.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied all the performance obligations over time or at a point in time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers.

For the Group's software products and related deployment services, the directors of the Company have assessed that the Group's performance creates and enhances an asset that the customer controls as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

For O&M services included in the software business, the directors of the Company have determined that the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

#### (b) Sources of estimation uncertainty

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

##### (i) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU to which goodwill has been allocated. The recoverable amount determination of the CGU as at 31 December 2022 and 31 December 2021 is based on the present value calculation which requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, an impairment loss may arise. The calculation of the estimated future cash flow requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable estimation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Details of the recoverable amount calculation are disclosed in Note 16.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 2 ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

#### (b) Sources of estimation uncertainty (Continued)

(ii) Revenue recognition regarding variable consideration of performance bonus

The Group recognises upfront payments and milestone payments based on specified contract terms, allocated to one performance obligation over the estimated service period based on a pattern that reflects the transfer of the goods and services. As included in certain contracts, the Group earns performance bonus up to a specified certain percentage of the total contract amounts, however, to what extent the Group would recognise performance bonus will depend on the final performance satisfaction reports the Group receives from its customers upon their inspections months after the completion of the project-based development projects.

For contracts with performance bonus that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount and recognises revenue relating to performance bonus when it is highly probable that such revenue will not reverse.

According to the historical experience, the directors of the Company consider it is reasonable to estimate possible outcomes before receipt of the performance satisfaction reports and therefore, revenue was reasonably recognised by the completion method for the year ended 31 December 2022 with the contracts related to performance satisfaction reports.

(iii) Project-based development contracts

Revenue from project-based development contracts is recognised under the stage of completion method which requires estimation made by management. The directors of the Company estimate the contract costs, outcome and expected cost to complete the contracts based on the budgets prepared for the contracts. Due to the nature of the activities, the directors of the Company review and revise the estimates of both contract outcome and expected costs to complete in the budget prepared for each contract as the contract progresses. Any revisions to estimates of contract outcomes and expected costs to completion would affect contract revenue recognition. Should expected costs to complete exceed contract revenue, a provision for contract loss would be recognised.

(iv) Provision of ECL for trade receivables and contract assets

Trade receivables and contract assets which are credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables and contract assets. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in Note 22.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 3 REVENUE AND SEGMENT INFORMATION

The Group's revenue is primarily generated from project-based software development contracts, under which the Group develops software products and provides services at fixed prices and/or variable prices. Revenue is recognised net of sales related taxes.

The performance obligation of rendering software products and related services is mainly derived from the project-based software development contracts and is satisfied over time which usually range from six months to eighteen months.

The rendering of data-driven operation services is mainly derived from performing data analysis services to analyse customer behavior and operational efficiency. The performance obligation of rendering of data-driven operation services is satisfied over time, mainly ranging from one month to six months or the contract service period.

The performance obligation of sale of third-party hardware and software is satisfied at a point in time when the control of hardware and software is transferred to the customer.

#### Disaggregation of revenue

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<i>Timing of revenue recognition</i>		
At a point in time	537,090	424,669
Over time	7,200,697	6,469,998
	<b>7,737,787</b>	6,894,667
<i>Types of goods and services</i>		
Provision of services	7,372,549	6,471,485
Software, data-driven operation and related services <sup>(i)</sup>	7,215,431	6,344,220
Others <sup>(ii)</sup>	157,118	127,265
Sales of goods	365,238	423,182
	<b>7,737,787</b>	6,894,667

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)**3 REVENUE AND SEGMENT INFORMATION (Continued)****Disaggregation of revenue (Continued)**

Notes:

- (i) The Group records contract liabilities when receiving consideration from customers prior to its provision of services or the amount is due. The transaction price allocated to performance obligations in relation to the non-refundable advance payments that were unsatisfied amounted to RMB273,249,000 as at 31 December 2022 (2021: RMB290,495,000), representing the contract liabilities included in Note 20.

The services provided and recognised overtime are mainly derived from fixed-price contracts. Respective transaction price allocated to the unsatisfied contracts, representing the contract liabilities, as at 31 December 2021 in the amount of RMB262,708,000 had been recognised as revenue over the contract periods for the year ended 31 December 2022. The management expects substantially all of the amount allocated to the unsatisfied contracts as at 31 December 2022 of RMB273,249,000 will be recognised as revenue during the year ending 31 December 2023.

- (ii) Others represent revenue primarily generated from the provision of system integration services and the corporate training services.

**Segment information**

The Group makes resources allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

**Geographical information**

The Group's operations are in the PRC. Substantially all revenue of the Group and non-current assets of the Group are generated from and located in the PRC.

Information about the Group's revenue from external customers is presented based on the location of the signing parties of the sales or service contracts. During the years ended 31 December 2022 and 31 December 2021, substantially all the sales and service contracts were with a signing party located in the PRC.

**Information about major customers**

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group during the Reporting Periods are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Customer A	4,821,107	4,434,868
Customer B	1,081,923	1,072,022
Customer C	751,197	851,143

Note: The customers as shown above are at their group level which aggregates the customer's headquarters, provincial, municipal and specialised subsidiaries which enter into contracts with the Group individually.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 4 OTHER INCOME

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Government grants <sup>(i)</sup>	60,694	50,946
Interest income on bank balances, pledged bank deposits and term deposits	35,473	36,396
Net gains on disposal of financial assets at FVTPL <sup>(ii)</sup>	13,720	26,597
Changes in fair value of financial assets at FVTPL <sup>(ii)</sup>	338	6,896
Gain from additional input VAT credit <sup>(iii)</sup>	29,275	25,990
Others	16,571	15,366
	<b>156,071</b>	162,191

Notes:

- For the year ended 31 December 2022, government grants amounted to RMB53,482,000 (2021: RMB44,174,000) are related to high-tech industrial development. Government grants amounted to RMB7,212,000 (2021: RMB6,772,000) are mainly related to human resources related subsidies. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the year in which they were recognised.
- The financial assets at FVTPL substantially represent the financial products bought from bank, with no principal or return guaranteed.
- On 20 March 2019, the Ministry of Finance of the PRC, the State Administration of Taxation and the General Administration of Customs promulgated and implemented VAT Reformation Article 39 over deductible input VAT, pursuant to which the Group is allowed to have a 10% additional deduction of input VAT credit from 1 April 2019 to 31 December 2022 upon meeting all applicable criteria.

### 5 OTHER GAINS AND LOSSES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Net foreign exchange gain/(loss)	30,420	(7,260)
Impairment losses on goodwill	(24,160)	—
Net losses on disposal of property, plant and equipment	(390)	(68)
Others	(7,042)	2,894
	<b>(1,172)</b>	(4,434)

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)**6 FINANCE COSTS**

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Interest on bank borrowings	—	905
Interest on lease liabilities	10,197	9,660
Others	2,916	53
	<b>13,113</b>	10,618

**7 INCOME TAX EXPENSES**

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Current tax:		
PRC enterprise income tax ("EIT") — Current year	78,818	92,957
Deferred tax (Note 26)	41,815	44,788
	<b>120,633</b>	137,745
Tax filing differences in prior years:		
PRC EIT	(1,575)	(3,733)
	<b>119,058</b>	134,012

Under the Law of the PRC on enterprise income tax (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the year ended 31 December 2022 (2021: 25%).

The Group's subsidiaries operating in the PRC are eligible for certain tax credits of 175% deduction rates on certain R&D expenses from the first quarter to the third quarter and 200% deduction rates for the fourth quarter in 2022 (2021: 175%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 7 INCOME TAX EXPENSES (Continued)

The EIT benefits enjoyed by the Company and its main subsidiaries are summarized as follows:

Company	Preferential tax rate		Preferential policies for EIT
	At 31 December		
	2022	2021	
AsialInfo Technologies (China), Inc. ("AsialInfo China")	10.0%	10.0%	Preferential EIT Policies for Key Software Enterprise <sup>(i)</sup> , valid until 2022
AsialInfo Technologies (Nanjing), Inc. ("AsialInfo Nanjing")	10.0%	10.0%	Preferential EIT Policies for Key Software Enterprise <sup>(i)</sup> , valid until 2022
Nanjing AsialInfo Software Co., Ltd.	12.5%	12.5%	Preferential EIT Policies for Software Enterprise, valid until 2023
Hunan AsialInfo Software Co., Ltd.	12.5%	12.5%	Preferential EIT Policies for Software Enterprise, valid until 2022
Hangzhou AsialInfo Cloud Information Technologies Limited	15.0%	15.0%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2025
Guangzhou AsialInfo Technologies, Inc.	15.0%	15.0%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Beijing iResearch Digital Intelligence Technology Co., Ltd. (previously known as: Beijing AsialInfo Smart Big Data Co., Ltd.)	15.0%	15.0%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Shanghai iResearch Market Consulting Co., Ltd. ("iResearch Consulting")	15.0%	15.0%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Shanghai iTracker Consulting Co., Ltd.	15.0%	15.0%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Hainan AsialInfo Software Co., Ltd.	15.0%	15.0%	Preferential EIT Policies for Hainan Free Trade Port, valid until 2024
Chongqing Shuzhiluoji Technology Limited	15.0%	15.0%	Preferential EIT Policies for Large-scale Development in the Western Region, valid until 2030

Note:

- i: Preferential EIT Policies for Key Software Enterprise were applied and entitled by performing the record filling to the tax authorities on a yearly basis. The Directors consider that AsialInfo China and AsialInfo Nanjing will re-apply for such tax preference provided that their business operations will continue to be qualified as key software enterprises.

According to the relevant tax law in the PRC, dividend distributed to foreign investors out of the profit generated from 1 January 2008 onwards shall be subject to withholding tax at 10% and withheld by the PRC entity, pursuant to Articles 3 and 37 of the EIT Law and Article 91 of its Detailed Rules for the Implementation of the Regulation.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTSFor the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)**7 INCOME TAX EXPENSES (Continued)**

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2021: 16.5%). The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for 2022 (2021: 16.5%).

Pursuant to the rules and regulations of the BVI, the Company is not subject to any income tax in the BVI.

The income tax expenses for the years ended 31 December 2022 and 31 December 2021 can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Profit before tax	943,470	916,531
Notional tax at applicable income tax rate of 10%	94,347	91,653
Tax effect of different tax rates of subsidiaries not applicable of 10% (2021: 10%)	4,842	4,907
Tax effect of share of results of associates	886	(17)
Tax credits on eligible R&D expenses	(59,931)	(60,719)
Tax effect of expenses and losses not deductible for tax purpose	74,350	52,044
Effect of using the deductible tax losses and temporary differences for which no deferred tax asset was recognised in previous periods	(16,894)	(3,044)
Tax effect of income not taxable for tax purpose	(20,884)	624
Tax effect of tax losses not recognised	12,467	19,497
Tax filing differences in prior years	(1,575)	(3,733)
Tax effect of withholding tax on profit distribution <sup>(i)</sup>	31,450	32,800
Income tax expenses for the year	119,058	134,012

Note:

- i. Since the Group is able to control the timing of the reversal of temporary differences arising from the subsidiaries' undistributed profits, a corresponding deferred tax liability of RMB31,450,000 was recognised in 2022 as per the subsidiaries' profit distribution resolutions (2021: RMB32,800,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 8 PROFIT FOR THE YEAR

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Profit for the year has been arrived at after charging:		
Staff costs, including Directors' and chief executive's remuneration set out in Note 11		
Directors' remuneration	31,521	28,411
Employee benefit expenses		
Other staff costs (salaries, wages, allowance, bonus and others)	3,759,384	3,369,632
Contribution to retirement benefits scheme	363,964	317,413
Share-based compensation expenses	103,992	85,410
Total staff costs	4,258,861	3,800,866
Cost of inventories recognised as expenses (transferred into cost of sales)	342,937	423,124
Depreciation of property, plant and equipment	41,986	36,929
Depreciation of right-of-use assets	90,573	71,814
Amortisation of intangible assets	28,317	3,367
Expense of short-term and low value lease	60,311	55,749
Auditor's remuneration <sup>(i)</sup>	7,542	5,852

Note:

- i. The amount included audit service fee of RMB6,650,000 (2021: RMB4,950,000) and RMB892,000 (2021: RMB902,000) for the Company and the subsidiaries in the Group, respectively.

### 9 DIVIDENDS

#### (i) Dividends payable to equity holders of the Company attributable to the year

	2022 RMB'000	2021 RMB'000
Final dividend proposed after the end of the Reporting Period of HK\$0.401 (equivalent to RMB0.358) per share (2021: HK\$0.416 (equivalent to RMB0.340) per share)	332,737	314,292

The final dividend proposed after the end of the Reporting Period has not been recognised as a liability at the end of the Reporting Period.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTSFor the year ended 31 December 2022  
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## 9 DIVIDENDS (Continued)

## (ii) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year

	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.416 (equivalent to RMB0.340) per Share <sup>(i)</sup> (2021: HK\$0.345 (equivalent to RMB0.290) per Share)	329,638	264,277

Note:

- (i) The Exchange rate above represent the data at the end of the financial years. The final dividend paid of the previous financial year is calculated according to the exchange rate at the end of each month.

## 10 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Earnings:</b>		
Earnings for the purpose of calculating basic and diluted earnings per share	831,845	785,729
<b>Number of shares:</b>		
Issued shares at 1 January	924,944,850	915,767,433
Effect of shares repurchased	(23,373,546)	(3,287,846)
Effect of share options exercised and restricted stock units ("RSUs") vested	6,356,184	5,688,082
Weighted average number of shares for the purpose of calculating basic earnings per share	907,927,488	918,167,669
Effect of dilutive potential shares:		
Share options and RSUs	13,901,608	13,432,093
Weighted average number of shares for the purpose of calculating diluted earnings per share	921,829,096	931,599,762

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 10 EARNINGS PER SHARE (Continued)

The calculations of basic earnings per share for the years ended 31 December 2022 and 31 December 2021 were based on the profit for the year attributable to the equity holders of the Company.

The calculations of the number of shares for the purpose of basic earnings per share for the years ended 31 December 2022 and 31 December 2021 had taken into account the issuance of shares upon the exercise and vesting of share options and RSUs, purchase of shares in 2022 and 2021.

The computation of diluted earnings per share for the year ended 31 December 2022 did not assume the exercise of the share options under 2014 stock incentive plan ("**2014 Plan**"), the share options that exercised with exercise prices of US\$1.9225 under the Pre-IPO share option scheme of the Company ("**Pre-IPO Share Option Scheme**"), the share options that exercised with exercise prices of HK\$12.54, HK\$13.24 and HK\$13.32 under the share option scheme adopted on 25 November 2019 ("**2019 Share Option Scheme**") since such share options had an anti-dilutive effect.

The computation of diluted earnings per share for the year ended 31 December 2021 did not assume the exercise of the share options under the 2014 Plan, the share options that exercised with exercise prices of US\$1.9225 under the Pre-IPO Share Option Scheme, the share options that exercised with exercise prices of HK\$12.54 and HK\$12.46 under the 2019 Share Option Scheme since such share options had an anti-dilutive effect.



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## 11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

## Directors and chief executive

Details of the emoluments paid or payable to the directors and chief executive of the Company by entities comprising the Group during the years ended 31 December 2022 and 31 December 2021 are as follows:

## Year ended 31 December 2022

	Directors' fees RMB'000	Salaries allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Contribution to retirement benefit scheme RMB'000	Total RMB'000
Executive directors and chief executive:					
Mr. Tian Suning	—	—	—	—	—
Mr. Ding Jian	—	—	—	—	—
Mr. Gao Nianshu	—	3,415	3,080	38	6,533
Sub-total	—	3,415	3,080	38	6,533
Non-executive directors:					
Mr. Zhang Yichen	—	—	—	—	—
Mr. Xin Yuesheng	—	—	—	—	—
Mr. Cheng Xike*	—	—	—	—	—
Mr. Yang Lin	—	—	—	—	—
Ms. Liu Hong	—	—	—	—	—
Sub-total	—	—	—	—	—
Independent non-executive directors:					
Mr. Gao Jack Qun Yao	420	—	—	—	420
Mr. Zhang Ya-Qin	420	—	—	—	420
Mr. Ge Ming	420	—	—	—	420
Ms. Tao Ping	418	—	—	—	418
Sub-total	1,678	—	—	—	1,678
Total	1,678	3,415	3,080	38	8,211

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### 11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

#### Directors and chief executive (Continued)

Year ended 31 December 2021

	Directors' fees RMB'000	Salaries allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Contribution to retirement benefit scheme RMB'000	Total RMB'000
Executive directors and chief executive:					
Mr. Tian Suning	—	—	—	—	—
Mr. Ding Jian	—	—	—	—	—
Mr. Gao Nianshu	—	2,274	2,987	41	5,302
Sub-total	—	2,274	2,987	41	5,302
Non-executive directors:					
Mr. Zhang Yichen	—	—	—	—	—
Mr. Xin Yuesheng	—	—	—	—	—
Mr. Cheng Xike*	—	—	—	—	—
Mr. Yang Lin	—	—	—	—	—
Ms. Liu Hong	—	—	—	—	—
Mr. Zhang Liyang**	—	—	—	—	—
Sub-total	—	—	—	—	—
Independent non-executive directors:					
Mr. Gao Jack Qun Yao	381	—	—	—	381
Mr. Zhang Ya-Qin	381	—	—	—	381
Mr. Ge Ming	381	—	—	—	381
Ms. Tao Ping	383	—	—	—	383
Sub-total	1,526	—	—	—	1,526
Total	1,526	2,274	2,987	41	6,828

\* Mr. Cheng Xike was appointed as a non-executive director of the Company since 30 June 2021.

\*\* Mr. Zhang Liyang was resigned as a non-executive director of the Company since 30 June 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

#### Directors and chief executive (Continued)

The emoluments disclosed above did not contain the amount recognised as expense in relation to share-based payments during the years ended 31 December 2022 and 31 December 2021. For details of directors' share-based compensation, please refer to Note 32.

No emoluments were paid or payable to Mr. Tian Suning, Mr. Ding Jian, Mr. Zhang Yichen, Mr. Xin Yuesheng, Mr. Cheng Xike, Mr. Yang Lin, Ms. Liu Hong, the directors of the Company during the years ended 31 December 2022 and 31 December 2021. Additionally, no emoluments were paid or payable to Mr. Liyang Zhang, the director of the Company during the year ended 31 December 2021.

The emoluments of the directors and chief executive shown above were for their management services rendered to the Group. The emoluments of the non-executive directors and independent non-executive directors were for their services as directors of the Company.

As at 31 December 2022, there are no loans, quasi-loans and other dealing arrangements in favour of the directors, controlled bodies corporate and controlled entities with such directors.

#### Employees

The five highest paid individuals of the Group included one director for the year ended 31 December 2022 (2021: one director), details of whose emoluments were included in the disclosures above. Details of the remuneration for the year of the remaining four (2021: four) highest paid individuals who are neither a director nor chief executive of the Company for the year ended 31 December 2022 are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Employees		
Salaries, allowances and benefits in kind	7,120	6,018
Discretionary bonus	6,259	6,081
Share-based compensation expenses	33,134	26,672
Contribution to retirement benefit scheme	171	170
	<b>46,684</b>	38,941

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**11 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS  
(Continued)****Employees (Continued)**

Their top five emoluments fell within the following bands:

	Number of employees	
	Year ended 31 December	
	2022	2021
HK\$7,500,001 to HK\$8,000,000	1	1
HK\$8,500,001 to HK\$9,000,000	—	1
HK\$10,000,001 to HK\$10,500,000	1	—
HK\$14,500,001 to HK\$15,000,000	—	1
HK\$16,000,001 to HK\$16,500,000	1	1
HK\$18,000,001 to HK\$18,500,000	1	—
HK\$32,000,001 to HK\$32,500,000	—	1
HK\$33,000,001 to HK\$33,500,000	1	—
	<b>5</b>	<b>5</b>

Saved as disclosed above, during the years ended 31 December 2022 and 31 December 2021, no emoluments were paid by the Group to the directors or chief executive of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors of the Company and the five highest paid individuals of the Group waived or agreed to waive any emoluments during the year ended 31 December 2022 (2021: nil).

NOTES TO THE CONSOLIDATED  
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## 12 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At 1 January 2021	227,301	131,819	6,286	112,590	477,996
Additions	—	18,612	809	9,882	29,303
Disposals	—	(19,758)	(443)	(6,851)	(27,052)
At 31 December 2021	227,301	130,673	6,652	115,621	480,247
Additions					
— Purchase	—	31,894	396	15,034	47,324
— Acquisition of a subsidiary	—	2,046	—	710	2,756
Disposals	—	(8,829)	—	(3,205)	(12,034)
At 31 December 2022	227,301	155,784	7,048	128,160	518,293
ACCUMULATED DEPRECIATION					
At 1 January 2021	(30,389)	(71,728)	(3,246)	(79,409)	(184,772)
Charged for the year	(4,930)	(19,636)	(969)	(11,394)	(36,929)
Eliminated on disposals	—	19,398	443	6,783	26,624
At 31 December 2021	(35,319)	(71,966)	(3,772)	(84,020)	(195,077)
Charged for the year	(4,930)	(24,011)	(1,019)	(12,026)	(41,986)
Eliminated on disposals	—	7,694	—	2,766	10,460
At 31 December 2022	(40,249)	(88,283)	(4,791)	(93,280)	(226,603)
CARRYING VALUES					
At 31 December 2022	187,052	67,501	2,257	34,880	291,690
At 31 December 2021	191,982	58,707	2,880	31,601	285,170

The above items of property, plant and equipment, taking into account their residual values of the cost, are depreciated on a straight-line basis over their estimated useful lives shown as follows:

Buildings	40 to 47 years
Leasehold improvements	Shorter of the lease term or 5 to 10 years
Motor vehicles	5 years
Furniture, fixtures and equipment	3 to 10 years

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 13 LEASES

#### The Group as a lessee

The Group has lease contracts for various properties and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have fixed lease terms between 6 months and 5 years.

There are several lease contracts that include extension and termination options, but do not impose any covenants in the leased assets or include any variable lease payments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 31 December 2022, there were no lease agreements that were entered into but not yet commenced.

#### i. Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings RMB'000	Land use right RMB'000	Total RMB'000
Carrying amount			
At 1 January 2021	176,083	81,451	257,534
Addition	45,334	—	45,334
Decrease due to termination	(2,704)	—	(2,704)
Depreciation charge	(69,795)	(2,019)	(71,814)
At 31 December 2021	148,918	79,432	228,350
Addition			
— Lease	<b>124,064</b>	—	<b>124,064</b>
— Acquisition of a subsidiary	<b>27,939</b>	—	<b>27,939</b>
Decrease due to termination	<b>(4,491)</b>	—	<b>(4,491)</b>
Depreciation charge	<b>(88,552)</b>	<b>(2,021)</b>	<b>(90,573)</b>
At 31 December 2022	<b>207,878</b>	<b>77,411</b>	<b>285,289</b>

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)**13 LEASES (Continued)****The Group as a lessee (Continued)**

## ii. Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the year are as follows:

	<b>Total</b>
	RMB'000
Carrying amount	
At 1 January 2021	163,859
Addition	45,345
Decrease due to termination	(2,438)
Interest on lease liabilities	9,660
Payment	(78,565)
	<hr/>
At 31 December 2021	137,861
	<hr/>
Addition	
— Lease	<b>124,488</b>
— Acquisition of a subsidiary	<b>28,443</b>
Decrease due to termination	<b>(3,060)</b>
Interest on lease liabilities	<b>10,197</b>
Payment	<b>(95,307)</b>
	<hr/>
At 31 December 2022	<b>202,622</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 13 LEASES (Continued) The Group as a lessee (Continued)

ii. Lease liabilities (Continued)

Lease liabilities payable:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Within one year	68,906	49,239
Within a period of more than one year but not more than two years	47,697	29,454
Within a period of more than two years but not more than five years	64,389	29,258
Within a period of more than five years	21,630	29,910
At the end of the year	202,622	137,861
Less: Amount due for settlement with 12 months shown under current liabilities	68,906	49,239
Amount due for settlement after 12 months shown under non-current liabilities	133,716	88,622

iii. The total cash outflow for leases are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Within operating activities	60,311	55,749
Within investing activities	—	—
Within financing activities	95,307	78,565

iv. Extension options and termination options:

During the year ended 31 December 2022, the Group terminated contracts amounted to RMB3,060,000 (2021: RMB2,438,000), resulting in decreases in lease liabilities due to early termination from contracts with no termination options.

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## 14 INTANGIBLE ASSETS

	Customer relationships RMB'000	Core technologies RMB'000	Trademark RMB'000	Contract Backlog RMB'000	Non-compete agreements RMB'000	Software RMB'000	Memberships RMB'000	Total RMB'000
COST								
At 1 January 2021	779,585	295,512	—	—	6,729	16,630	1,200	1,099,656
Additions	—	—	—	—	—	5,039	—	5,039
Disposals	—	—	—	—	—	(11,389)	—	(11,389)
At 31 December 2021	779,585	295,512	—	—	6,729	10,280	1,200	1,093,306
Additions								
— Purchase	—	—	—	—	—	1,964	—	1,964
— Acquisition of a subsidiary	53,900	8,200	89,900	10,400	—	190	—	162,590
Disposals	—	—	—	—	—	(436)	—	(436)
At 31 December 2022	833,485	303,712	89,900	10,400	6,729	11,998	1,200	1,257,424
AMORTIZATION AND IMPAIRMENT								
At 1 January 2021	(779,585)	(295,512)	—	—	(6,729)	(14,012)	—	(1,095,838)
Charged for the year	—	—	—	—	—	(3,367)	—	(3,367)
Eliminated on disposals	—	—	—	—	—	11,196	—	11,196
At 31 December 2021	(779,585)	(295,512)	—	—	(6,729)	(6,183)	—	(1,088,009)
Charged for the year	(7,700)	(2,733)	(8,990)	(5,200)	—	(3,694)	—	(28,317)
Eliminated on disposals	—	—	—	—	—	436	—	436
At 31 December 2022	(787,285)	(298,245)	(8,990)	(5,200)	(6,729)	(9,441)	—	(1,115,890)
CARRYING VALUES								
At 31 December 2022	46,200	5,467	80,910	5,200	—	2,557	1,200	141,534
At 31 December 2021	—	—	—	—	—	4,097	1,200	5,297

All intangible assets have finite useful lives and are amortised on a straight-line basis based on their estimated useful lives as follows:

Customer relationships	2 to 10 years
Core technologies	5 to 6 years
Trademark	10 years
Contract Backlog	2 years
Non-compete agreements	2 to 10 years
Software	1 to 6 years

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 15 ACQUISITION OF A SUBSIDIARY

On 14 January 2022, the Group completed the acquisition of 94.23% of the equity interests in Shanghai iResearch Marketing Consulting Co., Ltd. (“iResearch Consulting”) at a consideration of RMB511,780,000. iResearch Consulting is mainly engaged in professional industry analysis services such as industry research, user research, data insight, and strategy, etc.”. Taking control of iResearch Consulting will enable the Group to enhance its capabilities in the data-driven operations and digital intelligence decision business.

The acquired business contributed revenue of RMB243,482,000 and loss of RMB10,434,000 to the Group for the period from the acquisition date to 31 December 2022. If the acquisition had occurred on 1 January 2022, management estimates that revenue would have been RMB243,482,000 and loss for the year would have been RMB10,434,000. In determining the amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

#### (a) Consideration transferred

Total consideration is RMB511,780,000, among which RMB501,107,000 has been settled in cash and the other RMB10,673,000 will be settled by ordinary shares of a subsidiary of the Company.

#### (b) Acquisition-related costs

The Group incurred acquisition-related costs of RMB3,666,500 on legal fees, due diligence costs and other acquisitions-related costs. These costs have been included in “Administrative expenses”.

#### (c) Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	RMB'000
Property, plant and equipment	2,756
Right-of-use assets	27,939
Intangible assets	162,590
Financial assets at FVTPL	49,830
Financial assets at FVOCI	60,717
Deferred tax assets	18,017
Inventories	17,922
Trade and other receivables	49,641
Bank balances and cash	90,996
Trade and other payables	(65,831)
Contract liabilities	(37,523)
Income tax payable	(4,550)
Lease liabilities	(28,443)
Deferred tax liabilities	(28,621)
<b>Total identifiable net assets acquired</b>	<b>315,440</b>

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTSFor the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)**15 ACQUISITION OF A SUBSIDIARY (Continued)****(c) Identifiable assets acquired and liabilities assumed (Continued)**

## Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

The allocation of the purchase price is determined based on the Directors' estimation of the fair value of the identifiable assets and liabilities of iResearch Consulting on acquisition date with reference to a valuation report prepared by an independent valuer.

Assets acquired	Valuation technique
Intangible assets	The relief-from-royalty method/The excess earnings method: <ol style="list-style-type: none"> <li>(1) The fair values of the acquired trademark/technology were established using the relief-from-royalty method, which considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademark/technology being owned.</li> <li>(2) The fair values of the acquired customer relationship/contract backlog were established using the excess earnings method, which considers the present value of net cash flows expected to be generated by the customer relationship/contract backlog, by excluding any cash flows related to contributory assets.</li> </ol>
Financial assets at FVOCI	Guideline company method: The fair values of the acquired unlisted equity investments were determined using comparable company method, which considers the comparable companies' enterprise value to sales multiple and the discount for lack of marketability.

The trade and other receivables comprise gross contractual amounts due of RMB71,398,000, of which RMB21,757,000 was expected to be uncollectable at the date of acquisition.

**(d) Goodwill**

Goodwill arising from the acquisition has been recognised as follows.

	Year ended 31 December 2022 RMB'000
Consideration transferred	511,780
NCI, based on their proportionate interests in the recognised amounts of the assets and liabilities of iResearch	18,201
Fair value of identifiable net assets	(315,440)
<b>Goodwill</b>	<b>214,541</b>

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is attributable mainly to the skills and technical talent of iResearch Consulting's work force and the synergies expected to be achieved from integrating iResearch Consulting into the Group's business. None of the goodwill recognised is expected to be deductible for tax purposes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 16 GOODWILL

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>Cost:</b>		
At 1 January	1,932,246	1,932,246
Addition through acquisition of a subsidiary	214,541	—
<b>At 31 December</b>	<b>2,146,787</b>	1,932,246
<b>Accumulated impairment losses:</b>		
At 1 January	—	—
Impairment loss	(24,160)	—
<b>At 31 December</b>	<b>(24,160)</b>	—
<b>Carrying amount:</b>		
<b>At 31 December</b>	<b>2,122,627</b>	1,932,246

The goodwill was primarily arisen from the acquisition of Linkage Technologies international Holdings Limited in July 2010 and the acquisition of iResearch Consulting in January 2022, respectively.

#### Impairment testing on goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business operations as follows:

	2022 RMB'000	2021 RMB'000
Software business	1,932,246	1,932,246
iResearch Consulting business	190,381	—
	<b>2,122,627</b>	1,932,246

The basis of the recoverable amount of the above CGU and the methodology used for the year are summarised below:

The recoverable amount of the Group of CGU has been determined based on a value in use calculation and is assessed by the management with reference to valuations carried out by an independent professional valuer, which has appropriate qualifications and experience in valuation of similar testing.

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(Expressed in thousands of Renminbi, unless otherwise stated)**16 GOODWILL (Continued)**  
**Impairment testing on goodwill (Continued)**

Software business:

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a pre-tax discount rate of 19.5% for the year ended 31 December 2022 (2021: 19.5%). The cash flows of the CGU beyond the five-year period are extrapolated using a 3.0% growth rate considering the relevant industry growth rate forecast and the economic condition of the market and period which does not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows and/or outflows which include budgeted revenue and gross profit margin, with expected gross profit margin for 5-year-period floating up and down within 1% compared with that of the year. Such estimation is based on the past performance of the CGU, industry information and management's expectations for the market development, including the fluctuation in the software products and related services business in the current economic environment.

The recoverable amount of the CGU of software business was RMB10,880,000,000 as at 31 December 2022 (2021: RMB11,470,000,000), which was higher than the carrying amount of the CGU, including the goodwill. Therefore, for the year ended 31 December 2022, no impairment loss was recognised (2021: nil).

The table below sets forth a sensitivity analysis of the impact of variations in key assumptions, namely the discount rate and the revenue growth rate, on the recoverable amount of the CGU of software business, where the headroom represents the excess of the recoverable amount over the carrying amount of the CGU of software business. The headroom amounts to RMB4,549,000,000 as at 31 December 2022 (2021: RMB5,315,000,000). The management believes that any reasonably possible change in assumptions would not cause the aggregate carrying amount of the CGU to exceed the recoverable amount.

	Headroom At 31 December	
	2022 RMB'000	2021 RMB'000
Reasonably possible change in discount rate		
+0.5%	4,289,000	5,015,000
+1%	4,029,000	4,735,000
Reasonably possible change in terminal growth rate		
-0.5%	4,389,000	5,125,000
-1%	4,239,000	4,955,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 16 GOODWILL (Continued)

#### Impairment testing on goodwill (Continued)

iResearch Consulting business:

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a pre-tax discount rate of 20.5% for the year ended 31 December 2022 (2021: N/A). The cash flows of the CGU beyond the five-year period are extrapolated using a 2.5% growth rate considering the relevant industry growth rate forecast and the economic condition of the market and period which does not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows and/or outflows which include budgeted revenue and gross profit margin. Such estimation is based on the past performance of the CGU, industry information and management's expectations for the market development, including the fluctuation in the intelligent decision business in the current economic environment.

The recoverable amount of the CGU of iResearch Consulting business is RMB483,000,000 as at 31 December 2022 (2021: N/A). The CGU of iResearch Consulting business (containing goodwill) has been reduced to its recoverable amount and an impairment loss on goodwill of RMB24,160,000 during the year 2022 was recognised, which was included in "other gains and losses" (2021: N/A). Any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

### 17 INVESTMENTS IN ASSOCIATES

Details of the Group's investments in associates are aggregately presented as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Cost of investments in associates	103,660	25,500
Share of results and other comprehensive income	(8,281)	582
Impairment losses on associates	(6,410)	(6,410)
	<b>88,969</b>	19,672



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## 17 INVESTMENTS IN ASSOCIATES (Continued)

Details of the Group's associates at the end of the years ended 31 December 2022 and 31 December 2021 are as follows. All the associates of the Group are unlisted corporate entities whose quoted market price is not available, except for Guangdong New Vision Info-Tech Co., Ltd, which is listed on National Equities Exchanges and Quotations on 26 September 2022. In the opinion of the Directors, none of the associates is material to the Group:

Name of entity <sup>(a)</sup>	Place of incorporation/ registration	Principal place of operation	Proportion of ownership interest and voting rights held by the Group				Principal activity
			At 31 December				
			2022 Directly	2022 Voting	2021 Directly	2021 Voting	
Beijing Yangguang Tiannv Information Technology Co., Ltd. (北京陽光天女信息科技 有限公司)	PRC	PRC	9.0%	14.3%	9.0%	14.3%	Provision of information technology development services
Guangdong New Vision Info-Tech Co., Ltd. (廣東新視野信息科技 股份有限公司)	PRC	PRC	15.3%	15.3%	14.0%	14.0%	Provision of smart city solutions and overall operation services
Tianjin Chengxin Technology Co., Ltd. (天津城信科技有限責 任公司)	PRC	PRC	47.3%	47.3%	N/A	N/A	Engaged in software and information technology services
Xinji Information Technology Group Co., Ltd. (新基信息技 術集團股份有限公司)	PRC	PRC	7.6%	7.6%	N/A	N/A	Digital Government construction and operation service provider
Gongyi Digital Information Technology Co., Ltd. (鞏義市數字信息科技 有限公司)	PRC	PRC	15.0%	15.0%	N/A	N/A	Construction and operation of digital projects
Shenzhen AI-LINK Network Co., Ltd. (深圳艾靈網絡 有限公司)	PRC	PRC	8.2%	8.2%	N/A	N/A	Private 5G Enables Digital Manufacture

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### 17 INVESTMENTS IN ASSOCIATES (Continued)

All the associates of the Group are accounted for using the equity method in the consolidated financial statements.

On 23 February 2017, the Group invested RMB6,000,000 into Beijing Yangguang Tiannv Information Co., Ltd. for 10% equity interests. The Group's interest was diluted by an independent third-party non-controlling shareholder with capital injections to 9% in 2018.

On 1 November 2021, the Group invested RMB19,500,000 into Guangdong New Vision Info-Tech Co., Ltd. to acquire 14.0% equity interests. In 2022, proportion of ownership interest and voting rights of the Group increased to 15.3% due to exit of other shareholders.

On 25 January 2022, the Group invested RMB26,900,000 into Tianjin Chengxin Technology Co., Ltd. to hold 47.3% equity interests.

On 26 May 2022, the Group invested RMB19,760,000 into Xinji Information Technology Group Co., Ltd. to hold 7.6% equity interests.

On 24 June 2022, the Group invested RMB1,500,000 into Gongyi Digital Information Technology Co., Ltd. to hold 15.0% equity interests.

On 13 September 2022, the Group invested RMB30,000,000 into Shenzhen AI-LINK Network Co., Ltd. to acquire 8.2% equity interests.

Although the proportion of ownership interest held in the investee is less than 20%, pursuant to the articles of associations, the Group has assigned a director in the board of directors, as such, the Group has significant influence over it.

Aggregate information of associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	<b>88,969</b>	19,672
Aggregate amounts of the Group's share of those associates		
Profit for the year	<b>(8,863)</b>	172
Other comprehensive income for the year	—	—
Total comprehensive income for the year	<b>(8,863)</b>	172

Note:

- i. The English names of the companies are translated from their registered Chinese names for identification purpose only.

NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTSFor the year ended 31 December 2022  
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## 18 TRADE AND NOTES RECEIVABLES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Notes receivables	85,060	97,876
Trade receivables	1,102,647	776,551
Amounts due from third parties	513,344	370,556
Amounts due from related parties	589,303	405,995
Less: allowance for credit losses	(50,377)	(27,854)
	<b>1,137,330</b>	846,573

For the purpose of data comparison, the amounts above included the trade and notes receivables from China Mobile Group.

The Group generally grants credit period of 30 days from the dates of acceptance reports when the Group had the right to consideration becoming unconditional. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current creditworthiness and the customer's financial condition and payment history with the Group.

Trade receivables relate to a number of independent customers that have a good track record with the Group. The allowance for doubtful debts of the Group is based on the evaluation of collectability and aging analysis of individual trade debts performed by the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Notes receivables are bank acceptance notes and commercial acceptance notes issued by large enterprise customers, which management believes that all the counterparties are of high credit quality and the expected credit loss is not significant.

Aging of trade and notes receivables, net of allowance for credit losses, based on the dates when the Group has the right to bill, at the end of the years ended 31 December 2022 and 31 December 2021 is as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
1-30 Days	675,312	564,318
31-90 Days	264,293	155,361
91-180 Days	114,299	63,799
181-365 Days	65,643	32,250
Over 365 Days	17,783	30,845
	<b>1,137,330</b>	846,573

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### 18 TRADE AND NOTES RECEIVABLES (Continued)

Movements in lifetime ECL that had been recognised for trade receivables in accordance with HKFRS 9 for the years ended 31 December 2022 and 31 December 2021 are as follows:

	Total RMB'000
At 1 January 2021	48,188
Allowance for trade receivables, net of reversal	(18,123)
Written-off as uncollectible	(2,211)
At 31 December 2021	27,854
Allowance for trade receivables, net of reversal	4,316
Acquisition of subsidiaries	21,758
Written-off as uncollectible	(3,551)
At 31 December 2022	50,377

Details of impairment assessment on trade receivables are set out in Note 22.

### 19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Project bidding and other deposits	47,033	26,436
Prepayment of value added tax	51,905	45,105
Prepayment for outsourcing system supporting service	51,086	14,458
Prepaid rental expenses <sup>(i)</sup>	7,612	7,719
Interest receivable	4,873	4,624
Prepayment for purchase of shares	15,943	29,482
Advances to suppliers	8,981	26,992
Receivables from exercise of share award scheme	4,070	16,733
Others	19,165	17,155
	<b>210,668</b>	188,704
Less: allowance for credit losses	(8)	(5)
	<b>210,660</b>	188,699

Note:

- (i) Prepaid rental expenses mainly represent prepayments for short-term leases and leases of low value assets that were exempted from HKFRS 16.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**For the year ended 31 December 2022  
(Expressed in thousands of Renminbi, unless otherwise stated)**19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)**

Movements in lifetime ECL that has been recognised for receivables from disposal of associates, project bidding and other deposits and interest receivable in accordance with the simplified approach set out in HKFRS 9 for the years ended 31 December 2022 and 31 December 2021 is as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	5	577
Allowance for credit losses, net of reversal	16,213	91
Written-off as uncollectible	(16,210)	(663)
At the end of the year	8	5

**20 CONTRACT ASSETS AND CONTRACT LIABILITIES**

The Group has rights to considerations from customers for the provision of software business. Contract assets arise when the Group has rights to considerations for completion of such services and not yet billed under the relevant contracts, and their rights are conditioned on factors other than passage of time. Any amount previously recognised as contract assets are transferred to trade receivables when the rights become unconditional. Remaining rights and performance obligations in a particular contract are accounted for and presented on a net basis, as either a contract asset or a contract liability.

	At 31 December	
	2022 RMB'000	2021 RMB'000
Analysed for reporting purposes as follows:		
Contract assets	2,596,691	2,230,815
Contract liabilities	(273,249)	(290,495)

For the purpose of data comparison, the amounts included the contract assets and contract liabilities from China Mobile Group.

For the contract liabilities as at 31 December 2022 and 31 December 2021, the majority of the balances were expected to be recognised as revenue during the year ending 31 December 2023 and the year ended 31 December 2022, respectively.

Contract assets and contract liabilities are analysed and classified as current assets and current liabilities due to the contract assets and contract liabilities are expected to be recognised in normal operation cycle.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 20 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

Movements in lifetime ECL that had been recognised for contract assets in accordance with HKFRS 9 for the year ended 31 December 2022 are as follows:

	RMB'000
At 1 January 2021	35,568
Allowance on contract assets, net of reversal	88,974
At 31 December 2021	124,542
Allowance on contract assets, net of reversal	51,879
Written-off as uncollectible	(7,976)
At 31 December 2022	168,445

Details of impairment assessment on contract assets are set out in Note 22.

### 21 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

(a) Financial assets measured at FVTPL include the following:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Wealth management products <sup>(i)</sup>	692,395	528,692
Investment funds and equity investments	22,135	—

Note:

- (i) Wealth management products represented the Group's investments in various wealth management products issued by commercial banks, insurance companies and state-owned financial institutions. These products have no specified maturity and are repayable on demand, or have a term ranging from 3 months to 8 months with variable return rates indexed to the performance of underlying assets. As at 31 December 2022, they were measured at fair values (level 3: RMB692,395,000). They have an expected annual return rate ranging from 2.85% to 3.5%.

The gains were recognised in profits or loss are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Net gains on disposal of financial assets at FVTPL (Note 4)	13,720	26,597
Changes in fair value of financial assets at FVTPL (Note 4)	338	6,896
	14,058	33,493

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### 21 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (Continued)

#### (b) Financial assets at fair value through other comprehensive income

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Unlisted equity investments	47,929	—

The item mainly includes several unlisted equity investment in companies incorporated in the PRC which are mainly engaged in data analysis, telecommunication and other related services. These investments are held for strategic purposes and designated as equity investments at FVOCI (non-recycling).

### 22 OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which causes a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the finance team of the Group has developed and maintained a credit risk grading system to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

For trade receivables and contract assets, the Group has applied the HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix, estimated based on the historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off trade receivables and contract assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Based on the Group's historical credit loss experience, different customer types (including strategic and non-strategic type) have significant different loss patterns.

Strategic customers                      Represent the three largest telecom operators and China Tower Corporation Limited in the PRC (including their headquarters, provincial, municipal and specialised subsidiaries/branches)

Non-strategic customers                Represent other enterprises in the PRC except for strategic customers



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### 22 OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK (Continued)

#### As at 31 December 2022

Strategic customers:

For strategic customers, the directors of the Company determines that the ECL rate is relatively low based on the size and operations of the strategic customers. Such customers have good credit rating, limited past default payment history with minimal amount.

The following table provides information about the Group's exposure to credit risk and ECLs for strategic customers as at 31 December 2022:

<b>Strategic customers:</b>	<b>Average loss rate %</b>	<b>Gross carrying amount RMB'000</b>	<b>Impairment loss allowance RMB'000</b>
Trade receivables	1.04%	871,737	9,040
Contract assets	0.58%	2,168,710	12,682

Non-strategic customers:

The following table provides information about the Group's exposure to credit risk and ECLs for non-strategic customers as at 31 December 2022:

<b>Non-strategic customers</b>	<b>Average loss rate %</b>	<b>Gross carrying amount RMB'000</b>	<b>Impairment loss allowance RMB'000</b>
Trade receivables	17.90%	230,910	41,337
Contract assets	26.12%	596,426	155,763

#### As at 31 December 2021

Strategic customers:

For strategic customers, the directors of the Company determines that the ECL rate is relatively low based on the size and operations of the strategic customers. Such customers have good credit rating, limited past default payment history with minimal amount.

The following table provides information about the Group's exposure to credit risk and ECLs for strategic customers as at 31 December 2021:

<b>Strategic customers:</b>	<b>Average loss rate %</b>	<b>Gross carrying amount RMB'000</b>	<b>Impairment loss allowance RMB'000</b>
Trade receivables	0.66%	672,097	4,468
Contract assets	0.61%	1,946,741	11,797

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Non-strategic customers:

The following table provides information about the Group's exposure to credit risk and ECLs for non-strategic customers as at 31 December 2021:

<b>Non-strategic customers</b>	Average loss rate %	Gross carrying amount RMB'000	Impairment loss allowance RMB'000
Trade receivables	22.39%	104,454	23,386
Contract assets	27.59%	408,616	112,745

In determining the ECL for other receivables, amounts due from related parties, and other non-current assets, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the other receivables, amounts due from related parties, and other non-current assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. For the purposes of impairment assessment, other receivables, amounts due from related parties, and other non-current assets are considered to have low credit risk as the counterparties to these financial assets have a high credit rating. Accordingly, the loss allowance is measured at an amount equal to 12-month ECL.

No allowance has been provided for notes receivables, pledged bank deposits, term deposits and bank balances since the balances are all with the banks which have low credit risks at 31 December 2022.

**23 PLEDGED BANK DEPOSITS, TERM DEPOSITS AND BANK BALANCES AND CASH****Pledged bank deposits**

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group, obtain letters of credits or guarantees. Deposits amounting to RMB152,277,000 had been pledged to secure facilities and short-term bank borrowings, letters of credits or guarantees as at 31 December 2022 (2021: RMB178,744,000), and therefore, were classified as current assets. The deposits amounting to RMB1,291,000 as at 31 December 2022 had been pledged for a period longer than one year for letters of credits and guarantees and therefore, were classified as non-current assets as at 31 December 2022 (2021: RMB333,000).

Pledged bank deposits of the Group carried interests at market rates which range from 0.1% to 2.75% as at 31 December 2022 (2021: 0.3% to 2.75%).

**Term deposits**

Term deposits represent multiple certificates of deposits with a commercial bank in the PRC that bear fixed interest rates, per annum, ranging from 2.10% to 3.45% (2021: from 3.15% to 3.45%), as at 31 December 2022.

**Bank balances and cash**

Bank balances and cash of the Group comprised cash and bank balances that bear interest at prevailing market rates, per annum, ranging from 0.00% to 3.00% as at 31 December 2022 (2021: from 0.00% to 3.00%).

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### 24 TRADE AND NOTES PAYABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Trade payables	429,373	316,873
Notes payables	93,718	6,804
	<b>523,091</b>	<b>323,677</b>

The table below sets forth, as at the end of the Reporting Period, the aging analysis of the trade and notes payables presented based on the invoice date:

	At 31 December	
	2022 RMB'000	2021 RMB'000
1-90 days	384,859	223,125
91-180 days	47,666	47,752
181-365 days	57,537	22,952
1-2 years	17,286	12,417
Over 2 years	15,743	17,431
	<b>523,091</b>	<b>323,677</b>

The average credit period on purchases of goods and services is 90 days. The Group has financial risk management policies in place to ensure that sufficient working capital is maintained to meet its obligations when they fall due.

### 25 OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Accrued payroll, welfare and other reimbursement	1,773,147	1,901,557
Accrued expenses	86,952	57,742
Employee reimbursement payables	72,532	12,926
Other tax payables	63,792	78,756
Accrued liabilities	60,631	83,304
Other payables	8,154	12,401
Advance from customers	5,222	11,726
Others	6,430	1,563
	<b>2,076,860</b>	<b>2,159,975</b>

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## 26 DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Deferred tax assets	125,815	120,930
Deferred tax liabilities	(211,399)	(155,812)
	(85,584)	(34,882)

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the years reported:

	Impairment loss	Tax Losses	Accrued payroll and welfare	Accrued expense	Right-of-use assets and lease liabilities	Withholding tax on undistributable profits of the PRC subsidiaries (Note 7)	Fair value changes	Intangible assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	8,471	—	113,410	11,230	(741)	(122,464)	—	—	9,906
Credited (charged) to profit or loss	3,993	—	(12,561)	(3,613)	193	(32,800)	—	—	(44,788)
At 31 December 2021	12,464	—	100,849	7,617	(548)	(155,264)	—	—	(34,882)
Acquisition of subsidiaries	8,350	9,701	—	901	—	—	(4,005)	(24,360)	(9,413)
(Charged) credited to profit or loss	(4,520)	3,503	(11,026)	(2,281)	263	(31,450)	—	3,696	(41,815)
Credited to other comprehensive income	—	—	—	—	—	—	526	—	526
At 31 December 2022	16,294	13,204	89,823	6,237	(285)	(186,714)	(3,479)	(20,664)	(85,584)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 26 DEFERRED TAXATION (Continued)

#### Deferred tax assets not recognized

Deferred tax assets are recognised if it is probable that all of the deferred tax assets will be realised through the recovery of taxes previously paid and/or future taxable income. The directors of the Company have reviewed the deferred tax assets of the Group at the end of the reporting period and considered that it is probable that the deferred tax assets of the Group will be realised through future taxable income based on directors' assessment of the probability that taxable profits will be available over the years which the deferred tax assets can be realised or utilised.

As at 31 December 2022, the Group had unused tax losses arising in Mainland China of RMB490,736,000 (2021: RMB459,825,000) available for offset against future profits but relevant deferred tax assets had not been recognised. These tax losses will expire from 2023 to 2027, and certain subsidiaries of the Group may extend to 2032. No deferred tax assets had been recognised in relation to aforementioned tax losses due to the unpredictability of future profit streams.

The unrecognized tax losses with expiring date are summarized below:

	At 31 December	
	2022 RMB'000	2021 RMB'000
2022	—	32,936
2023	445	—
2024	17,368	17,229
2025	66,912	78,596
2026	56,101	59,777
2027	62,583	—
2028	58,757	58,757
2029	40,611	40,611
2030	36,817	36,817
2031	89,058	135,102
2032	62,084	—
	<b>490,736</b>	459,825

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## 27 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or further cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Dividend payables RMB'000	Bank borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2021	—	137,023	163,859	300,882
Financing cash flows				
Repayment of bank borrowings	—	(134,308)	—	(134,308)
Borrowing Interest paid	—	(912)	—	(912)
Capital element of lease rentals paid	—	—	(68,905)	(68,905)
Interest element of lease rentals paid	—	—	(9,660)	(9,660)
Dividends paid	(264,277)	—	—	(264,277)
Dividends declared	261,334	—	—	261,334
Effect of exchange differences	2,943	(2,708)	—	235
Interest expense	—	905	9,660	10,565
New additions to leases	—	—	45,345	45,345
Decrease due to termination of lease contacts	—	—	(2,438)	(2,438)
At 31 December 2021	—	—	137,861	137,861

	Dividend payables RMB'000	Bank borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	—	—	137,861	137,861
Financing cash flows				
Capital element of lease rentals paid	—	—	(85,110)	(85,110)
Interest element of lease rentals paid	—	—	(10,197)	(10,197)
Dividends paid	(329,638)	—	—	(329,638)
Dividends declared	328,354	—	—	328,354
Effect of exchange differences	1,284	—	—	1,284
Interest expense	—	—	10,197	10,197
New additions to leases	—	—	124,488	124,488
Addition through acquisition of a subsidiary	—	—	28,443	28,443
Decrease due to termination of lease contacts	—	—	(3,060)	(3,060)
At 31 December 2022	—	—	202,622	202,622

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### 28 SHARE CAPITAL

#### The Company

Details of the movement of share capital of the Company are as follows:

	Number of shares	Nominal value per share	Share capital
<b>Authorised</b>			
At 1 January 2021, 31 December 2021 and 31 December 2022	800,000,000,000	HK\$0.0000000125	HK\$10,000.00
<b>Issued</b>			
At 1 January 2021	915,767,433	HK\$0.0000000125	HK\$11.45
Exercise of share options <sup>(i)</sup>	5,609,917	HK\$0.0000000125	HK\$0.07
Vesting of restricted stock units <sup>(ii)</sup>	3,567,500	HK\$0.0000000125	HK\$0.04
At 31 December 2021	924,944,850	HK\$0.0000000125	HK\$11.56
Exercise of share options <sup>(i)</sup>	4,370,471	HK\$0.0000000125	HK\$0.06
At 31 December 2022	929,315,321	HK\$0.0000000125	HK\$11.62

	At 31 December	
	2022 RMB'000	2021 RMB'000
Presented as	—	—

Notes:

- (i) During the year ended 31 December 2022, the Company issued and allotted 195,136 shares, 77,600 shares, 3,256,735 shares, 841,000 shares, respectively, resulting from the exercising of options to certain employees and directors pursuant to the stock share option under the 2011 stock incentive plan ("2011 Plan"), 2014 stock incentive plan ("2014 Plan"), the Pre-IPO Share Option Scheme and 2019 Share Option Scheme (Note 32).

During the year ended 31 December 2021, the Company issued and allotted 559,800 shares, 4,141,125 shares and 908,992 shares, respectively, resulting from the exercising of options to certain employees and directors pursuant to the stock share option under the 2011 Plan, the Pre-IPO Share Option Scheme and 2019 Share Option Scheme (Note 32).

- (ii) On 18 January 2021, the Company issued and allotted 3,567,500 shares, resulting from the vesting of restricted share awards to certain employees and a director pursuant to the Pre-IPO Share Award Scheme approved and adopted on 26 June 2018, granted on 1 August 2018 (Note 32).



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The following table presents the shares that held by the Company for the purpose of the 2020 Share Award Scheme and the movements due to the allotted shares.

<b>Details</b>	<b>Number of shares</b>	<b>HK\$'000</b>	<b>RMB'000</b>
Opening balance 1 January 2022	22,727,103	271,189	231,503
Purchase of Shares for share award scheme	1,764,000	19,665	17,324
Shares vested under share award scheme (Note 32)	(5,568,180)	(65,683)	(54,212)
Balance 31 December 2022	18,922,923	225,171	194,615

During the years 2022 and 2021, the Company, through the trustee of the 2020 Share Award Scheme, purchased its Shares on The Stock Exchange of Hong Kong Limited as follows:

<b>Month</b>	<b>Number of shares purchased</b>	<b>Highest price paid per share HK\$</b>	<b>Lowest price paid per share HK\$</b>	<b>Aggregate price paid HK\$'000</b>
April 2022	127,200	13.7864	13.4187	1,726
May 2022	180,000	13.1384	12.9270	2,346
June 2022	100,000	13.5786	13.5685	1,357
Aug 2022	721,600	11.3397	11.1902	8,123
Sep 2022	30,000	10.7568	10.7568	323
Oct 2022	300,000	9.4356	8.9948	2,787
Nov 2022	305,200	10.2110	9.7395	3,003
				19,665
April 2021	624,400	12.6638	12.2798	7,739
May 2021	1,120,400	12.9887	12.4227	14,239
June 2021	1,581,200	13.4055	12.8827	20,726
July 2021	400,000	12.4967	12.3834	4,982
Aug 2021	1,850,000	12.7838	12.3471	23,348
Sep 2021	1,150,000	12.9930	12.5027	14,745
Oct 2021	270,000	13.7072	13.0824	3,624
				89,403

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### 29 PURCHASE OF SHARES (Continued)

The Company purchased Shares through the trustee for the implementation of the 2020 Share Award Scheme in 2022 and 2021 under the instructions of the Company. For the year ended 31 December 2022, the Company had purchased 1,764,000 Shares using the deposits placed in the trustee at a total consideration of HK\$19,665,000 (equivalent to RMB17,324,000), and 5,568,180 RSUs were vested by using the shares purchased from the market under the instructions from the Company. For the year ended 31 December 2021, the Company paid deposit amounted to HK\$120,000,000 (equivalent to RMB101,124,000) to the trustee and had purchased 6,996,000 Shares at a total consideration of HK\$89,403,000 (equivalent to RMB75,359,000), and 700,000 RSUs were vested by using the shares purchased from the market under the instructions from the Company.

### 30 CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group manages its capital to ensure entities in the Group will be able to continue as a going concern with maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the year ended 31 December 2022.

The Group monitors capital on the basis of the debt-to-capitalisation ratio. This ratio is calculated as interest-bearing debts over interest-bearing debts plus total equity. Interest-bearing debts represent lease liabilities, as shown in the consolidated statement of financial position.

	At 31 December	
	2022 RMB'000	2021 RMB'000
<b>Interest-bearing debts:</b>		
Lease liabilities (non-current portion)	133,716	88,622
Lease liabilities (current portion)	68,906	49,239
	202,622	137,861
Total equity	6,805,639	6,151,569
Interest-bearing debts plus total equity	7,008,261	6,289,430
Debt-to-capitalisation ratio	2.9%	2.2%

The directors of the Company review the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through raising of new capital, issue of new debt or the redemption of the existing debts.

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	At 31 December	
	2022 RMB'000	2021 RMB'000
<b>Financial assets</b>		
Financial assets at FVTPL	714,530	528,692
Financial assets at FVOCI	47,929	—
Financial assets at amortised cost	3,872,240	4,048,070
	<b>4,634,699</b>	4,576,762

	At 31 December	
	2022 RMB'000	2021 RMB'000
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	548,439	347,959

**Financial risk management objectives and policies**

The Group's major financial instruments include financial assets at FVTPL, trade and notes receivables, other receivables, other non-current assets, amounts due from related parties, pledged bank deposits, term deposits, bank balances and cash, trade and notes payables, other payables and amounts due to related parties. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Market risk****Interest rate risk**

The Group is exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances. The Group keeps its pledged bank deposits and bank balances at floating rate of interests so as to minimize the fair value interest rate risk. The Group is also exposed to fair value interest rate risk in relation to financial assets at FVTPL, fixed-rate term deposits (Note 23) and lease liabilities (Note 13). The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

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### 31 FINANCIAL INSTRUMENTS (Continued)

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to variable interest rates for pledged bank deposits and bank balances at the end of the reporting period and assumed that the amount of such balances outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2022 would increase/decrease by RMB11,292,000 (2021: increase/decrease by RMB13,909,000). This is mainly attributable to the Group's exposure on interest rates on its pledged bank deposits and bank balances.

#### Currency risk

The Group has trade receivables, trade payables, bank balances and term deposits which are denominated in foreign currencies, mainly US\$ and HK\$, as at 31 December 2022 (2021: US\$ and HK\$), that are exposed to currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities, excluded related party borrowings, at the end of the reporting period are set forth as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
<b>Assets</b>		
US\$	82,215	64,235
HK\$	103,902	51,645
	<b>186,117</b>	115,880
<b>Liabilities</b>		
US\$	116	64
HK\$	1,700	5,566
	<b>1,816</b>	5,630

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### 31 FINANCIAL INSTRUMENTS (Continued)

#### Foreign currency sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to foreign currency rates and includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A 5% increase or decrease is used when reporting foreign currency rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign currency rates.

If RMB were appreciated/depreciated 5% against the foreign currency and all other variable were held constant, the Group's post-tax profit for the year ended 31 December 2022 would decrease/increase by RMB6,903,000 (2021: decrease/increase by RMB5,292,000). This is mainly attributable to the Group's exposure to foreign currency rates of HK\$ (2021: US\$) on the foreign currency bank balances and term deposits.

#### Credit risk

The Group's maximum exposure to credit risk which causes a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and notes receivables, other receivables, other non-current assets, amounts due from related parties and contract assets.

With respect to the credit risk of the Group's treasury operations, management has established internal procedures to monitor the Group's bank balances and cash, term deposits, investments to be placed and entered into with financial institution of good reputation. These internal procedures help to minimise the Group's credit risk exposure.

The credit risk on pledged bank deposits, bank balances and term deposits is limited because the counterparties are banks with high credit rating.

Due to the nature of business of the Group, the Group has significant concentration of credit risk on a number of customers. During the year ended 31 December 2022, the aggregate amount of the Group's revenue generated from the top three customers (Note 3) was RMB6,654,227,000 (2021: RMB6,358,033,000), representing 86.0% (2021: 92.2%) of total revenue of the Group for the year. The aggregated balance of the Group's trade and notes receivables from the top three customers was RMB934,557,000 (2021: RMB750,621,000), representing 78.7% (2021: 85.8%) of the total trade and notes receivables as at 31 December 2022. In addition, the Group's concentration of credit risk by geographical locations is substantially in the PRC. In the opinion of directors of the Company, those customers are mainly large telecommunication companies owned by the PRC government with good financial backgrounds.

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### 31 FINANCIAL INSTRUMENTS (Continued)

#### Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, who have established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The directors of the Company are of the opinion that taken into account the above plans and measures, the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the end of the reporting period. The consolidated financial statements have been prepared on the going concern basis.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate/ borrowing rate %	Demand or within 3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying value RMB'000
At 31 December 2022							
Trade and notes payables		523,091	—	—	—	523,091	523,091
Other payables		8,154	—	—	—	8,154	8,154
Amounts due to related parties		17,194	—	—	—	17,194	17,194
Lease liabilities	5.7%	22,915	62,499	122,438	22,147	229,999	202,622
		571,354	62,499	122,438	22,147	778,438	751,061
At 31 December 2021							
Trade and notes payables		323,677	—	—	—	323,677	323,677
Other payables		12,401	—	—	—	12,401	12,401
Amounts due to related parties		11,881	—	—	—	11,881	11,881
Lease liabilities	5.6%	15,540	40,945	71,006	33,722	161,213	137,861
		363,499	40,945	71,006	33,722	509,172	485,820

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## 31 FINANCIAL INSTRUMENTS (Continued)

## Fair value measurement

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table presents the fair value of the group's financial assets measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- \* Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- \* Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- \* Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key input
	2022 RMB'000	2021 RMB'000		
Financial assets at FVTPL				
— Wealth management products	692,395	528,692	Level 3	Estimated return rate is key input.
— Investment funds	19,424	—	Level 3	Market approach, discount for lack of marketability
— Unlisted equity investments	2,500	—	Level 3	Market approach, discount for lack of marketability
— Listed equity investments	211	—	Level 1	N/A
Financial assets at FVOCI				
— Unlisted equity investments	47,929	—	Level 3	Market approach, discount for lack of marketability



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### 31 FINANCIAL INSTRUMENTS (Continued)

#### Fair value measurement (Continued)

During the years ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	As at 31 December 2021	Acquisition of subsidiaries	Purchase	Disposal	Recognised in profit or loss	Recognised in other comprehensive income	As at 31 December 2022
Financial assets measured at FVOCI	—	60,717	—	(9,291)	—	(3,497)	47,929
Financial assets measured at FVTPL	528,692	52,960	1,309,807	(1,192,444)	14,058	1,246	714,319
	528,692	113,677	1,309,807	(1,201,735)	14,058	(2,251)	762,248

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short maturity, initially recognised close to each reporting date, or with floating interest rates.

### 32 SHARE-BASED PAYMENTS

Before the year ended 31 December 2017, the Group did not adopt its own stock option scheme. The employees of the Company and its subsidiaries are eligible for the 2011 Plan and the 2014 Plan adopted by the then immediate holding company, AsialInfo Holdings, and the then intermediate holding company, Skipper Holdings, respectively. Accordingly, the Group accounted for such plans by measuring the services received from the grantee in accordance with the requirement applicable to equity-settled share-based payment transactions, and recognised a corresponding increase in equity as a contribution from the parent companies in accordance with HKFRS 2 *Share-based Payment*.

#### (a) 2011 Plan

On 21 April 2011, AsialInfo Holdings approved a stock incentive plan with the purpose of enhancing the long-term stockholder value by offering employees and directors to participate in the Group's growth and success and to encourage them to remain the service in the Group. The 2011 Plan is valid and effective for 10 years from the grant date. Under the 2011 Plan, AsialInfo Holdings is authorised to grant participants restricted stock awards, stock options, or other types of equity incentives with a total number of 7,501,752 ordinary shares (being 60,014,016 ordinary shares after taking into account the share subdivision) of AsialInfo Holdings.

Furthermore, in connection with the privatisation and delisting from the National Association of Securities Dealers Automated Quotations Global Market of the United States of America ("NASDAQ") of AsialInfo Holdings, the share incentives granted under the 2011 Plan were converted into the share incentive issued by Skipper Holdings with granting the equivalent numbers of ordinary shares of Skipper Holdings without any change of terms as stated under the 2011 Plan in 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 32 SHARE-BASED PAYMENTS (Continued)

#### (a) 2011 Plan (Continued)

Stock Options under the 2011 Plan

In December 2011, pursuant to the 2011 Plan, the compensation committee of the board of directors of AsialInfo Holdings approved to grant options to certain employees and executive officers. The stock options are valid and effective for 10 years from the approval date and have graded vesting terms of four years and vest in different schedules from the grant date, on condition that employees remain in service without any performance requirements. For the stock options granted to employees of the Group, they will be vested on annual basis equally over four years, 25% on each anniversary of the grant date. For the stock options granted to the Chief Executive Officer, 17.5%, 17.5%, 32.5% and 32.5% are vested at each anniversary of the grant date over four years. For the stock options granted to the vice president of AsialInfo Holdings, 20%, 20%, 30% and 30% are vested at each anniversary of the grant date over four years. For the stock options granted in 2017, 0%, 50%, 25% and 25% are vested at each anniversary of the grant date over four years.

The fair value of each stock option was calculated using the binomial option-pricing model. Option valuation models require the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying share, and changes in the subjective input assumptions can materially affect the fair value estimate of employee stock options.

The movements of stock options held by the Group's directors and employees under the 2011 Plan are summarised as follows:

	Number of stock options	Weighted average exercise price per option (US\$)
Outstanding as at 1 January 2021	754,936	0.55
Exercised <sup>(i)</sup>	(559,800)	0.56
Outstanding as at 31 December 2021	195,136	0.54
Exercised <sup>(i)</sup>	(195,136)	0.54
Outstanding as at 31 December 2022	—	—

Note:

- (i) An aggregated of 195,136 (2021: 559,800) options were exercised under the 2011 Plan in 2022 with the market prices at exercise dates being in a range of HK\$13.70 to HK\$14.28 (2021: HK\$11.84 to HK\$13.62).

No share-based compensation expenses in relation to the stock options issued under the 2011 Plan was recognised in profit or loss since 31 December 2017.

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### 32 SHARE-BASED PAYMENTS (Continued)

#### (b) 2014 Plan

On 1 June 2015, the board of directors of Skipper Holdings Limited (“**Skipper Holdings**”), the then intermediate holding company of the Company, approved the 2014 Plan with the purpose of enhancing the long-term stockholder value by offering employees and directors to participate in the Group’s growth and success and to encourage them to remain in the service in the Group. The 2014 Plan is valid and effective for 10 years from the approval date. Under the 2014 Plan, Skipper Holdings is authorised to grant participants restricted stock awards, stock options, or other types of equity incentives with a total number of 14,733,653 ordinary shares (being 117,869,224 ordinary shares after taking into account the share subdivision) of Skipper Holdings.

#### Stock Options under the 2014 Plan

Under the 2014 Plan, Skipper Holdings granted certain options to the directors of the Company and the employees of the Group on 1 July 2015. The stock options are valid and effective for 10 years from the approval date and have graded vesting terms of four years. The stock options are vested at 0%, 50%, 25% and 25% on each anniversary of the grant date over four years.

The Group has used the discounted cash flow method to determine the underlying ordinary share fair value of Skipper Holdings. Based on the fair value of the underlying ordinary shares, the Group has used binomial option-pricing model to determine the fair value of the stock option as of the grant date. Option valuation models require the input of highly subjective assumptions, including the option’s expected life and the price volatility of the underlying share, and changes in the subjective input assumptions can materially affect the fair value estimate of employee stock options.

The movements of stock options under the 2014 Plan are summarised as follows:

	Number of stock options	Weighted average exercise price per option (US\$)
Outstanding as at 1 January 2021	20,673,048	1.92
Forfeited <sup>(i)</sup>	(1,336,896)	1.92
Outstanding as at 31 December 2021	19,336,152	1.92
Exercised <sup>(i)</sup>	(77,600)	1.92
Forfeited	(1,624,984)	1.92
Outstanding as at 31 December 2022	17,633,568	1.92

Note:

- (i) An aggregated of 77,600 (2021: nil) options were exercised under the 2014 Plan in 2022 with the market prices at an exercise date being HK\$15.36 (2021: nil).

No share-based compensation expenses in relation to the stock options issued under the 2014 Plan was recognised in profit or loss since 31 December 2019.

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### 32 SHARE-BASED PAYMENTS (Continued)

#### (c) Pre-IPO Share Option Scheme

On 26 June 2018, the Company adopted the Pre-IPO Share Option Scheme. On 11 July 2018 and 1 August 2018, pursuant to the Pre-IPO Share Option Scheme, the Company granted an aggregate of 15,055,107 share options (being 120,440,856 share options after taking into account the share subdivision), representing rights to subscribe for 15,055,107 shares (being 120,440,856 shares after taking into account the share subdivision) to certain grantees who are a director, employees and a consultant.

On 11 July 2018, a total of 5,875 shares (being 47,000 shares after taking into account of share subdivision) were issued to certain grantees of the share options as a result of the exercise of certain share options granted under the Pre-IPO Share Option Scheme.

An aggregate of 11,781,558 shares (being 94,252,464 shares after taking into account the share subdivision) were granted on 11 July and 1 August 2018 under the Pre-IPO Share Option Scheme.

Details of the outstanding share options as at 31 December 2022 under the Pre-IPO Share Option Scheme held by grantees are set out below:

Exercise price (US\$)	Number of shares underlying the share options	Grant date	Vesting date	Option period
1.9225	7,186,496	11 July 2018	11 July 2018, 1 July 2019 and 1 July 2020	10 years from the grant date
0.84	16,000	1 August 2018	50% vested on the 30th day after the listing date (" <b>First Vesting Date</b> "); 20% vested on the first anniversary of the First Vesting Date; 30% vested on the second anniversary of the First Vesting Date	10 years from the grant date
0.5525	7,200	1 August 2018	50% vested on the First Vesting Date; 20% vested on the first anniversary of the First Vesting Date; 30% vested on the second anniversary of the First Vesting Date	10 years from the grant date
1.9225	41,364,432	1 August 2018	50% vested on the First Vesting Date; 20% vested on the first anniversary of the First Vesting Date; 30% vested on the second anniversary of the First Vesting Date	10 years from the grant date
1.2725	16,655,464	1 August 2018	50% vested on the First Vesting Date; 20% vested on the first anniversary of the First Vesting Date; 30% vested on the second anniversary of the First Vesting Date	10 years from the grant date

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### 32 SHARE-BASED PAYMENTS (Continued)

#### (c) Pre-IPO Share Option Scheme (Continued)

The movements of share options under the Pre-IPO Share Option Scheme are summarised as follows:

	Number of share options	Weighted average exercise price per option (US\$)
Outstanding as at 1 January 2021	81,701,160	1.73
Exercised <sup>(i)</sup>	(4,141,125)	1.28
Forfeited	(6,422,688)	1.88
Outstanding as at 31 December 2021	71,137,347	1.74
Exercised <sup>(i)</sup>	(3,256,735)	1.30
Forfeited	(2,651,020)	1.88
Outstanding as at 31 December 2022	65,229,592	1.76

Note:

- (i) An aggregated of 3,256,735 (2021: 4,141,125) options were exercised under the Pre-IPO Plan in 2022 with the market prices at exercise dates being in a range of HK\$10.38 to HK\$15.36 (2021: from HK\$10.52 to HK\$13.62).

#### Fair Value of Share Options under the Pre-IPO Share Option Scheme

The Group has used the discounted cash flow method to determine the underlying share fair value of the Company. Based on the fair value of the underlying share, the Group has used binomial option-pricing model to determine the fair value of the share option as of the grant dates. Option valuation models require the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying share, and changes in the subjective input assumptions can materially affect the fair value estimate of employee share options.

	11 July 2018 and 1 August 2018 Pre-IPO Scheme
Weighted average grant date fair value per option/RSU (US\$)	9.64
Grant date share price (US\$)	9.64
Weighted average exercise price (US\$)	13.75
Expected volatility	51.0%
Contractual life	10 years
Risk-free rate	3.6%
Expected dividend yield	0.0%

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Fair Value of Share Options under the Pre-IPO Share Option Scheme (Continued)

The Company recognised a total share-based compensation expenses of RMB20,000 in profit or loss during the year ended 31 December 2022 (2021: RMB1,370,000), among which the amount of share-based compensation expense for Mr. Gao Nianshu was nil during the year 2022 (2021: RMB91,000) in relation to the share options issued under the Pre-IPO Share Option Scheme.

**(d) Pre-IPO Share Award Scheme**

Pursuant to the Pre-IPO Share Award Scheme, on 11 July 2018 and 1 August 2018, the Company granted an aggregate of 2,322,074 RSUs, representing rights to receive 2,322,074 shares (being 18,576,592 shares after completion of the share subdivision), within which a total of 345,819 shares (being 2,766,552 shares after completion of the share subdivision) were issued on the grant date of 11 July 2018 to certain RSU grantees as a result of the vesting of certain RSUs granted under the Pre-IPO Share Award Scheme. All RSUs had been vested already.

	Number of RSUs	Weighted average grant date fair value per RSU of the original awards (US\$)
Unvested as at 31 December 2020	3,570,140	1.21
Forfeited	(2,640)	1.21
Vested <sup>(i)</sup>	(3,567,500)	1.21
Unvested as at 31 December 2021	—	—

Note:

(i) The grantees vested at the vesting date with the market price of HK\$10.96 in 2021.

No share-based compensation expenses in relation to the stock options issued under the Pre-IPO Share Award Scheme was recognised in profit or loss since 31 December 2022 (2021: RMB1,798,000), among which the amount of share-based compensation for Mr. Gao Nianshu was nil during the year 2022 (2021: RMB85,000) in relation to the RSUs issued under the Pre-IPO Share Award Scheme.

**(e) 2019 Share Option Scheme**

On 25 November 2019, the Company adopted the 2019 Share Option Scheme. The participants of the Scheme are directors, employees and consultants. The maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted and shares which shall have been issued under options which have been canceled) under the 2019 Option Scheme shall be 92,058,886 shares, within which an aggregate of 27,774,200 shares were granted on 16 June 2020, 25 March 2021, 9 June 2021, 11 March 2022 and 10 May 2022 under the 2019 Share Option Scheme.

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### 32 SHARE-BASED PAYMENTS (Continued) (e) 2019 Share Option Scheme (Continued)

Details of the outstanding share options as at 31 December 2022 under the 2019 Share Option Scheme held by grantees are set out below:

Exercise Price (HK\$)	Number of shares underlying the share options	Grant date	Vesting date	Option period
9.56	9,830,700	16 June 2020	50% vested on the first anniversary of the Granting Date 20% vested on the second anniversary of the Granting Date 30% vested on the third anniversary of the Granting Date	10 years from the grant date
12.46	112,000	25 March 2021	50% vested on the first anniversary of the Granting Date 20% vested on the second anniversary of the Granting Date 30% vested on the third anniversary of the Granting Date	10 years from the grant date
12.54	11,847,200	9 June 2021	40% vested on the first anniversary of the Granting Date 30% vested on the second anniversary of the Granting Date 30% vested on the third anniversary of the Granting Date	10 years from the grant date
13.24	14,130,500	11 March 2022	40% vested on the first anniversary of the Granting Date 30% vested on the second anniversary of the Granting Date 30% vested on the third anniversary of the Granting Date	10 years from the grant date
13.32	3,648,277	10 May 2022	40% vested on the first anniversary of the Granting Date 30% vested on the second anniversary of the Granting Date 30% vested on the third anniversary of the Granting Date	10 years from the grant date



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(Expressed in thousands of Renminbi, unless otherwise stated)**32 SHARE-BASED PAYMENTS (Continued)**  
**(e) 2019 Share Option Scheme (Continued)**

The movements of stock options under the 2019 Share Option Scheme are summarised as follows:

	<b>Number of stock options</b>	<b>Weighted average exercise price per option (HK\$)</b>
Outstanding as at 1 January 2021	13,716,000	9.56
Grant on 25 March 2021	112,000	12.46
Grant on 9 June 2021	13,146,200	12.54
Exercised <sup>(i)</sup>	(908,992)	9.56
Forfeited	(1,167,608)	10.12
Outstanding as at 31 December 2021	24,897,600	11.12
Grant on 11 March 2022	14,763,500	13.24
Grant on 10 May 2022	3,648,277	13.32
Exercised <sup>(i)</sup>	(841,000)	9.93
Forfeited	(2,899,700)	14.54
Outstanding as at 31 December 2022	39,568,677	11.67

Note:

- (i) An aggregated of 841,000 (2021: 908,992) options were exercised under the 2019 Share Option Scheme in 2022 with the market prices at exercise dates being in a range of HK\$10.6 to HK\$15.36 (2021: from HK\$12.04 to HK\$13.62).

**Fair Value of Stock Options under the 2019 Share Option Scheme**

The Group has used the closing price of the Company's share to determine the underlying shares' fair value on the vesting date. Based on the fair value of the underlying shares, the Group has used binomial option-pricing model to determine the fair value of the stock option as of the grant dates. Option valuation models require the input of highly subjective assumptions, including the option's exercise price, expected life and the price volatility of the underlying share.

**16 June 2020  
under 2019 Scheme**

Fair market value per share as at valuation date (HK\$)	9.05
Exercise price (HK\$ per share)	9.56
Expected volatility	49.0%
Contractual life	10 years
Risk-free rate	0.5%
Forfeiture rate	7.5%
Expected dividend yield	2.5%

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**32 SHARE-BASED PAYMENTS (Continued)**  
**(e) 2019 Share Option Scheme (Continued)**

Fair Value of Stock Options under the 2019 Share Option Scheme (Continued)

	<b>25 March 2021 under 2019 Scheme</b>
Fair market value per share as at valuation date (HK\$)	12.46
Exercise price (HK\$ per share)	12.46
Expected volatility	49.0%
Contractual life	10 years
Risk-free rate	0.5%
Forfeiture rate	0.0%
Expected dividend yield	2.5%
	<b>9 June 2021 under 2019 Scheme</b>
Fair market value per share as at valuation date (HK\$)	12.54
Exercise price (HK\$ per share)	12.54
Expected volatility	49.6%
Contractual life	10 years
Risk-free rate	1.1%
Forfeiture rate	10.0%
Expected dividend yield	2.8%
	<b>11 March 2022 under 2019 Scheme</b>
Fair market value per share as at valuation date (HK\$)	13.24
Exercise price (HK\$ per share)	13.24
Expected volatility	51.0%
Contractual life	10 years
Risk-free rate	1.7%
Forfeiture rate	12.3%
Expected dividend yield	3.4%
	<b>10 May 2022 under 2019 Scheme</b>
Fair market value per share as at valuation date (HK\$)	13.32
Exercise price (HK\$ per share)	13.32
Expected volatility	51.0%
Contractual life	10 years
Risk-free rate	1.7%
Forfeiture rate	12.3%
Expected dividend yield	3.4%

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(Expressed in thousands of Renminbi, unless otherwise stated)**32 SHARE-BASED PAYMENTS (Continued)****(e) 2019 Share Option Scheme (Continued)****Fair Value of Stock Options under the 2019 Share Option Scheme (Continued)**

The expected volatility is based on the historical share price movement of comparable companies for the period of time close to the expected time to exercise. The Risk-free rate is based on the market yield rates of Hong Kong Sovereign bond with maturity date close to the life of options as of the Valuation Date. Forfeiture rate is based on the historical ratio of resigning from the Company, whose title is similar with the grantees. Expected dividends are based on the dividend distribution policy of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

The Company recognised a total share-based compensation expenses of RMB52,299,000 (2021: RMB29,547,000) in profit or loss during the year ended 31 December 2022, among which the amount of share-based compensation expense for each of Mr. Ge Ming, Mr. Gao Jack Qun Yao and Mr. Zhang Ya-Qin was RMB54,000, respectively (2021: RMB156,000), and Ms. TAO Ping was RMB20,000 (2021: RMB33,000), in relation to the stock options issued under the 2019 Share Option Scheme.

**(f) 2020 Share Award Scheme**

On 7 January 2020, the Company adopted the 2020 Share Award Scheme. Pursuant to the 2020 Share Award Scheme, the maximum number of shares in respect of which RSUs may be granted shall be 46,013,946 shares, within which an aggregate of 37,531,346 shares were granted to certain grantees who are director(s) or certain employees on 30 December 2020, 26 May 2021 and 11 March 2022. As at 31 December 2022, a total of 26,139,077 treasury shares were delivered to certain RSU grantees as a result of the vesting of certain RSUs granted under the 2020 Share Award Scheme (Note 29) (As at 31 December 2021: 20,570,897 treasury shares).

The fair value of 2020 Share Award Scheme was the market closing price on 30 December 2020, 26 May 2021 and 11 March 2022, amounting to HKD11.00 (equivalent to RMB9.26), HKD13.44 (equivalent to RMB11.10) and HKD13.24 (equivalent to RMB10.71) per share.

Details of the unvested RSUs as at 31 December 2022 under the 2020 Share Award Scheme held by the grantees are set out below:

<b>Number of shares underlying the RSUs</b>	<b>Grant date</b>	<b>Vesting date</b>
295,000	30 December 2020	30 December 2021, 2022 and 2023
9,872,269	26 May 2021	26 May 2022, 2023 and 2024
1,000,000	11 March 2022	11 March 2023, 2024 and 2025

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**32 SHARE-BASED PAYMENTS (Continued)****(f) 2020 Share Award Scheme (Continued)**

Fair Value of Stock Options under the 2020 Share Award Scheme (Continued)

The movements of RSUs allotted under the 2020 Share Award Scheme are summarised as follows:

	<b>Number of RSUs</b>	<b>Weighted average grant date fair value per RSU of the original awards (HK\$)</b>
Unvested as at 1 January 2021	1,400,000	11.00
Grant on 26 May 2021	15,260,449	13.44
Vested <sup>(i)</sup>	(700,000)	11.00
Forfeited	(225,000)	11.00
Unvested as at 31 December 2021	15,735,449	13.37
Grant on 11 March 2022	1,000,000	13.24
Vested <sup>(i)</sup>	(5,568,180)	13.36
Unvested as at 31 December 2022	11,167,269	13.36

Note:

- (i) The grantees vested at the vesting date with the market price being in a range of HK\$12.9 to HK\$13.76 in 2022 (2021: HK\$12.76).

The Company recognised a total share-based compensation expenses of RMB74,983,000 (2021: RMB74,279,000) in profit or loss during the year ended 31 December 2022, among which the amount of share-based compensation expense for Mr. Gao Nianshu was RMB23,128,000 during the year 2022 (2021: RMB20,907,000) in relation to the 2020 Share Award Scheme.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 33 RETIREMENT BENEFIT SCHEME

As stipulated by the rules and regulations in the PRC, the Group contributes to state-managed retirement plans for its employees in the PRC. The Group is required to contribute a certain percentage of the basic salaries of its employees to the retirement plans, and has no further obligation for the actual payment of the previous or post-retirement benefits. The relevant state-managed retirement plans are responsible for the entire present obligation to retired employees.

In accordance with the relevant mandatory provident fund laws and regulations of HK, the Group operates a Mandatory Provident Fund (“MPF”) scheme (“MPF Scheme”) for all qualifying HK employees. The assets of the scheme are held separately from those of the Group and under the control of an independent MPF service provider. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions under the scheme.

The amounts of contributions made by the Group in respect of the retirement benefit scheme to employees and directors during the years ended 31 December 2022 and 31 December 2021 are disclosed in Note 8 and Note 11.

### 34 RELATED PARTY BALANCES AND TRANSACTIONS

#### (a) Related parties of the Group

The directors of the Company consider that the following entities are related parties of the Group:

Name <sup>(i)</sup>	Relationship
China Mobile Group <sup>(ii)</sup>	Significant influence over the Company
AsialInfo Technologies (Chengdu) Inc. (“AsialInfo Chengdu”)	Controlled by Mr. Tian Suning
AsialInfo Security Technologies Co.,Ltd. (“AsialInfo Security”)	Controlled by Mr. Tian Suning
AsialInfo Long Voyage Software (Beijing) Co., Ltd. (“AsialInfo Long Voyage Software”)	Controlled by Mr. Tian Suning
Guangzhou AsialInfo Zhihang Technologies Limited (“Guangzhou AsialInfo Zhihang”)	Controlled by Mr. Tian Suning
AsialInfo Innovation Technologies (Nanjing) Co., Ltd. (“AsialInfo Innovation Technologies”)	Controlled by Mr. Tian Suning
Tianjin Chengxin Technology Co., Ltd. (“Tianjin Chengxin”)	An associate of the Group

Notes:

- (i) The English names are for identification purpose only and the official names of the companies are in Chinese.
- (ii) In order to simplify the disclosure, China Mobile Group represents China Mobile Limited and its subsidiaries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022  
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### 34 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (b) Balances with related parties

The outstanding balances related to transactions with related parties are included in the following accounts captions summarised as follows:

#### (i) Balances due from related parties

	At 31 December	
	2022 RMB'000	2021 RMB'000
<b>(a) Trade amounts due from related parties:</b>		
<b>Trade and notes receivables:</b>		
— China Mobile Group <sup>(i)</sup>	584,732	404,267
<b>Contract assets:</b>		
— China Mobile Group <sup>(i)</sup>	1,302,302	1,054,853
<b>Amounts due from related parties:</b>		
Amounts due from fellow subsidiaries:		
— AsialInfo Chengdu	2,210	6,019
— AsialInfo Long Voyage Software	81	176
— AsialInfo Innovation Technologies	3	47
Amounts due from shareholders:		
— China Mobile Group	11,304	6,290
<b>(b) Non-trade amounts due from related parties:</b>		
<b>Amounts due from related parties:</b>		
Amounts due from an associate:		
— Tianjin Chengxin <sup>(ii)</sup>	83,028	—
<b>Total</b>	<b>1,983,660</b>	<b>1,471,652</b>

Notes:

(i) The carrying amounts of trade receivables from China Mobile Group as at 31 December 2022 included the original value and the loss allowance amounting to RMB589,303,000 (2021: RMB405,995,000) and RMB4,571,000 (2021: RMB1,728,000), respectively.

The carrying amounts of contract assets from China Mobile Group as at 31 December 2022 included the original value and the loss allowance amounting to RMB1,305,215,000 (2021: RMB1,058,148,000) and RMB2,913,000 (2021: RMB3,295,000), respectively.

(ii) The amounts due from an associate as at 31 December 2022 include the one-year loan of principal RMB90,001,000 granted to Tianjin Chengxin, the loss allowance amounting to RMB7,263,000, and related interest receivable (2021: nil). The loan is unsecured and bears interest at 3.8% per annum.

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## 34 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

## (b) Balances with related parties (Continued)

## (i) Balances due from related parties (Continued)

The Group generally grants a credit period of 30 days to its related parties. Aging of amounts due from related parties — trade nature, based on the dates when the Group has the rights to bill is set forth as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
1-90 days	1,400,733	1,155,893
91-180 days	292,345	240,679
181-365 days	185,555	59,367
Over 365 days	21,999	15,713
<b>Total</b>	<b>1,900,632</b>	<b>1,471,652</b>

The balances, are unsecured, interest-free and repayable on demand. The balance of non-trade nature related parties was RMB83,028,000 as at 31 December 2022 (2021: nil).

## (ii) Balances due to related parties

	At 31 December	
	2022 RMB'000	2021 RMB'000
<b>Contract liabilities:</b>		
— China Mobile Group	122,030	179,924
<b>Amounts due to related parties:</b>		
Amounts due to fellow subsidiaries:		
— AsialInfo Chengdu	4,386	7,772
— AsialInfo Security	256	—
Amounts due to shareholders:		
— China Mobile Group	12,552	4,109
<b>Total</b>	<b>139,224</b>	<b>191,805</b>



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### 34 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (b) Balances with related parties (Continued)

##### (ii) Balances due to related parties (Continued)

The average credit period granted by the related parties is 90 days. Aging of amounts due to related parties — trade nature are as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
1–90 days	101,812	124,050
91–180 days	22,220	30,162
181–365 days	11,366	24,779
Over 365 days	3,826	12,814
	<b>139,224</b>	<b>191,805</b>

#### (c) The significant transactions with related parties during the years ended 31 December 2022 and 31 December 2021 are listed out below

During the years, the Group had the following major transactions with related companies, other than those disclosed elsewhere in the consolidated financial statement:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<b>China Mobile Group:</b>		
— Software business services provided to	4,821,107	4,434,868
— Information and telecommunication technology services and products charged by	31,983	12,895
— Office rental services charged by	5,554	4,837
<b>Asialinfo Chengdu:</b>		
— Technological support services charged by	2,117	2,569
— Office rental services provided to	9,615	9,615
— Management support services provided to	3,850	5,912
— Technological support services provided to	884	515
<b>Tianjin Chengxin:</b>		
— Loan Provided to	90,001	—
— Interest income from loan provided to	3,005	—

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(Expressed in thousands of Renminbi, unless otherwise stated)**34 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)****(d) Financial guarantees provided by the Group for a related party**

	At 31 December	
	2022 RMB'000	2021 RMB'000
Financial guarantees issued	1,490	—

As at 31 December 2022, the balance of the financial guarantees issued represents the banking facility drawn down by a related party (Note 35(c)).

**(e) Compensation of key management personnel**

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the years are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	12,213	9,819
Discretionary bonus	9,339	9,068
Contributions to retirement benefits scheme	208	210
Share-based compensation expenses	56,444	48,255
Total emoluments	78,204	67,352

The remuneration of the directors of the Company and key executives of the Group is determined having regard to the performance of individuals and market trends.

Saved as disclosed above, there were no other significant transactions with related parties during the year or other significant balances with them at the end of the reporting period.

**35 COMMITMENTS AND FINANCIAL GUARANTEES****(a) Capital commitments**

The Group had the following capital commitments outstanding at 31 December 2022 and 31 December 2021 not provided for:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Capital expenditure contracted for in the consolidated financial statements in respect of acquisition of property, plant and equipment and intangible assets	10,070	4,572

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 35 COMMITMENTS AND FINANCIAL GUARANTEES (Continued)

#### (b) Lease commitments as at 31 December 2022

At 31 December 2022, the Group had commitments of RMB22,606,000 (2021: RMB23,097,000) for short-term leases which are exempted from recognition of lease liabilities and fall due within one year.

#### (c) Financial guarantees issued

For the year ended 31 December 2022, the Group has issued several guarantees for a related party including banking facility, commercial acceptance bills and advance payment guarantee. The bank facility granted is with maximum exposure amounted to RMB30,000,000 and the maximum liability of the Group under this guarantee is represented by the facilities drawn down by the borrower amounting to RMB1,490,000 as at 31 December 2022. The guarantees issued for commercial acceptance bills and advance payment are with maximum exposure amounted to RMB8,468,000 in total and no such liability was undertaken by the Group as at 31 December 2022.

### 36 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

As at 31 December 2022, the Company has direct and indirect shareholders/equity interest in the following principal subsidiaries:

Name of subsidiary	Place and date of establishment or acquisition, place of operation and nature of legal entity	Issued and fully paid ordinary share capital/ registered capital	Proportion of interest attributable to the Company				Principal activity
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
AsialInfo China 亞信科技(中國)有限公司 (Previously known as AsialInfo-Linkage Technologies (China), Inc. 亞信聯創科技(中國)有限公司)	The PRC 2 May 1995 the PRC limited liability company	US\$26,040,570	—	100%	—	100%	Provision of software solutions
AsialInfo Nanjing 亞信科技(南京)有限公司 (Previously known as Linkage AsialInfo Technologies (Nanjing), Inc. 聯創亞信科技(南京)有限公司)	The PRC 16 February 2004 the PRC limited liability company	RMB100,000,000	—	100%	—	100%	Provision of software solutions
Hangzhou AsialInfo Cloud Information Technologies Limited 杭州亞信雲信息科技有限公司 (Previously known as Hangzhou Zhongbo Software Technology Co., Ltd. 杭州中博軟件技術有限公司)	The PRC 25 February 2007 the PRC limited liability company	RMB10,000,000	—	100%	—	100%	Provision of software solutions
Nanjing AsialInfo Software Co., Ltd. 南京亞信軟件有限公司	The PRC 6 February 2015 the PRC limited liability company	RMB30,000,000	—	100%	—	100%	Provision of software solutions
Hunan AsialInfo Software Co., Ltd. 湖南亞信軟件有限公司	The PRC 16 April 2015 the PRC limited liability company	RMB30,000,000	—	100%	—	100%	Provision of software solutions

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## 36 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place and date of establishment or acquisition, place of operation and nature of legal entity	Issued and fully paid ordinary share capital/ registered capital	Proportion of interest attributable to the Company				Principal activity
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Hangzhou AsialInfo Software Co., Ltd. 杭州亞信軟件有限公司	The PRC 15 May 2015 The PRC limited liability company	RMB50,000,000	—	100%	—	100%	Provision of software solutions
Guangzhou AsialInfo Technology Co., Ltd. 廣州亞信技術有限公司	The PRC 11 August 2017 The PRC limited liability company	RMB200,000,000	—	100%	—	100%	Provision of software solutions
Beijing iResearch Digital Intelligence Technology Co., Ltd. 北京艾瑞數智科技有限公司 (Previously known as Beijing AsialInfo Smart Big Data Co., Ltd. 北京亞信智慧數據科技有限公司)	The PRC 21 August 2014 The PRC limited liability company	RMB285,200,000	—	100%	—	100%	Provision of software services
Beijing AsialInfo XingYuan Technology Limited 北京亞信興源科技有限公司	The PRC 11 November 2019 The PRC limited liability company	RMB25,000,000	—	100%	—	100%	Provision of software solutions
AsialInfo Big Data (H.K.) Limited 亞信大數據(香港)有限公司	HK 20 June 2014 HK limited liability company	US\$44,440,417	—	100%	—	100%	Investment holding
Hong Kong AsialInfo Technologies Limited (Previously known as Hong Kong AsialInfo-Linkage Technologies Limited) 香港亞信技術有限公司	HK 25 November 1998 HK limited liability company	HK\$20,000	100%	—	100%	—	Investment holding
AsialInfo Technologies (H.K.) Limited 香港亞信科技有限公司	HK 20 January 1997 HK limited liability company	HK\$12.75	100%	—	100%	—	Investment holding

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## 36 PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place and date of establishment or acquisition, place of operation and nature of legal entity	Issued and fully paid ordinary share capital/ registered capital	Proportion of interest attributable to the Company				Principal activity
			2022		2021		
			Directly	Indirectly	Directly	Indirectly	
Chongqing Shuzhiluoji Technology Limited 重慶數智邏輯科技有限公司	The PRC 30 November 2020 The PRC limited liability company	RMB30,000,000	—	100%	—	100%	Provision of software solutions
Hainan AsiaInfo Software Co., Ltd. 海南亞信軟件有限公司	The PRC 16 April 2021 The PRC limited liability company	RMB1,000,000	—	100%	—	100%	Provision of software solutions
AsiaInfo Goods Cloud Beijing Technology Limited 亞信貨雲(北京)科技 有限公司	The PRC 20 May 2021 The PRC limited liability company	RMB40,000,000	—	57%	—	57%	Provision of software solutions
Shanghai iResearch Marketing Consulting Co., Ltd. 上海艾瑞市場諮詢股份 有限公司	The PRC 14 January 2022 The PRC limited liability company	RMB60,000,000	—	94%	N/A	N/A	Consulting services
Shanghai iTracker Consulting Co., Ltd. 上海艾瑞數科商務諮詢有限公司	The PRC 14 January 2022 The PRC limited liability company	RMB60,000,000	—	94%	N/A	N/A	Consulting services

None of the above mentioned subsidiaries had issued any debt securities at the end of the year.

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## 37 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 RMB'000	2021 RMB'000
<i>Non-current assets</i>		
Unlisted investments in subsidiaries	947,725	820,423
Property, plant and equipment	127	193
Total non-current assets	947,852	820,616
<i>Current assets</i>		
Amounts due from subsidiaries	2,234,302	1,998,233
Prepayments, deposits and other receivables	10,781	28,248
Bank balances and cash	73,213	261,621
Total current assets	2,318,296	2,288,102
<i>Current liabilities</i>		
Amounts due to subsidiaries	1,415,822	1,164,672
Other payables, deposits received and accrued expenses	10,421	12,353
Total current liabilities	1,426,243	1,177,025
Net current assets	892,053	1,111,077
<i>Non-current liabilities</i>		
	—	—
Net assets	1,839,905	1,931,693
<i>Capital and reserves</i>		
Share capital	—	—
Reserves	1,839,905	1,931,693
Total equity	1,839,905	1,931,693

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**37 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)**

The movement in the reserves of the Company is shown as follows:

	<b>Share premium</b>	<b>Other reserves</b>	<b>Accumulated losses</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	2,115,627	317,733	(252,867)	2,180,493
Total comprehensive income for the year	—	—	(62,402)	(62,402)
Recognition of equity-settled share-based payments	—	106,994	—	106,994
Lapse of share options and restricted stock units	—	(18,706)	18,706	—
Dividends approved in respect of the previous year	—	—	(261,334)	(261,334)
Purchase of Shares for share award scheme	(75,359)	—	—	(75,359)
Vesting of restricted stock units	35,990	(35,990)	—	—
Exercise of share options	64,008	(20,707)	—	43,301
At 31 December 2021	2,140,266	349,324	(557,897)	1,931,693
Total comprehensive income for the year	—	—	89,922	89,922
Recognition of equity-settled share-based payments	—	127,302	—	127,302
Lapse of share options and restricted stock units	—	(12,079)	12,079	—
Dividends approved in respect of the previous year	—	—	(328,354)	(328,354)
Purchase of Shares for share award scheme	(17,324)	—	—	(17,324)
Vesting of restricted stock units	61,398	(61,398)	—	—
Exercise of share options	52,022	(15,356)	—	36,666
At 31 December 2022	2,236,362	387,793	(784,250)	1,839,905

**38 SUBSEQUENT EVENTS****Proposed dividend**

After the statement of financial position date, the Board of Directors proposed a final dividend for 2022. For details, please refer to Note 9(i).



# FINANCIAL SUMMARY

## RESULTS

	For the year ended 31 December				2022 RMB'000
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	
<b>Continuing operations</b>					
Revenue	5,210,977	5,721,416	6,019,855	6,894,667	<b>7,737,787</b>
Cost of sales	(3,328,353)	(3,594,411)	(3,716,620)	(4,249,501)	<b>(4,798,293)</b>
Gross profit	1,882,624	2,127,005	2,303,235	2,645,166	<b>2,939,494</b>
Other income	82,172	103,759	143,289	162,191	<b>156,071</b>
Impairment losses under expected credit loss model, net of reversal	2,880	(28,366)	(35,051)	(68,415)	<b>(79,671)</b>
Other gains and losses	(102,706)	(736)	15,956	(4,434)	<b>(1,172)</b>
Selling and marketing expenses	(508,402)	(461,997)	(472,786)	(505,255)	<b>(597,031)</b>
Administrative expenses	(332,825)	(292,586)	(321,442)	(296,225)	<b>(344,558)</b>
R&D expenses	(584,681)	(862,419)	(840,225)	(1,006,051)	<b>(1,107,687)</b>
Share of results of associates	(1,242)	(3,983)	(1,567)	172	<b>(8,863)</b>
Impairment losses on associates	—	—	(6,410)	—	<b>—</b>
Finance costs	(70,594)	(39,907)	(20,672)	(10,618)	<b>(13,113)</b>
Listing expenses	(54,096)	—	—	—	<b>—</b>
Profit before tax	313,130	540,770	764,327	916,531	<b>943,470</b>
Income tax expenses	(108,896)	(131,955)	(102,224)	(134,012)	<b>(119,058)</b>
Profit for the year	204,234	408,815	662,103	782,519	<b>824,412</b>
Discontinued operations					
Loss for the year from discontinued operations	(1,279)	—	—	—	<b>—</b>
Profit for the year	202,955	408,815	662,103	782,519	<b>824,412</b>

FINANCIAL  
SUMMARY

## ASSETS AND LIABILITIES

	At 31 December				2022 RMB'000
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	
Property, plant and equipment	300,869	288,261	293,224	285,170	291,690
Right-of-use assets	—	169,465	257,534	228,350	285,289
Prepaid lease payments	83,470	—	—	—	—
Goodwill	1,932,246	1,932,246	1,932,246	1,932,246	2,122,627
Term deposits	—	170,000	240,000	370,000	170,000
Total non-current assets	3,229,675	2,822,732	2,885,758	2,985,239	3,329,628
Trade and notes receivables	764,909	841,182	941,957	846,573	1,137,330
Prepayments, deposits and other receivables	135,704	183,706	114,386	188,699	210,660
Contract assets	1,335,219	1,554,521	1,722,485	2,230,815	2,596,691
Financial assets at fair value through profit or loss	210,000	—	1,103,800	528,692	692,395
Amounts due from related parties	18,934	6,358	10,233	12,532	96,626
Pledged bank deposits	481,755	321,246	263,067	178,744	152,277
Term deposits	—	—	140,923	200,000	261,636
Bank balances and cash	1,821,182	1,810,591	1,690,151	2,331,821	1,933,250
Total current assets	4,767,703	4,717,908	5,987,394	6,520,225	7,103,835
Trade and notes payables	356,316	358,048	149,454	323,677	523,091
Contract liabilities	300,918	296,945	393,371	290,495	273,249
Other payables, deposits received and accrued expenses	1,788,004	1,922,837	2,063,218	2,159,975	2,076,860
Bank borrowings	1,915,484	594,372	137,023	—	—
Total current liabilities	4,634,318	3,471,080	3,076,841	3,109,461	3,282,709
Deferred tax liabilities	127,541	122,983	123,205	155,812	211,399
Lease liabilities	—	39,374	117,658	88,622	133,716
Total non-current liabilities	127,541	162,357	240,863	244,434	345,115
Total equity	3,235,519	3,907,203	5,555,448	6,151,569	6,805,639

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