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AsiaInfo Technologies Limited

亞信科技控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1675)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of the Company is pleased to announce the audited consolidated results of the Group for the Reporting Period.

ANNUAL RESULTS HIGHLIGHTS:

- Revenue amounted to approximately RMB7,891 million, representing a year-on-year increase of 2.0%.
- Revenue of the Three New business* amounted to approximately RMB2,899 million, representing a year-on-year increase of 12.7%, accounting for approximately 36.7% of the revenue.
- Gross profit amounted to approximately RMB2,975 million, representing a year-on-year increase of 1.2%. Gross profit margin reached 37.7%, representing a minor decrease of 0.3 percentage points as compared with last year.
- Profit for the year amounted to approximately RMB512 million. Excluding the impact of certain non-operating items, adjusted net profit was approximately RMB851 million, and adjusted net profit margin was 10.8%, maintaining stability.
- A final dividend of HK\$0.412 per Share was proposed. Final dividend payout ratio was 40% of the adjusted net profit.

Note:* Three New business represents digital intelligence-driven operation, vertical industries digitisation, and operation support systems (OSS) business.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the past year, the external economic situation was severe and complex, with ongoing uncertainties during the economic recovery. While customers in the communications industry continued to ramp up efforts to reduce costs, boost efficiency and enhance their proprietary R&D capabilities. Against this backdrop, the Company's traditional business faced certain challenges. Facing with challenges, the Company focused on developing new businesses on the one hand, and innovatively upgraded its traditional business by using new technologies such as AIGC/GPT on the other hand, to offset the pressure brought by the traditional business and maintain healthy and stable overall business growth. In 2023, the Company attached higher importance to cash flow health and strengthened refined management to ensure the Company's long-term sustainable growth. Excluding the non-operating items¹, the Company's profit for the year continued to grow, and its operating cash flow also improved compared to the previous year, continuously creating value for Shareholders, customers and society.

OVERALL RESULTS

In 2023, the Company achieved a steady growth in operating revenue, amounting to RMB7,891 million, representing a year-on-year increase of 2.0%. Though revenue from BSS business declined by 0.9% year-on-year as a result of encountering challenges and the digital intelligence-driven operation business suffered from short-term pain of a year-on-year decrease of 4.2%, however, benefiting from the rapid growth of OSS business and vertical industries digitisation business, the overall revenue base remained solid. The Three New business demonstrated faster growth, representing a year-on-year increase of 12.7%, with revenue amounting to RMB2,899 million, as percentage of total revenue increased to 36.7%. Meanwhile, the Company tightly controlled costs and stepped up efforts in efficiency enhancement, with gross profit margin stood at 37.7%, remaining relatively stable year-on-year. Impacted by the non-operating items such as impairment of goodwill and intangible assets, net profit fell by 37.9% to RMB512 million. However, excluding the impact of the said items, the Company's adjusted net profit for the year amounted to RMB851 million, and the net profit margin sustained a double-digit figure of 10.8%, maintaining decent profitability. Operating cash flow was RMB582 million, representing a year-on-year increase of 5.9%.

The Board, after taking into due consideration of various factors, especially the cash returns of Shareholders and the non-cash impact of the asset impairment, has decided to propose the distribution of a final dividend of HK\$0.412 per Share for 2023 at the AGM, representing a dividend payout ratio equivalent to 40.0% of the profit for the year, excluding the impact of the non-operating items. Taking into account the special dividend declared in December 2023 of HK\$0.6 per Share, the total dividend for 2023 will be HK\$1.012 per Share.

¹ Non-operating items included provisions for impairment of goodwill and intangible assets and the dividend tax arising from the declaration of a special dividend in 2023.

BUSINESS DEVELOPMENT

Short-term pressure on digital intelligence-driven operation business with the pain diminishing

In 2023, iDigital further promoted in-depth reform in business and organisation. Although coming with short-term pain, the new organisational structure strengthened the coverage of regional markets, enabling the Company to respond more efficiently to the needs of government and enterprise clients. Additionally, iDigital's industry research business was significantly impacted by the weak capital market and tight budget controls in the Internet and consumption sectors, resulting in a year-on-year decrease of revenue as compared with last year, but the decline had slowed down in the second half of the year as compared to the first half of the year. With the implementation of policies concerned such as "Data Elements X", the Company believes that there is still enormous market demand for digital intelligence-driven operation. Coupled with the easing of the pain brought by the in-depth reform in the organisation, it is expected that the digital intelligence-driven operation will resume growth in 2024.

In DSaaS, the Company continued to focus on industries such as communications, government and enterprise, automotive and consumption. In digital intelligence TMT, the Company continued to optimise its business model. In 2023, the number of provincial customers participating in the models such as Internet special zones operations and share by equity increased by 7 provinces, reaching a cumulative total of 23 provinces. At the same time, the client base of DSaaS expanded from provincial branches within client groups to more specialised companies such as CM Financial Technology, China Mobile Internet, etc. In digital intelligence government and enterprise, the Company won the project of Digital Chongqing Credit Infrastructure Database, laying a solid foundation for expanding business in relation to government affairs data circulation and monetisation in future. In digital intelligence internet of vehicles, the Company leveraged communications big data combined with AI, privacy computing, and other technologies to develop digital marketing solutions for the automotive industry, driving expansion of the client base continuously, making breakthroughs in joint venture brands, commercial vehicles, and emerging brands, winning multiple projects from companies such as Deepal, GAC Toyota and Dongfeng Motor. In digital intelligence consumption, the Company focused on brand customers, providing services such as membership operations and private domain operations. It obtained Jingpai's membership digital marketing project and provided Nike with store insights and analytics, among others. In decision intelligence (DI), iDigital published couple of research papers on AIGC and digital transformation, etc., gradually becoming more influential in the digital consulting industry and winning multiple top-level digital consulting and planning projects from China Mobile Jinke, Migu and China Broadcasting Network, etc. In 2023, the digital intelligence-driven operation business realised revenue of RMB1,102 million, representing a year-on-year decrease of 4.2%, accounting for 14.0% of the total revenue, with revenue from results-based and commission-based charging models accounting for 24.0% of digital intelligence-driven operation business revenue.

Deepened the high-quality development model of “Standardised Products + Solutions” in the vertical industries

With the deep integration of digital technology and the real economy, various industries are striving to accelerate the digital and intelligent transformation. Against this backdrop, the Company continued to focus on key industries such as energy, transportation, government affairs, etc., and further deepened the high-quality development model of “Standardised Product + Solution”, at the same time appropriately controlled the pace of development. In 2023, the Company’s revenue in the transportation industry amounted to RMB316 million, representing a year-on-year increase of 458.5%, while that in the energy industry amounted to RMB269 million, representing a year-on-year increase of 136.5%.

In the transportation industry, the Company continued to deepen its efforts in intelligent highway and promoted innovative development in smart hubs and digital intelligent logistics. In intelligent highway, the Company developed digital intelligent products and solutions such as 5G + Beidou free-flow billing, traffic digital twin, and transportation big data governance and application. In intelligent smart hubs, the Company participated in the building of Chongqing East Railway Station smart hub project with the business model of “Standardised Product + Solution + System Integration”. In digital intelligent logistics, the Company integrated railway, aviation, highway and sea transport data, as well as customers’ own data, to provide freight data, logistics visualisation, multimodal transport optimisation and other services, and achieved rapid growth in orders during the year with customers including Shougang, Baogang, Jiangsu Trans Union, Shandong Zhongze Energy and Environmental Protection and Qingdao SCO Demonstration Area.

In the energy industry, the Company strengthened the market leadership in nuclear power plant 5G private network, while expanding into wind power, photovoltaic and mining sites. The Company signed a total of 23 nuclear power units for nuclear power plant 5G private network projects, covering nearly 30% of the nuclear power units under construction and in operation in Mainland China. In wind power, the Company’s 5G private network projects covered more than 100 wind farms, and cooperated with China Broadcasting Network and CGN New Energy, successfully deploying 700MHz proprietary base stations in the construction of wind power 5G private network. In photovoltaic, the Company built a cloud-network integrated comprehensive energy platform “Xihe Xingyuan”, and successfully completed such benchmark projects as CNH Energy Hainan distributed photovoltaic project and Hainan Jiaotou zero-carbon service area. In mining, the Company leveraged 5G private network, edge AI, big data and other products and solutions to break through the smart mining market. The Company sees huge addressable market in energy industry. In addition to the nuclear power units that had not yet been covered, there are still thousands of wind farms, photovoltaic power stations and coal mines that have the demand for digital transformation.

In 2023, the vertical industries digitisation business revenue was RMB965 million, up by 27.5% year-on-year, accounted for 12.2% of the revenue.

OSS business maintained rapid growth, BSS business faced certain challenges

In OSS business, the Company continued to seize market opportunities in areas such as computing power network, autonomous network, and ToB 5G networks with industry-leading technology and products to promote fast business growth. AsiaInfo's AN CoPilot product system efficiently supports communication operators to advance to L4/L5 high-level autonomous networks by building a model specific for AN CoPilot, network augmented cognition services and the AN CoPilot toolkits. In 2023, OSS business revenue reached RMB832 million, up by 24.9% year-on-year, accounted for 10.5% of the revenue.

In BSS business, facing challenges from customers intensifying efforts to reduce costs, enhance efficiency, and enhance proprietary R&D capabilities, the downward pressure on our traditional BSS business is increasing. The Company capitalised on the trend and actively deployed innovative technologies such as AIGC/GPT, edge AI, metaverse, and digital twins to develop products that meet customer's demand on innovation, easing the downward pressure on BSS business. We actively infused intelligence into our business, leveraging AIGC to develop products such as intelligent customer service multimodal interaction operations, intelligent marketing services, and ChatBI. Furthermore, in addition, in terms of market expansion, the Company continued to grow its customer portfolio and successfully replaced the government and enterprise business support systems in number of provinces and win projects such as the Billing System Reconstruction Project at China Telecom Shanghai Branch. In 2023, BSS business revenue was down by 0.9% year-on-year, amounted to RMB4,881 million.

Driven by Innovation, Product Capabilities Reached a New Level

The Company has always attached great importance to its core R&D capabilities and continued investment, focusing R&D on the three major product domains, "Cloud Network", "Data Intelligence", and "IT", to move towards the goal of "dual leadership in products and services".

Cloud network products maintain international leadership. Facing the integration of generative AI and large language model technology with communication technology, the Company innovatively creates AN CoPilot product system, which accelerates the evolution of autonomous networks to L4/L5 for operators. The product is currently being deployed at the headquarters of China Mobile, China Unicom, and multiple provincial companies. In 5G private networks, the Company continued to improve the end-to-end product portfolio (base stations, core networks, and private network operation platforms). The 5G private network operation platform won GLOTEL "Excellence Award for BSS/OSS Modernisation Award", and the 5G core network and network slicing (orchestration) capabilities were ranked among the top 7 globally by ABI Research. 5G network intelligent products had been named in "Gartner Global Network Intelligence Mainstream Supplier Matrix" for three consecutive years. For 5G-A and 6G, the Company delved into potential 6G key technologies such as integration of

communications, perception and computing, AI endogeneity, and network digital twins. It pioneered, released and commercially rolled out the industry's first computing and communications Integrated Computing Power Endogenous Network product. Its key technology was certified by the National Scientific and Technological Achievements Service and won the first prize of China Society of Automation in Technological Progress. Further, the Company collaborated with partners such as Tsinghua University's Institute for AI Industry Research and communication operators to jointly release the world's first "White Paper of 6G OSS Technology" and "White Paper of 6G BSS Technology", promoting 6G evolution and innovation.

Digital intelligence products lead domestically and some are internationally advanced. The Company continuously released plug-and-play software and hardware integrated products, such as AISWare AI² Edge Intelligence SmartEye, AI² Edge Intelligence Patrol, AISWare Edge Intelligence Gateway for data collection/edge computing/AI inference and AISWare PEC Edge, which had been widely deployed in areas such as, energy, chemical engineering, and transportation. Among them, the Edge AI product won the French Design Award. Multiple digital intelligence products were featured in internationally renowned consulting reports such as Forrester and Gartner, and the AIOps product had been selected for Gartner's Hype Cycle for ICT in China for four consecutive years. In the realm of generative AI & large language models and other new technologies, the Company innovatively launched the xGPT product series, which achieved commercial deployment in some projects and generated nearly 60 business opportunities.

IT products solidified its tier-1 position in China. The Company's PaaS platform products were evolving towards cloud native, continuously enhancing flexibility, scalability, and security, providing a cloud native technology foundation for AI, big data, and other technologies. The Company's 3D/XR products won the prestigious iF Design Award from the iF Industries Forum Design for two consecutive years (2022 and 2023). In the IT innovation ecosystem, the Company collaborated with Independent Software Vendors (ISV), System Integrators (SIs), operators, and agents to establish a cooperation system with comprehensive industry coverage and regionally deep IT innovation ecosystem for its database product. The ecosystem partners included over a hundred mainstream hardware and middleware vendors.

The Company continues to deeply participate in the work of 20 international/national technical standard organisations such as 3GPP, ITU, ETSI, IEEE, TMF and O-RAN, created over 300 international/domestic standards, of which 85 were added in 2023. In 2023, the Company's products and technologies obtained 117 newly accepted/authorised international/domestic patents and 167 software copyrights.

SOCIAL RESPONSIBILITY

AsiaInfo 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 society. In 2023, with its sustainability performance being highly appreciated and recognised by the community, the Company received a number of recognitions and awards such as “2023 ESG Enterprise — Best Technological Innovation Award”, “Best Information Disclosure Award” and “Beijing Top 100 Private Enterprises in Social Responsibilities”. Additionally, it was included in the rating system by MSCI, an international ESG rating organisation.

AsiaInfo practises the concept of green and low-carbon and promotes sustainable development. To achieve the green goal of “reaching carbon peak by 2025 and achieving carbon neutrality by 2028 in all respects”, we actively explored green operational models and devoted ourselves to the R&D of green products and services. In the efforts to improve energy efficiency and reduce carbon emissions, we vigorously promoted the use of clean energy and advocated for low-carbon offices. Leveraging the “Intelligent Building” features of the AsiaInfo Plaza in Beijing, we achieved green operations in our own facilities. Meanwhile, AsiaInfo contributes to low-carbon transition in society through the development of digital and intelligent products and services. In 2023, AsiaInfo participated in projects such as “Hainan Zero-Carbon Transportation Service Area” and “5G Private Network Empowering Intelligent Green Energy”, applying our R&D findings to social context and achieving green and low-carbon led social development. Additionally, we leveraged our industry influence to collaborate with communications operators to create “Next Generation Digital and Intelligent Cloud Native Business Operations System”, driving the centralised operations and efficient development of the communications industry and setting new benchmarks for its future growth. AsiaInfo actively fulfilled its corporate citizenship obligations and social responsibilities. We actively shouldered social responsibility in caring for vulnerable groups and promoting rural development, etc. by participating in philanthropic donations and initiatives such as “Warm the West Scheme”, endeavouring to share our success with society.

OUTLOOK

Looking ahead to 2024, the external economic development still faces considerable uncertainty, and the challenges of downward pressure on traditional businesses still exist. AsiaInfo will continue to navigate through the challenging environment, seeking opportunities and breakthroughs. The potential and capabilities of AI large language models and generative AI are gradually being unleashed and the new technology such as 5G, computing power network and Data Elements are leading technology companies and vertical industries into a new era of transformation. This fills us with confidence regarding the future development of the industry. Looking into the future, building upon the foundation of the strategy of “One consolidation, Three developments”, the Company

will further advance “Four Shifts” development strategy to drive development in non-communication industries, standardised products, software and hardware integrated products and international markets.

In the communications industry, there exist both challenges and opportunities. Faced with challenges brought by customers’ investment allocation in BSS traditional business and enhanced efforts in proprietary R&D, we will proactively innovate our business through technological and product innovations, mitigating downward pressure on BSS business, while maintaining our leadership position in BSS market. In addition, we will expand our OSS business boundary and step up efforts to penetrate ToB 5G network equipment market. The Company will closely monitor the key investment areas of telecom operator customers such as computing power network, Data Elements, digital intelligence operations, technological innovation, and emerging industries, and leverage industry research and consulting, operational capabilities and technological strength to forge deep cooperation with customers and generate new business value.

In the non-communications industry, we will continue to focus on key vertical industries such as energy, government affairs and transportation. We will seize policy opportunities, strengthen specialised teams, and create benchmark use cases with deepened adoption of the “Standardised Product + Solution” model, to drive business scale and growth with quality. For digital intelligence operations business in non-communications sectors, we will actively leverage the policy opportunities presented by the “Data Elements X” initiative and the resources advantages of communications big data to strengthen our presence in sectors such as consumption and automobiles, while optimising business models, expand product replication, and achieve breakthroughs in scale. In the consumer industry, we will focus on insights and analytics and private domain operations for brand and cultural tourism customers, etc., striving to replicate benchmark use cases in scale. In the automobile market, our focus will be on replicating capabilities and expanding scale, particularly in key scenarios such as precise and efficient lead operations leveraging communications big data.

“Integration” has become the main theme of the ICT industry development, and the boundary between products and services are constantly being blurred. The Company will focus on the creation of five strategic products, namely 5G/6G networks, edge AI, database, xGPT, big data and trusted data circulation and intensify its efforts to promote the products in key vertical industries such as communications, energy, government affairs, and transportation. Simultaneously, the Company will enhance the supply chain management for products and achieve product standardisation and software and hardware integrated product development at a larger scale.

As for international markets, as our capabilities in standardised products is getting mature, the Company will actively integrate into the global ecosystem. It will strive to expand into markets in the Middle East and Southeast Asia through overseas channels and partnerships, bringing the Company's software and hardware integrated standardised products such as 5G private networks, O-RAN, and edge AI to international markets.

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 society for their support to AsiaInfo. I would also like to express our gratitude to all our staff for their relentless efforts and contributions. We will work together to build AsiaInfo into a respectable enterprise with pride for our staff.

Dr. TIAN Suning

Chairman and Executive Director

RESULTS OF THE GROUP

Overview

The Group's key operating performance indicators from the Reporting Period are as follows:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	7,890,620	7,737,787
Traditional business	4,991,482	5,164,557
Three New business	2,899,138	2,573,230
Gross profit	2,975,236	2,939,494
Gross margin	37.7%	38.0%
Profit for the year	512,312	824,412
Net profit margin	6.5%	10.7%

In 2023, the revenue from the Group amounted to approximately RMB7,891 million, representing a year-on-year increase of 2.0%, among which, the revenue from the Three New business amounted to approximately RMB2,899 million, representing a year-on-year increase of 12.7%, maintaining a high speed of growth.

In 2023, the gross profit from the Group was approximately RMB2,975 million, representing a year-on-year increase of 1.2%, and the gross profit margin was 37.7%, representing a minor decrease of 0.3 percentage points as compared with last year. Profit for the year amounted to approximately RMB512 million, representing a decrease of 37.9% as compared with last year. The net profit margin was 6.5%, representing a decrease of 4.2 percentage points as compared with last year. Excluding the impact of certain non-operating items, adjusted net profit was approximately RMB851 million. The adjusted net profit margin remained double-digits at 10.8%, maintaining decent profitability.

The Board is pleased to announce the audited consolidated results of the Group for the Reporting Period.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Renminbi)

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Revenue	4	7,890,620	7,737,787
Cost of sales		<u>(4,915,384)</u>	<u>(4,798,293)</u>
Gross profit		2,975,236	2,939,494
Other income	5	124,980	156,071
Impairment losses under expected credit loss model, net of reversal		(115,797)	(79,671)
Other gains and losses		(271,624)	(1,172)
Selling and marketing expenses		(624,273)	(597,031)
Administrative expenses		(326,286)	(344,558)
Research and development (“R&D”) expenses		(1,094,914)	(1,107,687)
Share of results of associates		(13,718)	(8,863)
Finance costs		<u>(14,841)</u>	<u>(13,113)</u>
Profit before tax		638,763	943,470
Income tax expenses	6	<u>(126,451)</u>	<u>(119,058)</u>
Profit for the year	7	<u>512,312</u>	<u>824,412</u>
Other comprehensive income for the year, net of tax			
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”)		8,018	(2,970)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(4,686)</u>	<u>(6,541)</u>
Other comprehensive income for the year		<u>3,332</u>	<u>(9,511)</u>
Total comprehensive income for the year		<u>515,644</u>	<u>814,901</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME — CONTINUED**

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Profit for the year attributable to:			
Equity holders of the Company		533,008	831,845
Non-controlling interests		(20,696)	(7,433)
		<u><u>533,008</u></u>	<u><u>831,845</u></u>
Total comprehensive income for the year attributable to:			
Equity holders of the Company		535,867	822,514
Non-controlling interests		(20,223)	(7,613)
		<u><u>535,867</u></u>	<u><u>822,514</u></u>
Earnings per share			
— Basic (RMB)	<i>9</i>	0.58	0.92
— Diluted (RMB)	<i>9</i>	0.57	0.90
		<u><u>0.58</u></u>	<u><u>0.92</u></u>
		<u><u>0.57</u></u>	<u><u>0.90</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(Expressed in thousands of Renminbi)

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		275,507	291,690
Right-of-use assets		255,772	285,289
Intangible assets	<i>10</i>	70,903	141,534
Goodwill	<i>11</i>	1,932,246	2,122,627
Investments in associates		72,112	88,969
Financial assets at fair value through profit or loss ("FVTPL")		25,111	22,135
Financial assets at FVOCI		58,619	47,929
Deferred tax assets		155,787	125,815
Restricted bank deposits		100	1,291
Term deposits		—	170,000
Other non-current assets		39,745	32,349
		2,885,902	3,329,628
Current assets			
Inventories		101,530	22,970
Trade and notes receivables	<i>12</i>	1,513,032	1,137,330
Prepayments, deposits and other receivables		265,114	210,660
Contract assets	<i>13</i>	3,105,931	2,596,691
Financial assets at FVTPL		363,008	692,395
Amounts due from related parties		18,179	96,626
Restricted bank deposits		172,848	152,277
Term deposits		246,217	261,636
Cash and cash equivalents		2,612,771	1,933,250
		8,398,630	7,103,835

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — CONTINUED
AS AT 31 DECEMBER 2023
(Expressed in thousands of Renminbi)

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Current liabilities			
Trade and notes payables	<i>14</i>	993,618	523,091
Contract liabilities	<i>13</i>	212,913	273,249
Deposits received, accrued expenses and other payables	<i>15</i>	2,655,547	2,076,860
Amounts due to related parties		3,645	17,194
Income tax payable		360,517	323,409
Lease liabilities		63,584	68,906
		<u>4,289,824</u>	<u>3,282,709</u>
Net current assets		<u>4,108,806</u>	<u>3,821,126</u>
Total assets less current liabilities		<u>6,994,708</u>	<u>7,150,754</u>
Non-current liabilities			
Deferred tax liabilities		280,500	211,399
Lease liabilities		113,809	133,716
		<u>394,309</u>	<u>345,115</u>
NET ASSETS		<u>6,600,399</u>	<u>6,805,639</u>
Capital and reserves			
Share capital		—	—
Reserves		6,615,739	6,795,583
Equity attributable to equity holders of the Company		6,615,739	6,795,583
Non-controlling interests		(15,340)	10,056
TOTAL EQUITY		<u>6,600,399</u>	<u>6,805,639</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Renminbi)

	Attributable to equity holders of the Company										
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve ⁽¹⁾ RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	—	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
Profit for the year	—	—	—	—	—	—	—	533,008	533,008	(20,696)	512,312
Other comprehensive income	—	—	—	(4,696)	—	7,555	—	—	2,859	473	3,332
Total comprehensive income	—	—	—	(4,696)	—	7,555	—	533,008	535,867	(20,223)	515,644
Recognition of equity-settled share-based payments	—	—	—	—	—	—	101,648	—	101,648	—	101,648
Lapse of share options and restricted stock units	—	—	—	—	—	—	(5,594)	5,594	—	—	—
Dividends approved in respect of the previous year and the special dividends declared in current year (<i>Note 8</i>)	—	—	—	—	—	—	—	(847,898)	(847,898)	—	(847,898)
Acquisition of additional equity interests in subsidiaries	—	—	(21,856)	—	—	—	—	—	(21,856)	(5,173)	(27,029)
Purchase of Shares for share award scheme	—	(9,648)	—	—	—	—	—	—	(9,648)	—	(9,648)
Vesting of restricted stock units	—	58,598	—	—	—	—	(58,598)	—	—	—	—
Exercise of share options	—	81,807	—	—	—	—	(19,764)	—	62,043	—	62,043
Transfer to statutory surplus reserve	—	—	—	—	4,849	—	—	(4,849)	—	—	—
Changes in equity for the year	—	130,757	(21,856)	—	4,849	—	17,692	(847,153)	(715,711)	(5,173)	(720,884)
At 31 December 2023	—	2,367,119	263,344	(26,357)	196,038	3,464	1,659,172	2,152,959	6,615,739	(15,340)	6,600,399

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Renminbi)

	Attributable to equity holders of the Company										
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve ⁽ⁱ⁾ RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity 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	—	—	—	—	—	—	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 (<i>Note 8</i>)	—	—	—	—	—	—	—	(328,354)	(328,354)	—	(328,354)
Disposal of assets at FVOCI	—	—	—	—	—	(1,292)	—	1,292	—	—	—
Acquisition of additional interests in non-wholly-owned subsidiaries	—	—	—	—	—	—	—	—	—	20,879	20,879
Purchase of Shares for share award scheme	—	(17,324)	—	—	—	—	—	—	(17,324)	—	(17,324)
Vesting of restricted stock units	—	61,398	—	—	—	—	(61,398)	—	—	—	—
Exercise of share options	—	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

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.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Renminbi)

	2023	2022
	RMB'000	RMB'000
Operating activities		
Profit before tax	638,763	943,470
Adjustments for:		
Depreciation of property, plant and equipment	46,717	41,986
Depreciation of right-of-use assets	95,066	90,573
Amortisation of intangible assets	27,296	28,317
Impairment losses on goodwill and intangible assets	287,534	24,160
Net losses on disposal of property, plant and equipment	269	390
Finance costs	14,841	13,113
Net foreign exchange gain	(6,731)	(30,420)
Interest income on cash and cash equivalents, restricted bank deposits and term deposits	(42,282)	(35,473)
Net gains on disposal of financial assets at FVTPL	(12,002)	(13,720)
Changes in fair value of financial assets at FVTPL	(5,740)	(338)
Interest income from related parties	(3,424)	(3,005)
Share of results of associates	13,718	8,863
Impairment losses under expected credit loss model, net of reversal	115,797	79,671
Share-based payment expenses	101,648	127,302
Others	783	—
Changes in working capital:		
Increase in inventories	(38,838)	(2,699)
Increase in trade and notes receivables	(290,555)	(276,454)
Increase in prepayments, deposits and other receivables	(61,872)	(23,854)
Increase in contract assets	(584,933)	(417,755)
Decrease in amounts due from related parties	81,870	1,649
Increase in other non-current assets	(3,044)	(7,726)
(Decrease)/increase in amounts due to related parties	(13,549)	5,313
Increase in trade and notes payables	293,528	191,763
Decrease in contract liabilities	(99,250)	(56,451)
(Increase)/decrease in restricted bank deposits	(9)	25,509
Increase/(decrease) in deposits received, accrued expenses and other payables	44,636	(132,279)
Cash generated from operating activities	600,237	581,905
Income taxes paid	(18,735)	(32,732)
Net cash generated from operating activities	581,502	549,173

CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2023
(Expressed in thousands of Renminbi)

	2023	2022
	RMB'000	RMB'000
Investing activities		
Purchases of property, plant and equipment and intangible assets	(97,887)	(49,128)
Acquisition of investment in associates	(1,750)	(78,160)
Acquisition of a subsidiary, net of cash acquired	—	(439,235)
Purchases of financial assets at FVTPL	(2,035,488)	(1,309,807)
Proceeds on disposal of property, plant and equipment	150	1,184
Proceeds on disposal of financial assets at FVTPL	2,377,184	1,192,444
Proceeds on disposal of financial assets at FVOCI	—	9,291
Placement of term deposits	(126,530)	(111,585)
Withdrawal of term deposits	311,051	250,000
Loans provided to related parties	(7,100)	(90,001)
Interest received on hold of bank balance and deposits	36,670	34,758
Other cash flows arising from investing activities	(5,328)	—
Net cash generated from/(used in) investing activities	450,972	(590,239)
Financing activities		
Capital element of lease rentals paid	(91,009)	(85,110)
Interest element of lease rentals paid	(11,799)	(10,197)
Proceeds from issue of Shares under share option schemes	67,918	51,244
Proceeds from discounted bills payable	29,808	—
Payment for repurchase of Shares	(9,648)	—
Dividends paid	(338,938)	(329,638)
Other cash flows arising from financial activities	—	3,350
Net cash used in financing activities	(353,668)	(370,351)
Net increase/(decrease) in cash and cash equivalents	678,806	(411,417)
Cash and cash equivalents at 1 January	1,933,250	2,331,821
Effect of exchange rate changes	715	12,846
Cash and cash equivalents at 31 December	2,612,771	1,933,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AsiaInfo Technologies was incorporated in the British Virgin Islands (“**BVI**”) as a company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office of the Company is Craigmuir Chambers, Road Town, Tortola, VG1110, British Virgin Islands.

The Company is an investment holding company. The principal activities of the Group are provision of software products and related services in the PRC.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

None of these developments have had a material effect on how the Group’s results and financial position for the current period 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.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2023 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.

4. 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.

4. REVENUE AND SEGMENT INFORMATION — CONTINUED

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	
	2023	2022
	RMB'000	RMB'000
<i>Timing of revenue recognition</i>		
At a point in time	549,430	537,090
Over time	7,341,190	7,200,697
	<u>7,890,620</u>	<u>7,737,787</u>
<i>Types of goods and services</i>		
Provision of services	7,433,350	7,372,549
Software development, operation and related services ⁽ⁱ⁾	7,293,677	7,215,431
Others ⁽ⁱⁱ⁾	139,673	157,118
Sales of goods	457,270	365,238
	<u>7,890,620</u>	<u>7,737,787</u>

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 RMB212,913,000 as at 31 December 2023 (2022: RMB273,249,000).

Contract liabilities would be recognised as revenue upon the rendering of services. Almost all of the contract liabilities at the beginning of the financial years 2023 and 2022 have been recognised as revenue during the respective years. The management expects substantially all of the amount allocated to the unsatisfied contracts as at 31 December 2023 will be recognised as revenue during the year ending 31 December 2024.

- (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.

4. REVENUE AND SEGMENT INFORMATION — CONTINUED

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 2023 and 31 December 2022, substantially all the sales and service contracts were with signing parties located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the revenue of the Group during the Reporting Periods are as follows:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	4,918,874	4,821,107
Customer B	1,079,086	1,081,923
Customer C	831,913	751,197
	<u>831,913</u>	<u>751,197</u>

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.

5. OTHER INCOME

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants ⁽ⁱ⁾	38,318	60,694
Interest income on bank balances, restricted bank deposits and term deposits	42,282	35,473
Net gains on disposal of financial assets at FVTPL ⁽ⁱⁱ⁾	12,002	13,720
Changes in fair value of financial assets at FVTPL ⁽ⁱⁱ⁾	5,740	338
Gain from additional input VAT credit ⁽ⁱⁱⁱ⁾	14,011	29,275
Others	12,627	16,571
	<u>124,980</u>	<u>156,071</u>

5. OTHER INCOME — CONTINUED

Notes:

- i. For the year ended 31 December 2023, government grants amounted to RMB33,359,000 (2022: RMB53,482,000) are related to high-tech industrial development. Government grants amounted to RMB4,959,000 (2022: RMB7,212,000) 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.
- ii. The financial assets at FVTPL substantially represent the financial products bought from bank, with no principal or return guaranteed.
- iii. During the period from 1 January 2023 to 31 December 2023, the subsidiaries of the Group operating in China were entitled to apply an additional 5% (2022: 10%) to the deductible input Value-added Tax (“VAT”) amount to offset the VAT payable upon meeting the requirements.

6. INCOME TAX EXPENSES

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Tax for current year:		
Current tax	89,994	77,243
Deferred tax	36,457	41,815
	<u>126,451</u>	<u>119,058</u>

Under the Law of the PRC on enterprise income tax (the “EIT Law”) and implementation regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the year ended 31 December 2023 (2022: 25%). Certain subsidiaries of the Company are entitled to enjoy the preferential tax rate of 10%, 12.5% and 15% (2022: 10%, 12.5% and 15%).

The Group’s subsidiaries operating in the PRC were eligible for certain tax credits of 200% deduction rates on certain R&D expenses for the year ended 31 December 2023 (from the first quarter to the third quarter in 2022: 175%; for the fourth quarter in 2022: 200%).

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.

6. INCOME TAX EXPENSES — CONTINUED

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 2023 and 31 December 2022 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	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before tax	<u>638,763</u>	<u>943,470</u>
Notional tax at applicable income tax rate of 10%	63,877	94,347
Tax effect of different tax rates of subsidiaries not applicable of 10% (2022: 10%)	3,698	4,842
Tax effect of share of results of associates	1,450	886
Tax credits on eligible R&D expenses	(81,198)	(59,931)
Tax effect of expenses and losses not deductible for tax purpose	69,452	74,350
Effect of using the deductible tax losses and temporary differences for which no deferred tax asset was recognised in previous periods	(14,961)	(16,894)
Tax effect of income not taxable for tax purpose	(6,976)	(20,884)
Tax effect of tax losses not recognised	16,648	12,467
Tax filing differences in prior years	(10,513)	(1,575)
Tax effect of withholding tax on profit distribution ⁽ⁱ⁾	<u>84,974</u>	<u>31,450</u>
Income tax expenses for the year	<u><u>126,451</u></u>	<u><u>119,058</u></u>

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 RMB84,974,000 was recognised in 2023 as per the subsidiaries' profit distribution resolutions (2022: RMB31,450,000).

Hong Kong government will amend tax laws to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”), which expected to come into effect from 1 January 2025. The Group continues to monitor the local legislation for Hong Kong and development of Pillar Two model rules in other jurisdictions the Group operates, and assess the potential impact.

7. PROFIT FOR THE YEAR

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Staff costs, including Directors' and chief executive's remuneration		
Directors' remuneration	17,622	31,521
Employee benefit expenses		
Other staff costs (salaries, wages, allowance, bonus and others)	3,822,631	3,759,384
Contribution to retirement benefits scheme	363,300	363,964
Share-based compensation expenses	92,257	103,992
	<u>4,295,810</u>	<u>4,258,861</u>
Total staff costs		
Cost of inventories recognised as expenses (transferred into cost of sales)	381,506	342,937
Depreciation of property, plant and equipment	46,717	41,986
Depreciation of right-of-use assets	95,066	90,573
Amortisation of intangible assets	27,296	28,317
Expense of short-term and low value lease	52,990	60,311
Auditor's remuneration ⁽ⁱ⁾	7,721	7,816
	<u>7,721</u>	<u>7,816</u>

Note:

- i. The amount included audit service fee of RMB6,550,000 (2022: RMB6,650,000) and RMB1,171,000 (2022: RMB1,166,000) for the Company and the subsidiaries in the Group, respectively.

8. DIVIDENDS

(i) Dividends payable to equity holders of the Company attributable to the year

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend proposed after the end of the Reporting Period of HK\$0.412 (equivalent to RMB0.373) per Share (2022: HK\$0.401 (equivalent to RMB0.358) per Share)	<u>348,617</u>	<u>332,737</u>
Special dividend declared on 4 December 2023 of HK\$0.600 (equivalent to RMB0.545) per Share (2022: N/A)	<u>510,014</u>	<u>—</u>
	<u>858,631</u>	<u>332,737</u>

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.

The special dividend declared on 4 December 2023 has been recognised as “dividends payables” as at the period end and had been paid in January 2024.

(ii) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid ⁽ⁱ⁾ during the year, of HK\$0.401 (equivalent to RMB0.358) per Share ⁽ⁱ⁾ (2022: HK\$0.416 (equivalent to RMB0.340) per Share ⁽ⁱ⁾)	<u>338,938</u>	<u>329,638</u>

Note:

- (i) The final dividend is translated into RMB for disclosure with reference to the respective exchange rate on 29 December 2023 and 30 December 2022.
- (ii) The final dividend paid of the previous financial year is calculated according to the exchange rate at the end of each month.

9. 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	
	2023	2022
	RMB'000	<i>RMB'000</i>
Earnings:		
Earnings for the purpose of calculating basic and diluted earnings per share	533,008	831,845
Number of shares:		
Issued shares at 1 January	929,315,321	924,944,850
Effect of shares repurchased	(17,299,177)	(23,373,546)
Effect of share options exercised and restricted stock units (“RSUs”) vested	7,872,626	6,356,184
Weighted average number of shares for the purpose of calculating basic earnings per share	919,888,770	907,927,488
Effect of dilutive potential shares: Share options and RSUs	10,789,874	13,901,608
Weighted average number of shares for the purpose of calculating diluted earnings per share	930,678,644	921,829,096

The calculations of basic earnings per share for the years ended 31 December 2023 and 31 December 2022 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 2023 and 31 December 2022 had taken into account the issuance of shares upon the exercise and vesting of share options and RSUs, purchase of shares in 2023 and 2022.

The computation of diluted earnings per share for the year ended 31 December 2023 did not assume the exercise of the share options under 2014 stock incentive plan (“**2014 Plan**”), certain share options under the Pre-IPO share option scheme of the Company (“**Pre-IPO Share Option Scheme**”), certain share options 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 2022 did not assume the exercise of the share options under the 2014 Plan, certain share options under the Pre-IPO Share Option Scheme, certain share options under the 2019 Share Option Scheme since such share options had an anti-dilutive effect.

10. INTANGIBLE ASSETS

Intangible assets mainly includes trademark, copyright and related agreements, software, and etc. As at 31 December 2023, the recoverable amount of the intangible assets is determined by management based on the higher of the fair value less costs of disposal and value in use, amounted RMB70,903,000 (31 December 2022: RMB141,534,000). The management engaged an external valuer to determine the recoverable amounts of intangible assets.

The recoverable amount of certain intangible assets arising from acquisition of iResearch Consulting is RMB16,000,000 as at 31 December 2023. The carrying amounts of these intangible assets has been reduced to its respective recoverable amount and an impairment loss on intangible assets of RMB97,153,000 during the year 2023 was recognised, which was included in other gains and losses (2022: N/A).

These calculations use discounted cash flow forecasts based on financial budgets approved by management covering a five-year period, and at an average after-tax discount rate 14.9% for the year ended 31 December 2023 (2022: N/A).

11. GOODWILL

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, and was allocated to the Group's cash-generating units ("CGU") identified according to business operations as follows:

	2023 RMB'000	2022 <i>RMB'000</i>
Software business	1,932,246	1,932,246
iResearch Consulting business	<u>—</u>	<u>190,381</u>
	<u>1,932,246</u>	<u>2,122,627</u>

The recoverable amount is determined by management based on the higher of the fair value less costs of disposal and value in use. The management engaged an external valuer to determine the recoverable amounts of the CGU.

11. GOODWILL — (CONTINUED)

Impairment testing on goodwill

Software business:

The calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and at a pre-tax discount rate of 18.5% for the year ended 31 December 2023 (2022: 19.5%). 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, 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 key assumptions used in estimating the recoverable amount are as follows:

	2023	2022
Average Annual revenue growth rate during the forecast period:	6.6%	10.3%
Average Annual gross profit margin	38.0%	38.4%
Growth rate beyond the forecast period	2.5%	3.0%
Pre-tax discount rate	<u>18.5%</u>	<u>19.5%</u>

The recoverable amount of the CGU of software business was RMB9,700,000,000 as at 31 December 2023 (2022: RMB10,880,000,000), which was higher than the carrying amount of the CGU, including the goodwill. Therefore, for the year ended 31 December 2023, no impairment loss was recognised (2022: nil).

11. GOODWILL — (CONTINUED)

iResearch Consulting business:

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, at a pre-tax discount rate of 17.5% for the year ended 31 December 2023 (2022: 20.5%). 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. Revenue and profit of the CGU of iResearch Consulting in 2023 decreased compared with 2022, which was mainly due to the impact of multiple factors such as weakened market demand and ongoing uncertainties and challenges during the economic recovery. Considering these factors, the Group has lowered its discounted cash flow forecasts for iResearch Consulting in the future. The key assumptions used in estimating the recoverable amount are as follows:

	2023	2022
Average annual revenue growth rate during the forecast period:	12.3%	17.3%
Average gross profit margin	32.6%	36.3%
Growth rate beyond the forecast period	2.5%	2.5%
Pre-tax discount rate	<u>17.5%</u>	<u>20.5%</u>

- The recoverable amount of the CGU of iResearch Consulting business is RMB145,000,000 as at 31 December 2023 (2022: RMB483,000,000). The CGU of iResearch Consulting business (containing goodwill) has been reduced to its recoverable amount and an impairment loss on goodwill of RMB190,381,000 during the year 2023 was recognised, which was included in other gains and losses (2022: RMB24,160,000). After the impairment test, the carrying amount of the goodwill in relation to iResearch Consulting business has been reduced to zero.

12. TRADE AND NOTES RECEIVABLES

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Notes receivables	215,548	85,060
Trade receivables	1,385,750	1,102,647
Amounts due from third parties	697,415	513,344
Amounts due from related parties	688,335	589,303
Less: allowance for credit losses	<u>(88,266)</u>	<u>(50,377)</u>
	<u>1,513,032</u>	<u>1,137,330</u>

For the purpose of data comparison, the amounts above included the trade and notes receivables from China Mobile Group.

12. TRADE AND NOTES RECEIVABLES — CONTINUED

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 the 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 2023 and 31 December 2022 is as follows:

	At 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
1–30 days	817,278	675,312
31–90 days	310,865	264,293
91–180 days	162,157	114,299
181–365 days	120,948	65,643
Over 365 days	101,784	17,783
	<u>1,513,032</u>	<u>1,137,330</u>

Movements in lifetime ECL that had been recognised for trade receivables in accordance with HKFRS 9 for the years ended 31 December 2023 and 31 December 2022 are as follows:

	<i>RMB'000</i>
At 1 January 2022	27,854
Allowance for trade receivables, net of reversal	4,316
Addition through acquisition of subsidiary	21,758
Written-off as uncollectible	<u>(3,551)</u>
At 31 December 2022	50,377
Allowance for trade receivables, net of reversal	46,816
Written-off as uncollectible	<u>(8,927)</u>
At 31 December 2023	<u>88,266</u>

13. 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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed for reporting purposes as follows:		
Contract assets	3,105,931	2,596,691
Contract liabilities	<u>(212,913)</u>	<u>(273,249)</u>

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 2023 and 31 December 2022, the majority of the balances were expected to be recognised as revenue during the year ending 31 December 2024 and the year ended 31 December 2023, 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.

Movements in lifetime ECL that had been recognised for contract assets in accordance with HKFRS 9 for the year ended 31 December 2023 are as follows:

	<i>RMB'000</i>
At 1 January 2022	124,542
Allowance on contract assets, net of reversal	51,879
Written-off as uncollectible	<u>(7,976)</u>
At 31 December 2022	168,445
Allowance on contract assets, net of reversal	75,693
Written-off as uncollectible	<u>(12,104)</u>
At 31 December 2023	<u>232,034</u>

14. TRADE AND NOTES PAYABLES

	At 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	838,962	429,373
Notes payables	154,656	93,718
	<u>993,618</u>	<u>523,091</u>

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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
1–90 days	668,112	384,859
91–180 days	46,680	47,666
181–365 days	85,801	57,537
Over 1 year	193,025	33,029
	<u>993,618</u>	<u>523,091</u>

15. DEPOSITS RECEIVED, ACCRUED EXPENSES AND OTHER PAYABLES

	At 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Accrued payroll, welfare and other reimbursement	1,815,791	1,773,147
Dividends payables	508,555	—
Accrued expenses	117,182	86,952
Employee reimbursement payables	64,482	72,532
Other tax payables	69,211	63,792
Performance bond received	24,592	1,395
Advance from customers	11,636	5,222
Accrued liabilities	6,584	60,631
Others	37,514	13,189
	<u>2,655,547</u>	<u>2,076,860</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Summary

Over the past year, the external environment remained complex and challenging, putting greater pressure on the enterprises' operations, while at the same time, customers in the communications industry have further increased their efforts to reduce costs and increase efficiency and independent R&D. The downward pressure on our traditional BSS business is increasing. Despite this backdrop, the Company strived to overcome various difficulties. On the one hand, we continue to develop new business, and on the other hand, we utilise AIGC/GPT and other technologies to innovate and upgrade our traditional business to consolidate BSS leading position, so as to offset the pressure from our traditional business and maintain healthy and stable overall business development.

During the Reporting Period, the overall performance of the Company remained sound. Revenue amounted to RMB7,891 million, up by 2.0% year-on-year. Among these, the Three New business, namely digital intelligence-driven operation, vertical industries digitisation, and OSS business, achieved revenue of RMB2,899 million, up by 12.7% year-on-year, and increased its proportion over the revenue to 36.7%. The gross profit margin was 37.7%, which basically remained the same as last year. At the same time, the Company implemented strict measures to reduce costs and increase efficiency. However, several non-operating items, such as the impairment of goodwill and intangible assets, affected net profit, which fell to RMB512 million. Excluding the impact of these non-operating items, adjusted net profit amounted to RMB851 million. Adjusted net profit margin remained at double-digits at 10.8%, and profitability remained strong.

The digital intelligence-driven operation business was under short-term pressure with a narrow decline in the second half of the year

In 2023, the digital intelligence-driven operation business is facing short-term pressure due to the impact of both the external environment and internal changes within the organisation. According to Wind data, the number of IPO listings significantly decreased in 2023. Due to this factor and the continued cost reduction and efficiency improvement of internet companies, the revenue from the Company's industry research business dropped significantly. In addition, the Company's further implementation of in-depth organisational changes had a certain impact on the business, which was optimised from the original industry-focused operating model to a matrix marketing organisation based primarily on regions and industries. Such change had a certain impact on the digital intelligence-driven operation business in the short term. However, with the deep integration of organisations, the negative impact of such changes has been gradually fading, and it is expected that the digital intelligence-driven operation business will resume growth in 2024. With the advancement of policies related to data elements, such as the "Data Elements X" jointly introduced by the National Data Administration and

17 other departments in January 2024 and the “Interim Provisions on Accounting Related to Enterprise Data Resources” issued by the Ministry of Finance in August 2023, we believe that these policies will play an important role in injecting new vitality into the development of the digital economy and the digital intelligence-driven operation market.

During the Reporting Period, the Company achieved revenue from the digital intelligence-driven operation business of RMB1,102 million, down by 4.2% year-on-year, but the decrease had been reduced as compared with the first half of the year. The revenue from digital intelligence-driven operations accounted for 14.0% of the revenue. The Company continues to promote business model innovation, with the proportion of revenue from results-based and commission-based charging models amounting to 24.0%.

In 2023, for the DSaaS business, the Company continued to delve into the digital communications, digital government and enterprise, digital car networking, digital consumption and finance and other industries. For the communications industry, we continued to optimize our business models, in which the provinces of Internet special zone operation and share by equity, etc., added 7 provinces in 2023, accumulating to 23 provinces. Our customer base for the DSaaS business has expanded from traditional provincial customers to more professional companies, such as China Mobile Jinke, China Mobile Internet, and other professional companies. For the digital government and enterprise industry, government affairs data elements and smart park operation solutions have been highly recognized by the market. For instance, we have successfully won the bid for the digital Chongqing Credit Infrastructure Database project, laying the foundation for continued government affairs data circulation and monetisation in the future. The “Liangjiang Collaborative Innovation Smart Park Project” jointly developed by Chongqing Liangjiang New District and Chongqing Mobile won the first prize and the Industry Benchmark Award of the “Dingxin Cup” from the CAICT. For digital intelligent internet of vehicle, based on communication big data, combined with the Company’s AI, privacy computing, and other products, we have focused on private domain marketing, precise placement, live new media, and other automotive marketing scenarios to create a mature digital marketing plan which has won a number of customer projects such as Deepal, GAC Toyota, Zonsen, Dongfeng Motor, Volcano Engine, and Yonyou Auto. In addition, our accomplishments in incremental markets such as joint venture brands, commercial vehicles, and emerging brands have been groundbreaking. For digital consumption and finance, we have focused on consumption brand customers and created digital operation solutions around membership operations, private domain operations, and other scenarios, such as providing digital marketing and store insight services for customers such as Jingpai and Nike. In addition, for the DI business, we have continued to improve our digital consulting leadership capabilities. A series of research reports have been released around hot industry areas such as digital transformation and AIGC, which have gained significant industry influence and obtained digital top-level consulting and planning projects from customers such as China Mobile Group Corporation, China Mobile Government and Enterprise, CM Financial Technology, China Mobile Information, Migu, and China Broadcasting Network.

Vertical industries continue to deepen the “Standardised Products + Solution” high-quality development model

Digital China construction has accelerated the digital transformation process of the industry, which has opened up opportunities for digital innovation in industries powered by AIGC/GPT technology. Against this background, the Company is focused on strategic industries such as energy, transportation, and government affairs, and continues to deepen the development model of “Standardised Products + Solution” to ensure that the Company’s digital business in vertical industries maintains high-quality growth. During the Reporting Period, the revenue of the Company’s vertical industries digitisation business reached RMB965 million, representing a year-on-year increase of 27.5%. Among them, the revenue from the energy and transportation industry increased by 136.5% and 458.5% respectively year-on-year.

In the energy industry, there is a significant potential for 5G private networks. The Company has continued to consolidate its leading position in the nuclear power 5G private network market and aimed to expand into other fields such as wind power, photovoltaics and mining. In terms of nuclear power, we provide products and solutions to many nuclear power bases such as Changjiang in Hainan, Fuqing in Fujian, Qinshan in Zhejiang, Tianwan in Jiangsu, and Zhangzhou in Fujian. In particular, Tianwan in Jiangsu is the first nuclear power plant in the country to complete regional acceptance and is officially commercialized. Similarly, Zhangzhou in Fujian is the first nuclear power plant under construction in the country to adopt a 5G private network. The Company’s 5G private network products cover 23 units in operation and under construction, with a coverage rate of nearly 30%. In terms of wind power, the Company has continued to support the construction of smart wind power, with over 100 wind farm stations in total. We have also partnered with China Broadcasting Network to successfully apply 700MHz self-developed base stations in wind power 5G private network projects. For example, CGN New Energy Guangning Wind Farm is the first in the country that uses 5G public and private network integration solutions to achieve full coverage. In terms of photovoltaic, the Company has built a comprehensive energy platform “Xihe Xingyuan” that integrates cloud and network. It is currently connected to over 400 photovoltaic stations and serves customers such as CNH Energy Hainan, and Hainan Communications Investment. In terms of mining, based on products and solutions such as 5G private networks, edge intelligence, and big data, the Company has obtained projects such as Pingmei Smart Mine, Huaneng Coal Industry Data Governance, and Inner Mongolia Gaotouyao Coal Mine Intelligence.

In the transportation industry, the Company has strengthened its multi-scenario layouts, continued to deepen its efforts in intelligent highway and promoted innovative development in intelligent transportation hubs and digital smart logistics. In terms of smart high-speed, this business covers more than ten provinces and cities across the country, including Hunan, Yunnan, Gansu, Jiangsu, Qinghai, Henan, Hebei, Guangdong, Chongqing, Sichuan, etc., forming mature digital intelligent solutions such as 5G+Beidou free-flow billing, traffic digital twins, transportation big data and transportation

intelligent customer service. In terms of smart hubs, the Chongqing East Railway Station Smart Hub Project, the largest high-speed rail smart hub in Southwest China, has been successfully developed. The project has a contract value exceeding RMB600 million. The project is currently progressing in an orderly manner and is expected to be completed by mid-2025. As far as digital intelligence logistics is concerned, we always keep up with the trend of “Data Element X”. We have integrated multi-party logistics data sources such as railways, highways, aviation, and water transportation, to enable the circulation of data elements. This allows us to provide services such as freight data, logistics visualisation, and multimodal transportation optimisation to customers. As of now, our customers include steel, energy, and other bulk logistics markets.

OSS business maintains rapid growth

In 2023, communication operators began shifting from wide coverage to deep coverage in the construction model of 5G networks, and the demand for network intelligence has continued to grow. At the same time, customers have increased their investment in new R&D and application technologies such as computing networks, computing network brains, and large models. During the Reporting Period, the Company efficiently utilised the above-mentioned market opportunities and further upgraded its OSS products to maintain its leading position in the market. The Company’s OSS business revenue amounted to RMB832 million, representing a year-on-year increase of 24.9%. This accounted for 10.5% of the revenue, representing an increase of 1.9 percentage points.

In terms of network automation, we have obtained projects such as the mobile headquarters data-sharing platform of China Mobile, the wireless network digital operation platform of China Unicom Intelligent Network Innovation Center, the home broadband sensing operation platform of a certain province of China Unicom, and the resources management system of a certain province of China Telecom. In terms of computing power networks, projects such as the computing network platform of a professional company of China Mobile, the first-level network management capability gateway of a headquarter, and the computing network orchestration of a large-scale computing power center of a professional company of China Unicom have been completed. Moreover, the Company’s endogenous network technology for computing power won the “First Prize of 2023 Scientific and Technological Progress Award” from the Chinese Automation Society. In terms of the ToB 5G network, the Company won the bid for the China Broadcasting Network ToB 5G private network project with the largest share. In terms of network digital intelligence innovation, the Company obtained the 5G private network operation platform project of the Guangdong Provincial Government Service Data Administration (廣東政數局), the customer perception center project of China Unicom headquarter, and the content distribution network platform project of China Mobile Group. Furthermore, the 5G vertical industry enabling platform jointly innovated with Guangdong China Unicom was awarded the “BSS/OSS Modernisation Excellence Award” at the 11th Global Telecommunications Awards.

BSS business declined slightly

In 2023, customers in the communications industry continued to promote cost reduction and efficiency of IT systems and further increased their independent R&D efforts. In addition, with the development of AIGC/GPT technology, customers also paid more attention to the use of AI technology to reconfigure traditional BSS application systems. In the face of these changes, the Company responded to the trend and actively carried out technological and product innovations in the fields of AIGC/GPT, Edge AI, Metaverse, and Digital Twins, and endeavoured to strive for customers' IT investments in the innovation field in order to alleviate the downward pressure on the BSS business. During the Reporting Period, the Company realised revenue of RMB4,881 million from its BSS business, representing a year-on-year decrease of 0.9%.

In terms of BSS intelligence, based on independently innovative products, such as RPA, digital twins, AIGC/GPT, databases, Metaverse, etc., intelligence BSS application systems include China Mobile's "Tianyuan" operation and maintenance system, China Mobile Virtual Reality Company Digital Twins, China Mobile's online customer service process automation, China Mobile's "Shentong" platform, China Telecom's ChatBI, China Unicom's Smart Brain 3.0 and other projects. In terms of joint innovation, the Company has collaborated with operators in various fields to conduct joint R&D, including Eastern and Western computing projects, customer product R&D, etc. In particular, the "Metaverse Business Hall" jointly built with Zhejiang Mobile won the TMF 2023 Asian Catalyst Award. In terms of new market expansion, the Company successfully replaced the government and enterprise business support systems in multiple provinces and won multiple IT projects in the management information domain. In addition, the Company won projects such as the reconstruction of Shanghai Telecom's billing core system.

Product standardisation capability continues to improve and win wide recognition

The Company continuously strengthens its R&D and innovation strength and technology leading ability, focuses on the three major product systems of "Cloud Network", "Digital Intelligence" and "IT", and moves towards to the goal of "dual product and service leadership", with our cloud network products maintaining international leadership, our digital intelligence products realising domestic leadership, and our IT products being in the first position in China.

The Company maintains international leadership in cloud-network products. First of all, the Company took the lead in releasing an arithmetic endogenous network product driven by the integration of communication and computation, the key technology of which passed the National Science and Technology Achievement Appraisal and won the First Prize for Scientific and Technological Progress from the Chinese Society of Automation. The product has been commercialized by a head mining enterprise in Xinjiang, and it is the industry's first case of commercialisation of an arithmetic-endogenous 5G private network. Secondly, the Company innovates and builds the AN CoPilot product system, which helps operators customers to evolve to L4/L5 high-level self-intelligent network by constructing the exclusive model of AN CoPilot, cognitive enhancement services and tool sets; this product has been applied in the headquarter of China Mobile and China Unicom, as well as in a number of provincial companies. In addition, the Company's 5G core network and network slicing (orchestration) capabilities were ranked among the top 7 in the world by ABI Research; its 5G private network products were selected to be part of the OMIDA 2024 Global 5G Private Network Mainstream Vendor Matrix; and its 5G private network operation platform was awarded the GLOTEL "BSS/OSS Modernisation excellent Award". At the same time, the Company's 5G private network series products won the largest share of China Broadcasting Network's ToB 5G private network equipment procurement project, and its 5G network intelligence products were selected by Gartner's "Mainstream Vendor Matrix" for three consecutive years. In addition, the Company further strengthens the technology forward-looking research, joined with Tsinghua University Intelligent Industry Research Institute, communications operators and other industry-university-research-application partners, released the world's first "White Paper on 6G OSS Technology" and "White Paper on 6G BSS Technology", to help the 6G evolution and innovation, and empower the communications industry, digital and intelligent transformation.

Digital intelligence products lead domestically and some are internationally advanced. Firstly, the Company continues to launch plug-and-play software and hardware integration products such as Edge Intelligence, AISWare AI² Edge Intelligence SmartEye, AI2 Edge Intelligence Patrol, AISWare Edge Intelligence Gateway for data collection/edge computing/AI inference and AISWare PEC Edge, etc., which have been widely used in power generation, mining, chemical industry, housing and construction, transportation, and social governance, etc. Secondly, multiple digital intelligence products were featured in internationally renowned consulting reports such as Forrester and Gartner, and the AIOps product had been selected for Gartner's Hype Cycle for ICT in China for four consecutive years. Furthermore, the Company utilises AIGC, big models and other new technologies to continuously innovate its products, launched the xGPT product system, and independently developed a number of industry-specific models, including the exclusive model for communication services, the exclusive model for intelligent operation and maintenance co-drivers, the exclusive model for self-intelligent network co-drivers and the exclusive model for Turing programmers' automated programming, as well as a number of GPT cognitive enhancement tools, and has achieved commercial landing of some of its projects in the direction of generative AI & big models. At present, the

Company has realised commercial landing of some projects and nearly 60 business opportunities in the direction of generative AI & big model. Meanwhile, our Edge Intelligence products have won the 2023 French Design Award; AIOps and AI Network products have won the First Prize of Scientific and Technological Progress from the China Computer Federation (CCF) and the Wu Wenjun Scientific and Technological Progress Award respectively. In addition, the Company, together with the Institute of Intelligent Industry of Tsinghua University, communications operators and other industry-academia-research-utilisation partners, released the world's first "White Paper on AIGC (GPT) Enabling Telecom Industry Applications" in the field of telecom, which effectively promotes the in-depth integration of the communications industry and AI as well as synergistic innovation.

The Company has consolidated the first position in the domestic IT field. Firstly, PaaS platform products of the Company evolved to cloud-native, building a cloud-native technology base for the Company's AI, big data and other products. Secondly, technologies and products such as digital twins and 3D/XR continued to evolve and boosted the construction of a multifaceted ecosystem in the meta-universe; 3D/XR was awarded the VR/AR Innovation Prize at the World VR Industry Conference and the TMForum Award for the Best Innovation and Future Technology, and won the Hanover Industrial Design Award for the second consecutive year. In addition, database products has been honored as the outstanding brand of China Information and Innovation Database in 2023, and through cooperation with independent software developers (ISVs), system integrators (SIs), carriers, agents and other eco-partners, we have established a comprehensive information and innovative eco-cooperation system that can cover the whole industry and has regional depth, with more than 270 partners. Database products rose to the 11th place in the Ink Wheel ranking from the 14th place in January 2023.

By continuously participating deeply in 20 international/national technical standard organisations such as 3GPP, ITU, ETSI, IEEE, TMF, O-RAN, etc., and increasing the proportion of international standards from followers to dominants, the Company has formed more than 300 international/domestic standards, of which 85 new international/domestic standards were added in 2023. The related products and technologies have accumulated more than 400 international/domestic patents, more than 70 high-quality papers, and more than 1,400 software copyrights in many key innovative technologies and products. The Company has published many technical opinions leading the industry development, such as "The First Decade of Arithmetic Networking" and "How 6G OSS/BSS Technology Evolves" in mainstream media such as Science and Technology Daily and many industry headline media/journals.

OUTLOOK

The economic situation in 2024 remains uncertain, and the challenge of downward pressure on traditional business still exists. However, the future of industrial digitalisation represented by the empowerment of new technologies such as AIGC/GPT, data elements, 5G, and computing power networks looks promising. As a provider of full-stack digital intelligence capabilities, AsiaInfo will actively embrace this wave of development and continue to build a solid technical foundation for the development of digital economy. Moving forward, building upon the foundation of the strategy of “One consolidation, Three developments”, the Company plans to further implement the new “Four Shifts” development strategy of “communication + non-communication”, “service + product”, “software + hardware”, and “domestic + international” on the basis of “One consolidation, Three developments” business strategy for achieving high-quality growth.

Firstly, in the communications industry, challenges and opportunities coexist. The Company will follow the trend and face the challenges brought by customers’ cost reduction and efficiency increase and independent R&D, and actively grasp the investment opportunities of customers in new fields such as AI injection, joint innovation, so as to alleviate the downward pressure of BSS business. For the OSS business, in addition to plowing into the traditional OSS software market such as “Network management + Network optimisation”, the Company will also strengthen its expansion in the field of ToB 5G network equipment to broaden the boundaries of the OSS market, so as to reserve growth momentum for the long-term and sustainable development of the Company’s communications market. In addition, in the digital intelligence operation business, the Company will continue to do a good job of “value management” for its customers, and expand the scale of its business under the results-based and commission-based payment model. That is, vertically, we will strengthen the connection with local, municipal, district and county level operators, and penetrate into the end operation units of our customers to explore the value of our operation business; horizontally, we will further expand the customers of professional companies of operators, and enhance the coverage of Digital Intelligence’s operation products and services in the customer base of professional companies.

Secondly, in the non-communications industry, opportunity and challenge coexist. Among them, the vertical industries digitisation business will further focus on key industries such as energy-electricity, energy-mining, transportation-highway, transportation-hub, transportation-logistics, and government affairs, etc., and push forward with the mode of “Standardised Product + Solution” to ensure high-speed and high-quality business growth. The digital intelligence operation business will grasp the policy opportunity of “Data Elements X” and, relying on the resources advantages of communications big data, increase the replication and promotion of DSaaS products for customers in key industries such as automotive, consumption and finance. For example, in the automotive field, the Company will seize the new opportunity of the rapid growth of China’s new energy intelligent connected car market, and promote the mature automotive digital marketing solutions to more new energy automotive brand customers; in the consumption field, the

Company will continue to optimise the private domain operation, membership operation, customer insights, store location and other digital operation tools, and promote and replicate them to more consumption brand customers and cultural and tourism customers. In addition, with the recovery of the domestic economy and the release of demand for digital consulting and planning from many centralised state-owned enterprise clients, the Company's digital intelligence business is also expected to achieve resilient growth.

Furthermore, in terms of software and software-hardware integration products, the Company will focus on five strategic products, namely, 5G/6G networks, edge AI, database, big data and trusted data circulation, and xGPT, to enhance the standardisation of products and improve the supply chain system of software-hardware integration products. At the same time, the Company will also increase the promotion of standard products in communications, energy, transportation, government affairs and other industries, in order to strive for the investment of communication industry customers in the field of innovation with product and technological innovation, and to boost the high-quality growth of the digital business in vertical industries with the sale of standard products.

In addition, in the international markets, the Company will actively integrate into the international ecosystem, launch internationalised product versions, and take advantage of the "Belt and Road" and other policy opportunities to bring the Company's standard products such as 5G/6G networks, O-RAN, Edge Intelligence, and databases to the Middle East, Southeast Asia, and other international markets with the help of overseas channels and the mode of borrowing ships to go to sea, so as to achieve a breakthrough in international business.

Finally, the Company will continue to utilise AIGC/GPT and other toolsets to empower all aspects of the Company's internal production and operation, reduce costs, improve efficiency, and help the Company achieve high-quality growth in performance.

FINANCIAL OVERVIEW

Summary

In 2023, in the face of the severe and complicated external environment and pressure challenges, the Company firmly implemented the development strategy of "One consolidation, Three developments", highly emphasised on the quality of business development, strengthened cost control, and promoted the steady development of the Company's operation in an orderly manner.

In 2023, the Company took the initiative to improve the quality of orders, and maintained a steady growth in new orders, of which the new orders of the Three New business increased by more than 10%, accounting for approximately 40% of the total orders, and achieved operating revenue of approximately RMB7,891 million (2022: approximately RMB7,738 million) in 2023, representing a year-on-year increase of 2.0%. Among them, the revenue from the Three New business amounted to approximately RMB2,899 million (2022: approximately RMB2,573 million), representing a year-on-year increase of 12.7%, and accounting for 36.7% of the revenue, representing an increase of 3.4 percentage points year-on-year, which continued to drive the growth of the Company's business scale.

In 2023, the Company realised gross profit of approximately RMB2,975 million (2022: approximately RMB2,939 million) and gross profit margin of 37.7% (2022: 38.0%), representing a decrease of 0.3 percentage points as compared with last year. Net profit realized was at approximately RMB512 million (2022: approximately RMB824 million), representing a decrease of 37.9% year-on-year, and net profit margin of 6.5% (2022: 10.7%), representing a decrease of 4.2 percentage points year-on-year. The decrease in net profit was all attributable to the impact of non-operating items. Excluding the impact of these items, adjusted net profit was approximately RMB851 million, and adjusted net profit margin was 10.8%. The Company continues to maintain good profitability.

In 2023, the Company realised basic earnings per Share of approximately RMB0.58 (2022: approximately RMB0.92), a year-on-year decrease of 37.0%. Excluding the effect of non-operating items, basic earnings per Share was approximately RMB0.95.

In 2023, the Company's net cash from operating activities amounted to approximately RMB582 million (2022: approximately RMB549 million), representing a year-on-year increase of 5.9%. The increase in cash from operating activities was attributable to a combination of the high-quality expansion of the Company's business and cost controls.

Revenue

During 2023, the Company adhered to the development strategy of "One consolidation, Three developments", deepened its strategic transformation, focused on the industry and digital transformation, strengthened its technological innovation, and continued to promote its business deployment in various application areas, so as to achieve growth in revenue scale despite the complex and volatile domestic and international economic environment.

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

	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Revenue				
Traditional business	4,991,482	63.3	5,164,557	66.7
BSS	4,880,853	61.9	4,924,582	63.6
Three New business	2,899,138	36.7	2,573,230	33.3
Digital intelligence-driven operation	1,101,602	14.0	1,149,994	14.9
Digitisation of vertical industries	965,264	12.2	757,023	9.8
OSS	832,272	10.5	666,213	8.6
Total	<u>7,890,620</u>	<u>100.0</u>	<u>7,737,787</u>	<u>100.0</u>

In 2023, the revenue amounted to approximately RMB7,891 million (2022: approximately RMB7,738 million), increasing by 2.0% year-on-year, among which, the revenue from the Three New business amounted to approximately RMB2,899 million (2022: approximately RMB2,573 million), increasing by 12.7% year-on-year, which accounted for 36.7% of the revenue (2022: 33.3%) and continued to drive the Company's business scalable expansion.

The traditional business includes BSS business and sales of third-party hardware and software, system integration services and corporate training. In 2023, revenue from the BSS business amounted to approximately RMB4,881 million (2022: approximately RMB4,925 million), a slight decrease of 0.9% year-on-year, accounting for 61.9% of the revenue (2022: 63.6%).

Affected by the external market environment and organisational restructuring, the digital intelligence operation business has experienced short-term fluctuations. In 2023, the Company recorded revenue of approximately RMB1,102 million (2022: approximately RMB1,150 million), representing a year-on-year decrease of 4.2%, and accounted for 14.0% of revenue. With the development of the digital economy and the rebound of the external environment, the demand for digital intelligence services will remain strong in the future.

Having benefited from years of market development, in 2023, the digitisation business of vertical industries led by energy and transportation ushered in the development of scale and achieved revenue of approximately RMB965 million (2022: approximately RMB757 million), representing a year-on-year increase of 27.5% and accounting for 12.2% of the revenue, exceeding 10% for the first time. We will further focus on energy, transportation, government affairs, etc., and gradually form an in-depth development of a sustainable business model.

The Company continued to maintain its industry-leading product capability of 5G network intelligence. In 2023, the OSS business achieved revenue of approximately RMB832 million (2022: approximately RMB666 million), representing an increase of 24.9% year-on-year.

Cost of sales

In 2023, the cost of sales was approximately RMB4,915 million (2022: approximately RMB4,798 million), representing an increase of 2.4% year-on-year, which was in line with business expansion.

Gross profit and gross profit margin

In 2023, our gross profit was approximately RMB2,975 million (2022: approximately RMB2,939 million), a year-on-year increase of 1.2%. Our gross profit margin was 37.7% (2022: 38.0%), representing a decrease of 0.3% compared with last year.

Selling and marketing expenses

In 2023, the Company continued to actively explore the market and recorded selling and marketing expenses of approximately RMB624 million (2022: approximately RMB597 million), representing an increase of 4.6% compared with last year, accounting for 7.9% of the revenue (2022: 7.7%).

Administrative expenses

In 2023, the Company relied on its digital management system, which has been built over the years and continued to be refined, to continue to improve its management effectiveness, and achieved administrative expenses of approximately RMB326 million (2022: approximately RMB345 million), representing a year-on-year decrease of 5.3%, accounting for 4.1% of the revenue (2022: 4.5%).

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 create independent products to support the Company in maintaining competitiveness in fierce market competition and achieving strategic transformation. In 2023, the R&D expenses amounted to approximately RMB1,095 million (2022: approximately RMB1,108 million), representing a slight year-on-year decrease of 1.2% and accounting for 13.9% of the revenue (2022: 14.3%).

Impairment losses on goodwill and intangible assets (included in other gains and losses)

An impairment losses was recognised on goodwill and intangible assets arising from acquisition of iResearch Consulting. The recoverable amount is determined based on value-in-use calculations, which is the higher of the fair value less costs of disposal and value in use. The Group engaged an independent professional valuer to assist with the calculation. The carrying amounts of these assets has been reduced to its respective recoverable amount and an impairment loss on goodwill of RMB190,381,000 and intangible assets of RMB97,153,000 during the year 2023 was recognised, respectively, which was included in other gains and losses. After the impairment test, the carrying amount of the goodwill in relation to iResearch Consulting business has been reduced to zero.

The impairment loss on the aforesaid goodwill and intangible assets were mainly due to significant challenges faced last year due to weakened market demand and ongoing uncertainties and challenges during the economic recovery. Revenue and profit of the CGU of iResearch Consulting in 2023 decreased compared with 2022. Considering these factors, the Group has lowered its discounted cash flow forecasts for iResearch Consulting in the future.

Income tax expenses

In 2023, income tax expenses amounted to approximately RMB126 million (2022: approximately RMB119 million), representing a year-on-year increase of 6.2%, which was mainly attributable to the income tax arising from the special dividend distribution.

Net profit

In 2023, we achieved net profit of approximately RMB512 million (2022: approximately RMB824 million), a year-on-year decrease of 37.9%, and a net profit margin of 6.5% (2022: 10.7%), a year-on-year decrease of 4.2%. The decrease in profit for the year was mainly due to the impact of non-operating items.

Non-HKFRS Measurement Indicators

We believe that indicators such as adjusted net profit provide useful information for investors and others to compare operating performance across different periods and different companies by eliminating the impact of items which are, in the view of our management, not indicative of our business performance. Our management also adopts the same approach to understand and assess our operating results.

The adjusted net profit for 2023 was approximately RMB851 million. We define adjusted net profit as profit for the year amounted to approximately RMB512 million, adjusted by adding back impairment losses on goodwill and intangible assets amounted to approximately RMB288 million, and income tax arising from the special dividend distribution amounted to approximately RMB51 million.

Dividend

The Board has resolved to recommend the payment of a final dividend of HK\$0.412 (equivalent to RMB0.373) per Share for the Reporting Period (2022: HK\$0.401 (equivalent to RMB0.358) per Share).

The Board resolved on 4 December 2023 to declare a special dividend of HK\$0.60 (equivalent to RMB0.545) per Share to the Shareholders who were listed on the register of members of the Company on 21 December 2023. This special dividend has been paid to the Shareholders on 5 January 2024.

Financial position

The Group's financial position is sound. As of 31 December 2023, our total assets were approximately RMB11,285 million (31 December 2022: approximately RMB10,433 million), representing a year-on-year increase of 8.2%. Total liabilities were approximately RMB4,685 million (31 December 2022: approximately RMB3,627 million), representing a year-on-year increase of 29.1%. Net current assets were approximately RMB4,109 million (31 December 2022: approximately RMB3,821 million), representing a year-on-year increase of 7.5%. Net assets were approximately RMB6,600 million (31 December 2022: approximately RMB6,806 million), representing a year-on-year decrease of 3.0% due to the distribution of special dividend.

Intangible assets

As at 31 December 2023, we had intangible assets of approximately RMB71 million (31 December 2022: approximately RMB142 million) representing a year-on-year decrease of 49.9%. The above changes were mainly due to the provision for impairment of the intangible assets formed by the acquisition of iResearch Consulting in accordance with the rules of accounting standards. The Company has engaged a professional independent valuer to conduct an impairment assessment of the intangible assets from the acquisition.

Goodwill

As at 31 December 2023, we had goodwill of approximately RMB1,932 million (31 December 2022: approximately RMB2,123 million), representing a year-on-year decrease of 9.0%. The aforesaid change was mainly due to the impairment of the goodwill formed in relation to the acquisition of iResearch Consulting in accordance with the rules of accounting standards. For the goodwill arising from the acquisition of Linkage Technologies International Holdings Limited, we identified no indication of goodwill impairment and did not record any impairment loss on goodwill. Our business scale has been growing steadily with high quality and profitability is stable. The Company has engaged a professional independent valuer to conduct an impairment assessment of the above goodwill.

Restricted bank deposits

As at 31 December 2023, restricted bank deposits amounted to approximately RMB173 million (31 December 2022: approximately RMB154 million), representing a year-on-year increase of 12.6%, which was mainly attributable to increase restricted funds earmarked for projects.

Trade and notes receivables

Our trade and notes receivables represented the outstanding trade and notes receivables from our customers for the purchase of our products or services. As at 31 December 2023, trade and notes receivables amounted to approximately RMB1,513 million (31 December 2022: approximately RMB1,137 million), representing a year-on-year increase of 33.0%. The turnover days of trade and notes receivables were approximately 64.5 days (2022: approximately 50.1 days). The above changes were mainly due to the acceptance and the payment process of customers (the above figures include trade and notes receivables with China Mobile Group).

Contract assets and contract liabilities

On 31 December 2023, contract assets amounted to approximately RMB3,106 million (31 December 2022: approximately RMB2,597 million), representing a year-on-year increase of 19.6%, mainly due to the acceptance process of customers. On 31 December 2023, contract liabilities amounted to approximately RMB213 million (31 December 2022: approximately RMB273 million), representing a year-on-year decrease of 22.1% (the above figures include trade contract assets and contract liabilities with China Mobile Group).

Financial assets at fair value through profit or loss — current

As at 31 December 2023, financial assets at FVTPL amounted to approximately RMB363 million (31 December 2022: approximately RMB692 million), representing a year-on-year decrease of 47.6%, which was mainly due to the redemption of part of the wealth management products in view of production and operation needs. 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 2023, the trade and notes payables amounted to approximately RMB994 million (31 December 2022: approximately RMB523 million), representing a year-on-year increase of 90.0%. The turnover days of trade and notes payables are approximately 56.3 days (2022: approximately 33.2 days). The above figures were mainly subject to normal changes in line with business development during the credit period.

Borrowings

As at 31 December 2023, the Group had no bank borrowings (31 December 2022: nil). The gearing ratio¹ was nil (31 December 2022: 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 announcement, we did not have any plan for material external debt financing, nor were there any material outstanding debt securities, charges, mortgages, or other material 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 2023 amounted to approximately RMB582 million (2022: approximately RMB549 million), representing a year-on-year increase of 5.9%. This was primarily attributable to the high-quality development of the Company's business and the joint efforts to further strengthen collection management and cost control during the Reporting Period.

Our net cash generated from investing activities in 2023 was approximately RMB451 million, which was mainly due to the redemption of wealth management products, and no single wealth management product investment accounted for over 5% of the Group's total assets. During the same period in 2022, net cash used in investing activities 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.

Our net cash used in financing activities in 2023 was approximately RMB354 million (2022: approximately RMB370 million), representing a year-on-year decrease of 4.5%. The net cash used in financing activities was mainly used for annual dividends.

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 2023, the Group did not have any foreign currency hedging activity. However, the management of the Group monitors foreign exchange exposure regularly 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 the 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 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 disclosed in this announcement, the Group had no significant investments held or material acquisitions and disposals of subsidiaries, associates and joint ventures in 2023, and the Group did not approve any other material investments or capital asset purchases.

EMPLOYEES AND REMUNERATION POLICY

During the Reporting Period, the Group had a total of 13,577 (31 December 2022: 13,581) full-time employees. The Group strives to align the remuneration level of its employees with the market, 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 changes in the industry, technological updates and the needs of employees.

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 rewards (including share-based incentives), housing and other allowances, and benefits in kind in compliance with applicable laws, rules and regulations.

CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold its upcoming AGM at 10:00 a.m. on Friday, 28 June 2024. The register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024, both days inclusive, in order to determine the eligibility of Shareholders to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 24 June 2024.

The record date for qualifying to receive the proposed final dividend is Thursday, 11 July 2024. In order to determine the right of the Shareholders entitled to receive the proposed final dividend, which is subject to the approval of the Shareholders in the AGM, the register of members of the Company will be closed from Monday, 8 July 2024 to Thursday, 11 July 2024, both days inclusive, during which period no share transfers will be registered. To qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 5 July 2024. The final dividend (if approved), will be paid on or before Monday, 22 July 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted 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, and had complied with all applicable code provisions of the CG Code for the Reporting Period.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

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 had complied with the required standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, save for the purchase of a total of 951,900 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.

EVENTS AFTER THE REPORTING PERIOD

On 16 January 2024, (i) AsiaInfo Security and Skipper Investment Limited (the "Vendor"), which is indirectly controlled by Mr. ZHANG Yichen, a non-executive Director, and holds approximately 22.872% of the issued share capital of the Company, entered into a share purchase agreement (the "Share Purchase Agreement"), pursuant to which the Vendor agreed to sell and AsiaInfo Security agreed to purchase 179,915,689 Shares or 190,016,976 Shares (the "Sale Shares") held by the Vendor, representing approximately 19.236% or 20.316% of the issued share capital of the Company as at the date of the Share Purchase Agreement, at a consideration of HK\$9.45 per Sale Share; and (ii) AsiaInfo Security entered into a voting proxy agreement with Dr. TIAN Suning, an executive Director, and its wholly-owned companies, including Info Addition Capital Limited Partnership, PacificInfo Limited and CBC Partners II L.P. (collectively, the "Voting Proxy Shareholders"), whereby the Voting Proxy Shareholders agreed to entrust to AsiaInfo Security all of their voting rights as Shareholders immediately following the completion of the Share Purchase Agreement. Immediately after the completion of the Share Purchase Agreement, the Voting Proxy Shareholders are expected to hold 89,525,781 to 89,837,875 Shares, representing approximately 9.572% to 9.605% of the issued share capital of the Company as at the date of completion of the Share Purchase Agreement.

Upon the completion of the Share Purchase Agreement and taking into account of the voting proxy agreement, Dr. TIAN Suning, an executive Director, and his controlled entities will own and be entitled to exercise the voting rights of the Company for a total of 269,441,470 to 279,854,851 Shares, representing approximately 28.808% to 29.921% of the issued share capital of the Company as at the date of completion of the Share Purchase Agreement. Please refer to the announcement of the Company dated 16 January 2024 for further details.

Saved as disclosed above, there has been no significant event after the Reporting Period that affects the Group.

AUDIT COMMITTEE

The Audit Committee had, together with the management and external auditor of the Company, reviewed the accounting standards and practices adopted by the Group and the audited financial results of the Group for the Reporting Period.

PUBLICATION OF THE ANNUAL RESULTS AND 2023 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.asiainfo.com). The annual report and the audited financial report for the Reporting Period will be published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITION

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

“AGM”	the forthcoming annual general meeting of the Company to be held on 28 June 2024
“AsiaInfo Security”	AsiaInfo 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 controlled and beneficially owned as to approximately 47.87% by Dr. TIAN Suning
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China Mobile Group”	China Mobile Limited and its subsidiaries
“China Telecom”	China Telecom Corporation Limited, a company established in the PRC, whose shares are listed on the Shanghai Stock Exchange and the Stock Exchange
“China Unicom”	China United Network Communications Group Co., Ltd., is a state-owned enterprise principally engaged in communication industry in the PRC
“Company”, “AsiaInfo” or “AsiaInfo Technologies”	AsiaInfo 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)
“Director(s)”	the director(s) of the Company

“ESG”	environmental, social and governance
“ETSI”	the European Telecommunications Standards Institute, a non-profit communication standardisation organisation approved and established by the European Commission
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“iDigital”	Chongqing iResearch Digital Intelligent Technology Co., Ltd., an indirect non-wholly subsidiary of the Company
“IEEE”	the Institute of Electrical and Electronics Engineers
“iResearch Consulting”	Shanghai iResearch Marketing Consulting Co., Ltd., an indirect wholly-owned subsidiary of the Company
“ITU”	the International Telecommunication Union
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Reporting Period”	the financial year ended 31 December 2023
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“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
“TMF”	the International Telecommunication Management Forum
“US”	the United States of America
“USD” or “US\$”	US dollars, the lawful currency of US

“2020 Share Award Scheme”	the share award scheme adopted by the Company on 7 January 2020
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this annual results announcement 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.

“AI”	artificial intelligence
“AIGC”	AI generated content
“AIOps”	AI for IT operations, which combine big data and machine learning to automate IT operations processes, including event correlation, anomaly detection and causality determination
“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
“DevOps”	development and operation system
“DI”	decision intelligence
“DSaaS”	data-driven operation, namely the data-driven SaaS operation services
“GPT”	generative pre-trained transformer
“ICT”	information and communication technology
“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 communications equipment to store, retrieve, transmit and manipulate data
“MaaS”	mobility as a service

“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 communications services
“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, DSaaS, vertical industries digitisation business
“3GPP”	3rd Generation Partnership Project
“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 communications 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 communications technology which has higher speed and capacity and lower latency than 4G
“6G”	the sixth-generation of mobile communications technology which has higher speed and capacity and lower latency than 5G

By order of the Board
AsiaInfo Technologies Limited
TIAN Suning
Chairman and Executive Director

Hong Kong, 18 March 2024

As at the date of this announcement, the Board comprises:

Executive Directors: Dr. TIAN Suning, Mr. GAO Nianshu and Mr. XIN Yuesheng

*Non-executive Directors: Mr. ZHANG Yichen, Mr. DING Jian, Mr. YANG Lin,
Ms. LIU Hong and Mr. CHENG Xike*

*Independent non-executive Directors: Dr. GAO Jack Qunyao, Dr. ZHANG Ya-Qin, Mr. GE Ming
and Ms. TAO Ping*