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中软国际

CHINASOFT INTERNATIONAL LIMITED

中軟國際有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 354)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “Board”) of directors (the “Directors”) of Chinasoft International Limited (“Chinasoft” or the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020, together with the comparative audited consolidated figures for the year ended 31 December 2019 are as follows:

HIGHLIGHTS			
Results for the year ended 31 December 2020			
Income statement highlights	2020	2019	Growth rate
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	14,101,239	12,041,895	17.1%
Service revenue	13,762,185	11,636,730	18.3%
Profit for the year	948,113	756,686	25.3%
Profit for the year attributable to owners of the Company	954,928	754,888	26.5%
Basic earnings per share (cents)	37.86	30.71	23.3%

- The Board recommended the payment of a final dividend for the year ended 31 December 2020 of HK\$0.029 per share.
- In order to ascertain the right to attend the forthcoming annual general meeting, the Register of Member will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021, both dates inclusive, during which period no share transfer shall be registered.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>NOTES</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	14,101,239	12,041,895
Cost of sales and services		(9,982,755)	(8,458,802)
		<hr/>	<hr/>
Gross profit		4,118,484	3,583,093
Other income		312,821	177,811
Loss from derecognition of financial assets measured at amortised cost		(1,201)	(4,544)
Impairment losses, under expected credit loss model, net of reversal		(161,384)	(74,812)
Impairment loss on goodwill		(21,857)	(35,760)
Impairment loss on investment accounted for using the equity method		(15,878)	–
Other gains or losses		(14,902)	849
Selling and distribution costs		(729,409)	(617,554)
Administrative expenses		(1,301,981)	(1,195,874)
Research and development costs		(930,169)	(808,949)
Other expenses		(43,786)	(58,929)
Finance costs		(151,458)	(166,045)
Share of results of investments accounted for using the equity method		(24,435)	(328)
		<hr/>	<hr/>
Profit before taxation		1,034,845	798,958
Income tax expense	4	(86,732)	(42,272)
		<hr/>	<hr/>
Profit for the year		948,113	756,686

	<i>NOTES</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
– exchange differences arising on translation of foreign operations		<u>4,921</u>	<u>(5,875)</u>
Other comprehensive income (expense) for the year, net of tax		<u>4,921</u>	<u>(5,875)</u>
Total comprehensive income for the year		<u>953,034</u>	<u>750,811</u>
Profit for the year attributable to:			
Owners of the Company		954,928	754,888
Non-controlling interests		<u>(6,815)</u>	<u>1,798</u>
		<u>948,113</u>	<u>756,686</u>
Total comprehensive income attributable to:			
Owners of the Company		959,849	749,013
Non-controlling interests		<u>(6,815)</u>	<u>1,798</u>
		<u>953,034</u>	<u>750,811</u>
Earnings per share	6		
Basic		<u>RMB0.3786</u>	<u>RMB0.3071</u>
Diluted		<u>RMB0.3569</u>	<u>RMB0.3005</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	<i>NOTES</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		858,028	802,423
Right-of-use assets		333,744	278,646
Intangible assets		144,913	127,382
Goodwill		941,215	973,856
Investments accounted for using the equity method		247,154	227,607
Equity instrument at fair value		61,825	62,901
Other receivables		87,455	66,180
Pledged deposits		12,792	–
Deferred tax assets		5,753	8,075
		<u>2,692,879</u>	<u>2,547,070</u>
Current assets			
Inventories		51,192	54,421
Trade and other receivables	7	4,580,163	3,297,240
Bills receivable		15,851	4,443
Contract assets		1,904,185	2,228,494
Amounts due from related companies		39,776	75,126
Pledged deposits		16,134	12,861
Bank balances and cash		3,786,777	2,525,741
		<u>10,394,078</u>	<u>8,198,326</u>
Current liabilities			
Trade and other payables	8	1,752,965	1,229,223
Bills payable		33,446	22,051
Lease liabilities		142,318	125,668
Contract liabilities		329,240	138,815
Amounts due to related companies		8,771	3,101
Dividend payable		81	81
Taxation payable		83,372	83,808
Convertible loan notes		–	23,829
Borrowings		368,130	1,523,187
		<u>2,718,323</u>	<u>3,149,763</u>
Net current assets		<u>7,675,755</u>	<u>5,048,563</u>
Total assets less current liabilities		<u><u>10,368,634</u></u>	<u><u>7,595,633</u></u>

	<i>NOTES</i>	2020	2019
		RMB'000	RMB'000
Non-current liabilities			
Deferred tax liabilities		10,896	10,287
Convertible loan notes		–	727,672
Lease liabilities		159,942	123,734
Borrowings		1,421,385	200,000
		<u>1,592,223</u>	<u>1,061,693</u>
		<u>8,776,411</u>	<u>6,533,940</u>
Capital and reserves			
Share capital		131,956	116,325
Share premium		4,734,754	3,145,241
Treasury shares		(605,387)	(470,752)
Reserves		4,491,765	3,676,796
		<u>8,753,088</u>	<u>6,467,610</u>
Equity attributable to owners of the Company		23,323	66,330
Non-controlling interests		<u>8,776,411</u>	<u>6,533,940</u>
Total equity		<u>8,776,411</u>	<u>6,533,940</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION OF THE COMPANY

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 February 2000 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 20 June 2003. On 29 December 2008, the listing of the shares of the Company was transferred to the Main Board of the Stock Exchange. The addresses of the registered office and principal places of business of the Company are disclosed in the “Corporate Information” section to the annual report.

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

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the “Group”) are development and provision of information technology (“IT”) solutions services, IT outsourcing services and training services.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 *Impacts on early application of Amendment to HKFRS 16 Covid-19-Related Rent Concessions*

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening accumulated profits at 1 January 2020. The amount of which the Group recognised changes in lease payments that resulted from rent concessions in the profit for the current year was not material to the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Provision of services	13,762,185	11,636,730
Sales of software and hardware products	<u>339,054</u>	<u>405,165</u>
	<u>14,101,239</u>	<u>12,041,895</u>
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Timing of revenue recognition		
Over time	13,762,185	11,636,730
At a point in time	<u>339,054</u>	<u>405,165</u>
	<u>14,101,239</u>	<u>12,041,895</u>

Segment revenue and results

Information reported to the chief executive officer of the Company, being the chief operating decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on the category of customers by the Group’s operating divisions.

The Group’s operating and reportable segments are as follows:

1. Technical professional services group (“TPG”) – development, provision of solutions, IT outsourcing services for banks and other financial institutions, telecommunication carriers and other large-scale multinational companies, including sale of products
2. Internet IT services group (“IIG”) – development, provision of solutions and IT outsourcing services for government, tobacco industry and other small-scaled companies and training business, including sale of products

The following is an analysis of the Group’s revenue and results by reportable operating segment:

	Segment revenue		Segment results	
	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
TPG	12,396,429	10,458,258	1,162,191	891,035
IIG	1,704,810	1,583,637	124,114	97,645
	<u>14,101,239</u>	<u>12,041,895</u>	<u>1,286,305</u>	<u>988,680</u>

Segment revenue reported above represents revenue generated from external customers. Inter-segment services are charged at a cost plus margin basis.

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and liability is presented as the CODM does not regularly review such information for the purposes of resource allocation and assessment of segment performance. Therefore, only segment revenue and segment results are presented.

Information about products and services

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of software and hardware products	<u>339,054</u>	<u>405,165</u>
Provision of services		
TPG	12,286,075	10,274,776
IIG	<u>1,476,110</u>	<u>1,361,954</u>
	<u>13,762,185</u>	<u>11,636,730</u>
	<u>14,101,239</u>	<u>12,041,895</u>

4. INCOME TAX EXPENSE

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Income tax expense	<u>86,732</u>	<u>42,272</u>

Under the Law of the PRC on Enterprise Income Tax (“EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards unless subject to tax exemptions.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Dividends for ordinary shares of the Company recognised as distribution during the year:		
2019 Final – HK2.19 cents (2018: HK2.15 cents) per share	<u>51,808</u>	<u>48,121</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of HK2.90 cents (2019: HK2.19 cents) per ordinary shares has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

6. EARNINGS PER SHARE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	954,928	754,888
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes	<u>43,461</u>	<u>46,342</u>
Earnings for the purpose of diluted earnings per share	<u>998,389</u>	<u>801,230</u>

	2020 <i>'000</i>	2019 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,522,327	2,458,500
Effect of dilutive potential ordinary shares:		
Share options	14,740	14,149
Convertible loan notes	171,148	193,676
Share awards	<u>88,874</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,797,089</u>	<u>2,666,325</u>

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

The computation of diluted earnings per share for the year ended 31 December 2019 did not assume the exercise of the Company's share options granted on 28 September 2018 and 21 September 2017 since the exercise prices of those share options were higher than the average market price of shares of the Company.

7. TRADE AND OTHER RECEIVABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, net of allowance	<u>4,279,847</u>	<u>2,978,781</u>

The credit terms of the Group range from 30 to 180 days. An aged analysis of trade receivables (net of allowance), presented based on the dates of invoices for sales of goods and services for project-based development contracts, and dates of rendering of other types of services at the end of the reporting period is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	3,893,261	2,381,748
Between 91 – 180 days	233,695	190,179
Between 181 – 365 days	82,027	296,889
Between 1 – 2 years	<u>70,864</u>	<u>109,965</u>
	<u>4,279,847</u>	<u>2,978,781</u>

8. TRADE AND OTHER PAYABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>569,163</u>	<u>423,757</u>

An aged analysis of trade payables, presented based on the invoice dates at the end of the reporting period is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	536,205	341,337
Between 91 – 180 days	898	2,252
Between 181 – 365 days	3,833	7,591
Between 1 – 2 years	5,868	33,003
Over 2 years	22,359	39,574
	569,163	423,757

9. EVENTS AFTER THE REPORTING PERIOD

The Company announced that, on 25 January 2021, the board of directors of the Company has approved a preliminary proposal for a possible issue of Chinese Depositary Receipts (the “CDRs”) and the listing of the CDRs on an exchange platform in the People’s Republic of China (the “Proposed Domestic Issue”). After deducting the issuance expenses, the proceeds of the Proposed Domestic Issue are preliminarily intended to be used for the cloud and other principal businesses of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2020, the Group's businesses achieved a contrarian growths. The Group's revenue, service revenue, profit, profit attributable to the owners of the Company and basic EPS increased by 17.1%, 18.3%, 25.3%, 26.5% and 23.3% YoY respectively.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	% Increase (decrease) over the same period last year
Revenue	14,101,239	12,041,895	17.1%
Service revenue	13,762,185	11,636,730	18.3%
Profit for the year	948,113	756,686	25.3%
Profit for the year attributable to owners of the Company	954,928	754,888	26.5%
Basic earnings per share (<i>cents</i>)	37.86	30.71	23.3%

KEY OPERATING DATA

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	% Increase (decrease) over the same period last year
Revenue	14,101,239	12,041,895	17.1%
Service revenue	13,762,185	11,636,730	18.3%
Cost of sales and services	<u>(9,982,755)</u>	<u>(8,458,802)</u>	18.0%
Gross profit	4,118,484	3,583,093	14.9%
Other income	312,821	177,811	75.9%
Loss from derecognition of financial assets measured at amortised cost	(1,201)	(4,544)	(73.6%)
Impairment losses, under expected credit loss model, net of reversal	(161,384)	(74,812)	115.7%
Impairment loss on goodwill	(21,857)	(35,760)	(38.9%)
Impairment loss on investment accounted for using the equity method	(15,878)	-	N/A
Other gains or losses	(14,902)	849	(1,855.2%)
Selling and distribution costs	(729,409)	(617,554)	18.1%
Administrative expenses	(1,301,981)	(1,195,874)	8.9%
Research and development costs	(930,169)	(808,949)	15.0%
Other expenses	(43,786)	(58,929)	(25.7%)
Finance costs	(151,458)	(166,045)	(8.8%)
Share of results of investments accounted for using the equity method	(24,435)	(328)	7,349.7%
Profit before taxation	1,034,845	798,958	29.5%
Income tax expense	(86,732)	(42,272)	105.2%
Profit for the year	948,113	756,686	25.3%
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GENERAL OVERVIEW

The year 2020 was an extraordinary year. In the face of the severe impact of the new Coronavirus disease (COVID-19) and the complex and severe external environmental challenges, the Group maintained its confidence firmly, adhered to epidemic prevention, operated healthily, and maintained its strategic determination. Seizing the opportunity of digital transformation, the Group achieved sustained and stable business development, and its revenue and profit hit a new high since listing. The Group formulated a long-term development strategy for large customers, continued to consolidate the cornerstone business focusing on technical professional services and solutions, and committed to productizing the cornerstone business and achieving high-quality expansion. Furthermore, the Group expanded its cloud intelligence business comprehensively, leading the Group's second growth curve. The Group firmly believes its "one blueprint to the end" vision and will continue to establish its domestic presence while expanding its layout globally. Lastly, the Group continues to rank among Gartner's top 100 global IT service market shares, demonstrating the value and responsibility of China's leading IT service provider.

During the reporting period, the Group is firmly committed to the positioning of "cloudization, cloud management, and cloud native", built a dual-wheel driven business form of "service + platform", and strived to become the top 1 cloud service provider in China. The Group has successfully obtained all cloud service-related licenses and upgraded its proprietary "one-stop" cloud brokerage platform, the "Huaxia Cloud Network" (Cloud Broker platform). The Group successfully captured the strategic opportunity of Tencent Cloud SaaS and introduced the Group's implementation service capabilities as a standard product to the Tencent Cloud Qianfan Zhongtai. The Group has been ranked TOP3 in the IDC China cloud management service market for two consecutive years, and its market share has continued to grow. During the period, the Group released the SaaS version of the "CloudEasy" cloud management platform, which managed the multiple cloud environment with one click. Furthermore, the Group vigorously promoted its DevOps expert consulting services. Its cloud-native services continued to expand into the domestic and overseas markets, and achieved break throughs for customers in the government, retail, transportation, energy and other industries. In the field of big data and artificial intelligence, the Group introduced industry-leading architecture concepts such as DataOps and Data Hub, continued to upgrade the R&D of products and services, and is committed to realizing tool-based, automated, and intelligent digital transformation of government and enterprises. Lastly, the Group achieved break throughs for digital consulting benchmark customers and continued to cultivate its leading industries including financial, government, public services, big transportation, while expanding its layout in real estate, government, enterprises, and environmental protection industries.

During the reporting period, the Group's cloud intelligent solution business achieved rapid growth in financial, retail, transportation, government, enterprises and other industries. The Group's finance and banking businesses have steadily improved, and the Group acquired 40 new customers including domestic and foreign banks, private banks, non-bank financial institutions, and overseas financial institutions, providing customers with technological empowerment, model innovation and business upgrades. The Group's insurance business grew steadily. While continuing to cultivate leading customers in the industry, the Group kept up with industrial structure optimization and intelligent core construction, and developed solutions in the fields of e-sales brain, auto insurance pricing, intelligent security, data middle stations, IFRS17, APaaS, etc. The Group successfully deployed these in several large insurance institutions. The Group's securities business maintained its leading positions in data and core systems and leveraged its traditional advantages to extend to capital market testing, monitoring and service institutions. The Group actively developed its new retail business. Based on Huawei AI ModelArts, it developed and launched digital solutions including smart stores, business middle stations, and data middle stations to help retail companies innovate business models, marketing methods, and strengthen physical store positions. The Group's transportation business has gradually formed a three-line business layout of rails, airports, and ports, and has made major breakthroughs in cloudification and intelligent solutions. Lastly, the Group's cloud-based smart park solution business further expanded its market share. It was the first Huawei partner to jointly develop a 5G+ smart park service solution with Huawei, during the reporting period, the Group released smart park applications and completed multiple project deliveries across the country.

During the reporting period, the Jointforce software industry Internet platform upgraded around vertical scenarios and form a complete closed loop of supply and demand services. The platform has accumulated 474,000 registered programmers, 63,000 registered suppliers, and RMB7.68 billion in jobs posted. Furthermore, the platformed has completed the precision digital profiling of 48,000 companies. The Jointforce "Cloud Integrative Market" now covers 70 cities and has signed platform strategic cooperation agreements with accumulative 23 city governments. The Jointforce Software Park has newly expanded 4 parks, serving the software parks in accumulative 17 cities. Jointforce "Plan Z" upgraded its business and product service capabilities, accumulatively signed on more than 1,000 suppliers, and issued a total of RMB600 million in contracts. Jointforce has become the best assistant for digital government construction, regional digital economic development, and industrial digital transformation and upgrading in the post-epidemic era. It has promoted Kunpeng and other Huawei ecosystems to take root in various regions through ToG and ToB capacity and has become a key force in the co-construction of regional integration and innovation ecology.

During the reporting period, the Group actively developed digital operations including basic artificial intelligence data services, content review, customer service, and business process outsourcing (BPO). Relying on the BPO “digital factory” in Maanshan, the digital operation business has achieved rapid growth and achieved expansion and breakthroughs in overseas markets. The Group’s artificial intelligence basic data service supported AI+RPA intelligent technology to improve quality and efficiency, and penetrated multiple fields including traditional home appliances, smart homes, and smart terminals. In the field of content review, the Group has achieved cooperation with Tencent Kandian, Meituan, Kugou Music and other companies. Among them, Meituan’s compliance review business SLA continues to rank first among suppliers.

During the reporting period, the Group integrated the professional service capabilities and management capabilities accumulated through long-term cooperation with major customers such as Huawei and HSBC to build a software factory integrating consulting and diagnosis, process management, IT tools and delivery services, and comprehensively upgrade its traditional IT services. The Group has provided customers with software and technical services including design, development, testing, operation, and maintenance, and expanded in depth on existing industry customers such as finance, telecommunications, Internet, and high-tech, and successfully penetrated customers in the automotive industry.

During the reporting period, the Group’s Huawei business continued to grow, helping Huawei with its HiLink, HiCar and other innovative ecosystems. The Group became the first partner to sign the “HiLink Eco-Solution Service Cooperation Agreement” with Huawei and won the HUAWEI HiLink “Excellent Partner Eco-Enable Service” award. During the reporting period, the Group ranked first in the performance evaluation of Huawei’s R&D outsourcing suppliers, achieving absolute leadership in market share, quality, and efficiency. Furthermore, the Group has established a variety of product cooperation models around Kunpeng, Goss, WeLink, Smart Screen, etc., and successfully broke through and delivered multiple projects in key industries such as government, enterprise, finance, and manufacturing. Lastly, the Group completed the first acceptance certification of SD2.0 and was recognized by customer experts.

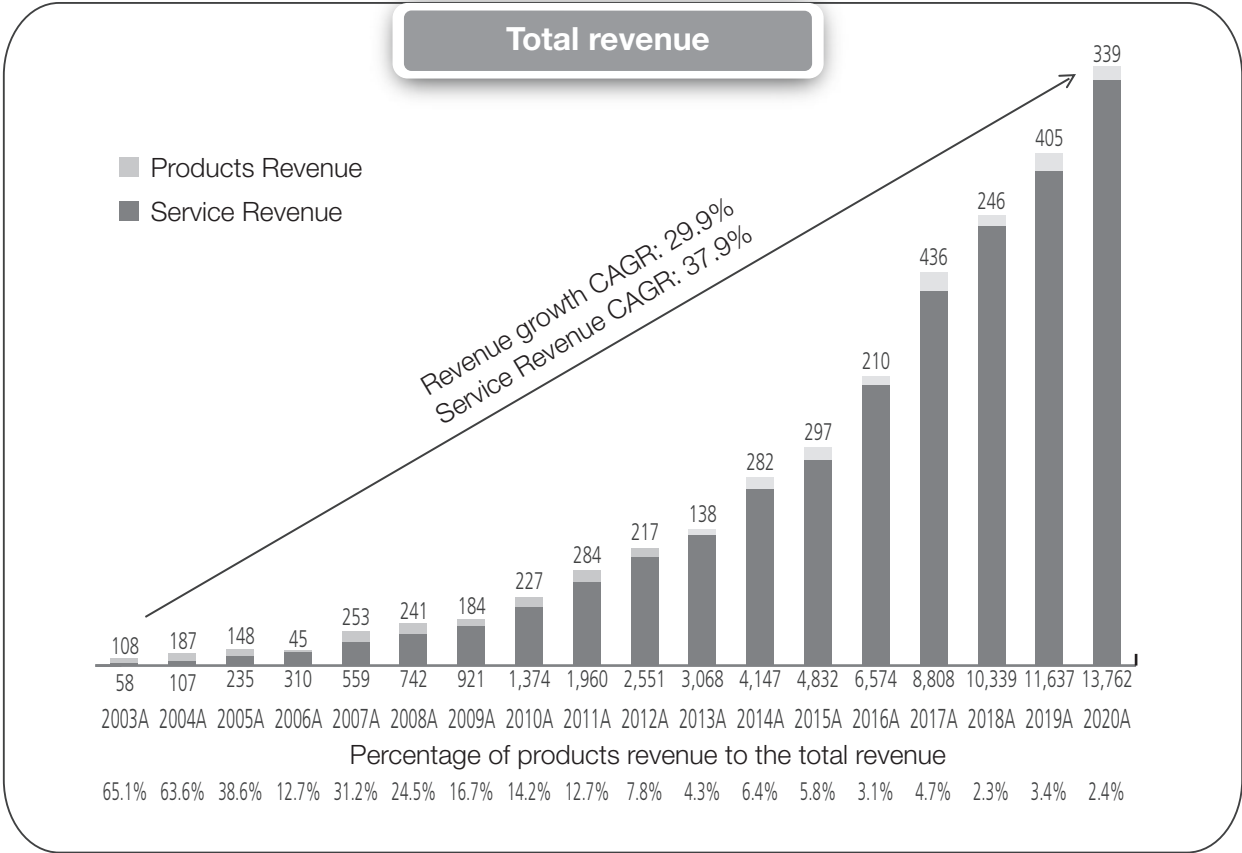
During the reporting period, the Group's HSBC business achieved contrarian growth. The Group undertook the construction project of HSBC's China domestic transaction data center to realize the localized storage of China's regional transaction data. Furthermore, The Group established BBDM, GBA, and E-commerce teams to help HSBC's business layout in the Greater Bay Area. The Group completed the construction of HSBC Bank's data cloud and data service platform, realizing substantial growth in risk control data business. During the reporting period, the Group's Ping An business grew rapidly, actively penetrating in banking, Fintech, insurance, etc., and opening up 9 new customers. In the field of retail banking, the Group built a platform based on the client's Open Bank's goal of "capability opening", and has access to hundreds of API interfaces, covering account management, wealth management, payment, margin and other product capabilities. In the OneConnect business, the Group won the bid for a series of major projects. In the field of insurance and medical insurance technology, the Group successfully delivered Ping An property insurance projects and signed a cooperation agreement with Ping An Medical Group to realize the company's breakthrough in the field of medical insurance technology from 0 to 1.

During the reporting period, the Group achieved steady and high-quality growth in its two major customer's businesses, China Mobile and China Telecom. The Group became the first batch of suppliers in the cloud migration cooperation field of China Mobile Cloud Competence Center, won the bid for the first share of China Mobile Shanghai Industrial Research Institute, and became the TOP1 supplier of Migu Interactive Entertainment. The Group won the bid for the Tianyi e-commerce series of major projects, ranked first among manufacturers, and completed several important customer business layouts around the 5G equipment industry chain. During the reporting period, the Group continued to deepen its efforts in the Internet industry and promoted the business upgrade of Internet companies and the transformation of operating models. The Group continued to strengthen the depth and breadth of cooperation with Tencent, improves service capabilities, and upgrade the strategic cooperation model. The Group's business in Alibaba and Baidu continued to grow steadily, and it won the first place in comprehensive supplier evaluation in both Alibaba's ITO and BPO business areas. The Group was upgraded to Baidu's A-level supplier and successfully entered the short list of Baidu and iQiyi BPO suppliers. Lastly, the Group successfully expanded the business of ByteDance, JD.com, and NetEase, and achieved rapid growth.

During the reporting period, the Group's Microsoft business grew steadily, and it newly expanded cooperation opportunities with Microsoft's gaming business and basic data business, and successfully won the bid for the strategic research and development project of Microsoft Azure Spring Cloud platform and landed the Azure India operation project. In the field of smart terminals, the Group has in-depth cooperation with Haier, iFLYTEK, OPPO, Xiaomi, and Wingtech, and has become one of Haier's top ten preferred suppliers. During the reporting period, the Group began its layout in the automotive business. The company and China FAW formally signed a strategic cooperation agreement. The two parties entered into strategic cooperation in six fields including digital transformation consulting, digital business scenario innovation, government-enterprise market product promotion cooperation, software engineering management system empowerment, human resource service guarantee, and training of talents in the field of intelligent networked vehicles. Lastly, the Group cooperated with FAW Group subsidiaries to carry out software R&D business, provided industry-leading "software factory" management consulting services, and helped FAW Group realize the digitalization of R&D management.

In the post-epidemic era, challenges will coexist alongside with opportunities. In the face of 2021, the Group will continue to work hard to fully promote the Xibaipo spirit of "dare to fight and dare to win". The Group will advance side by side with great flag bearers like Huawei on the long march of technological innovation, upholding the establishment of a quality, valuable and meaningful business portfolio development formation, upgrading the cornerstone business with the software factory model, and building a new growth curve around businesses such as cloud intelligence. The Group will continue its goal of becoming "Chinasoft International of the world".

Since listing on the GEM board in 2003, the Group has maintained high revenue and service revenue growths, recording a CAGR of 29.9% and 37.9% from 2003-2020. For details, please see the figure below:



CUSTOMERS

The Group’s customers are located all over the world, not only in the Greater China region, but also Asia Pacific, North America, Europe, Latin America and other regions. In the Greater China market, the Group holds a large market share in telecommunication, banking, financial, government, Internet, high technology, and other mainstream industries. In 2020, the Group’s top five and top ten customers accounted for 74.4% and 79.0% of the Group’s service revenue.

In 2020, the Group has 2,013 active customers. Among them, the Group has 129 large customers (customers that contributed to more than RMB6 million of service revenue within the past 12 months).

Market

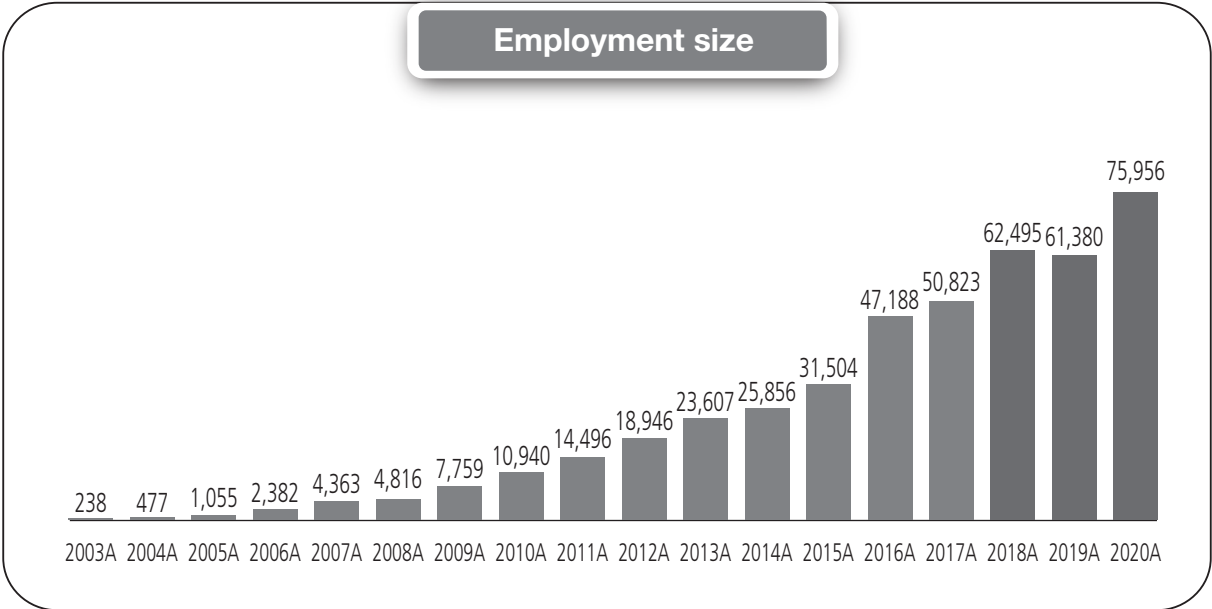
During the reporting period, the Group's core businesses were concentrated in Greater China. The huge market potential in the Greater China continues to bring growth opportunities for the Group. The Group provides ITS to customers from 32 countries and a number of Top 500 companies in the world, including Huawei, HSBC, Tencent, Ping-An, Alibaba, China Mobile, Microsoft, Baidu, Bank of Communications, etc., accumulating experiences in servicing international customers. Going with the "Belt and Road" initiative, the Group will combine and increase its cooperation with Huawei's product and industries that Huawei's in to speed up its global blueprint. Furthermore, the Group will leverage its existing global strategic centers in China, United States, Mexico, Japan, India, Malaysia, etc., to increase cooperation and layout. Lastly, the Group will utilize cloud driven digitalization services to promote global servicing blueprint, become a world class ITS enterprise, and build China's influence in the global IT market.

Human Resources

As of the end of 2020, the Group employs a total of 75,956 employees, representing a YoY increase of 23.7% (2019: 61,380). The Group employs an average of 68,668 employees, representing a YoY increase of 10.9% (2019: 61,938).

As of the end of 2020, the Group has 72,506 technical personnel, accounting for 95.5% of the total number of employees of the Group. Of which 23,855 were project managers, consultants and senior engineers, accounting for 32.9% of the total number of technical personnel of the Group.

Since the Group’s listing on the Growth Enterprise Market in 2003, the Group’s business continued to develop rapidly, and the number of personnel has maintained a rapid YoY growth. For details, please see the figure below:



OPERATING RESULTS

The following is the Group's consolidated comprehensive income statement for 2019 and 2020:

	2020 <i>RMB'000</i>	% of revenue	% of service revenue	2019 <i>RMB'000</i>	% of revenue	% of service revenue
Revenue	14,101,239	N/A	N/A	12,041,895	N/A	N/A
Service revenue	13,762,185	N/A	N/A	11,636,730	N/A	N/A
Cost of sales and services	<u>(9,982,755)</u>	<u>(70.8%)</u>	<u>(72.5%)</u>	<u>(8,458,802)</u>	<u>(70.2%)</u>	<u>(72.7%)</u>
Gross Profit	4,118,484	29.2%	29.9%	3,583,093	29.8%	30.8%
Other income	312,821	2.2%	2.3%	177,811	1.5%	1.5%
Loss from derecognition of financial assets measured at amortised cost	(1,201)	(0.0%)	(0.0%)	(4,544)	(0.0%)	(0.0%)
Impairment losses, under expected credit loss model, net of reversal	(161,384)	(1.1%)	(1.2%)	(74,812)	(0.6%)	(0.6%)
Impairment loss on goodwill	(21,857)	(0.2%)	(0.2%)	(35,760)	(0.3%)	(0.3%)
Impairment loss on investment accounted for using the equity method	(15,878)	(0.1%)	(0.1%)	-	0.0%	0.0%
Other gains or losses	(14,902)	(0.1%)	(0.1%)	849	0.0%	0.0%
Selling and distribution costs	(729,409)	(5.2%)	(5.3%)	(617,554)	(5.1%)	(5.3%)
Administrative expenses	(1,301,981)	(9.2%)	(9.5%)	(1,195,874)	(9.9%)	(10.3%)
Research and development costs	(930,169)	(6.6%)	(6.8%)	(808,949)	(6.7%)	(7.0%)
Other expenses	(43,786)	(0.3%)	(0.3%)	(58,929)	(0.5%)	(0.5%)
Finance costs	(151,458)	(1.1%)	(1.1%)	(166,045)	(1.4%)	(1.4%)
Share of results of investments accounted for using the equity method	<u>(24,435)</u>	<u>(0.2%)</u>	<u>(0.2%)</u>	<u>(328)</u>	<u>(0.0%)</u>	<u>(0.0%)</u>
Profit before taxation	1,034,845	7.3%	7.5%	798,958	6.6%	6.9%
Income tax expense	<u>(86,732)</u>	<u>(0.6%)</u>	<u>(0.6%)</u>	<u>(42,272)</u>	<u>(0.4%)</u>	<u>(0.4%)</u>
Profit for the year	948,113	6.7%	6.9%	756,686	6.3%	6.5%
Profit for the year attributable to the Owners of the Company	<u>954,928</u>	<u>6.8%</u>	<u>6.9%</u>	<u>754,888</u>	<u>6.3%</u>	<u>6.5%</u>

REVENUE

In 2020, the Group's revenue was RMB14,101.239 million, representing a YoY growth of 17.1% (2019: RMB12,041.895 million). The Group's service revenue was RMB13,762.185 million, representing a YoY growth of 18.3% (2019: RMB11,636.730 million). The growth was mainly driven by the rapid growth of cloud intelligence business and the steady growth of the core large customer businesses.

TPG and IIG's revenue and proportion of total revenue in 2020 are as follow:

	2020 <i>RMB'000</i>	Weight	2019 <i>RMB'000</i>	Weight	Growth <i>rate</i>
TPG	12,396,429	87.9%	10,458,258	86.8%	18.5%
IIG	1,704,810	12.1%	1,583,637	13.2%	7.7%
Total	14,101,239	100%	12,041,895	100%	17.1%

COST OF SALES AND SERVICES

In 2020, the Group's cost of sales and services was RMB9,982.755 million, representing a YoY increase of 18.0% (2019: RMB8,458.802 million). In 2020, the Group's cost of sales and services was 70.8% of the Group's total revenue, representing a YoY increase of 0.6% (2019: 70.2%).

GROSS PROFIT

In 2020, the Group's gross profit was RMB4,118.484 million, representing a YoY growth of 14.9% (2019: RMB3,583.093 million). The Group's gross margin was 29.2%, representing a YoY decrease of 0.6% (2019: 29.8%) The Group's gross margin (to service revenue) was 29.9%, representing a YoY decrease of 0.9% (2019: 30.8%). The decrease in gross profit margin was mainly due to the impact of the COVID-19 pandemic. After the full resumption of work and production, the Group tried its best to eliminate the short-term impact in the first half of the year and recovered as much as it can the losses caused by the epidemic, but the overall gross profit margin for the whole year still fell slightly.

In the future, the Group will continue to adopt the following measures to increase its gross profit margin:

1. Build a software factory integrating consulting and diagnosis, process management, IT tools and delivery services, comprehensively upgrade traditional IT services, continuously improve service quality and service value, promote the productization of cornerstone business services, and develop more quality and scale markets space.

2. Continue to increase business with high gross profit and high per capita output, increase R&D investment in cloud management services, cloud products and solutions, cloud services, etc., precipitate IP, integrate ecosystems, and accelerate the construction of full-stack cloud intelligent services to increase the proportion of its intelligent cloud business revenue and continue to upgrade its business model.
3. Make every effort to establish the Group's process organization, strengthen the organizational performance management system, and improve management efficiency.

OTHER INCOME

In 2020, the Group's other income was RMB312.821 million, representing a YoY increase of 75.9% (2019: RMB177.811 million). The increase of other income during the reporting period is mainly due to the increase of government subsidies and interest income compared with the same period of last year.

OTHER GAINS OR LOSSES

In 2020, the Group's other losses were RMB14.902 million (2019: gain of RMB0.849 million). This line item reflects increase in donations to the government and schools during the epidemic.

OPERATING EXPENSES

In 2020, the Group's selling and distribution expenses were RMB729.409 million, representing a YoY increase of 18.1% (2019: RMB617.554 million). The Group's selling and distribution expenses accounted for 5.2% of the total revenue, representing a YoY increase of 0.1% (2019: 5.1%).

In 2020, the Group's administrative expenses were RMB1,301.981 million, representing a YoY increase of 8.9% (2019: RMB1,195.874 million). The Group's administrative expenses accounted for 9.2% of the total revenue, representing a YoY decrease of 0.7% (2019: 9.9%). This is because on one hand, during the reporting period, due to the impact of the COVID-19 epidemic, travel expenses and entertainment expenses decreased compared with the same period last year; on the other hand, it also reflected the improvement of the Group's administrative management efficiency.

In 2020, the Group's R&D expenses were RMB930.169 million, representing a YoY increase of 15.0% (2019: RMB808.949 million). The main reason for the increase was because during the reporting period, the Group continued to increase its R&D investment in cloud intelligence services and industrial Internet platforms, which further increased the total R&D expenses. In 2020, the R&D expenses accounted for 6.6% of the total revenue, representing a YoY decrease of 0.1% (2019: 6.7%).

FINANCE COSTS AND INCOME TAX

In 2020, the Group's finance costs were RMB151.458 million, representing a YoY decrease of 8.8% (2019: RMB166.045 million). The Group's finance costs accounted for 1.1% of the total revenue, representing a YoY decrease of 0.3% (2019: 1.4%). The decrease in finance costs was mainly due to the Group's loan replacement during the reporting period, which optimized the loan structure and reduced loan costs.

In 2020, the loss from derecognition of financial assets measured at amortized cost was RMB1.201 million, representing a YoY decrease of 73.6% (2019: RMB4.544 million).

In 2020, the Group's income tax was RMB86.732 million, representing a YoY increase of 105.2% (2019: RMB42.272 million). The Group's effective income tax rate was 8.4%, representing a YoY increase of 3.1% (2019: 5.3%). The increase in income tax was mainly due to the decrease in tax incentives for some entities during the reporting period.

OTHER NON-CASH EXPENSES

In 2020, the Group's other expenses were RMB43.786 million, representing a YoY decrease of 25.7% (2019: RMB58.929 million). The Group's other expenses accounted for 0.3% of the total revenue, representing a YoY decrease of 0.2% (2019: 0.5%).

In 2020, the Group's impairment losses under the expected credit model, net reversal was RMB161.384 million, representing a YoY increase of 115.7% (2019: 74.812 million). This was mainly due to the increased uncertainty triggered by the COVID-19 epidemic during the reporting period, the Group has further increased the provision for expected credit losses in accordance with the principle of appropriately assessing the credit risk of customers.

In 2020, the Group's impairment loss of goodwill was RMB21.857 million (2019: RMB35.760 million). The Group's additional goodwill impairment is mainly attributable to the performance of its subsidiary Catapult was affected by COVID-19 in North America.

In 2020, the Group's impairment loss for investment accounted for using the equity method was RMB15.878 million mainly due to the impairment of investments in the education business.

WORKING CAPITAL, FINANCIAL AND CAPITAL RESOURCE

In 2020, the Group's total available cash balance (the sum of bank balances and cash and pledged deposits) was RMB3,815.703 million (2019: RMB2,538.062 million).

In 2020, the Group's net current assets were RMB7,675.755 million (2019: RMB5,048.563 million). In 2020, the current ratio (current assets divided by current liabilities) was 3.8, an increase from 2.6 in 2019.

In 2020, the Group's borrowings were RMB1,789.515 million, and there were no convertible loan notes (2019 borrowings: RMB1,723.187 million, convertible loan notes: RMB751.501 million). Gearing ratio is calculated by dividing the net borrowing amount (borrowing and convertible loan notes minus available cash (bank balance and the sum of cash and pledged deposits)) by total equity. The Group's available cash balances in 2020 and 2019 were both higher than the sum of borrowings and convertible loan notes, which resulted into a negative gearing ratio.

PROFIT FOR THE YEAR AND EARNINGS PER SHARE (EPS)

In 2020, the Group's profit was RMB948.113 million, representing a YoY growth of 25.3% (2019: RMB756.686 million). The Group's profit accounted for 6.7% of the total revenue, representing a YoY increase of 0.4% (2019: 6.3%). The Group's profit accounted for 6.9% of the service revenue, representing a YoY increase of 0.4% (2019: 6.5%).

In 2020, the Group's profit attributable to the owners of the Company was RMB954.928 million, representing a YoY growth of 26.5% (2019: RMB754.888 million).

Based on the profit attributable to the owners of the Company, the Group's EPS was RMB37.86 cents in 2020, representing a YoY increase of 23.3% (2019: RMB30.71 cents).

SEGMENT REVENUE AND RESULTS

In 2020, the segment's growth of revenue and results are as follow:

	Revenue			Result		
	2020 RMB'000	2019 RMB'000	Growth Rate	2020 RMB'000	2019 RMB'000	Growth Rate
TPG	12,396,429	10,458,258	18.5%	1,162,191	891,035	30.4%
IIG	1,704,810	1,583,637	7.7%	124,114	97,645	27.1%
Total	<u>14,101,239</u>	<u>12,041,895</u>	17.1%	<u>1,286,305</u>	<u>988,680</u>	30.1%

In terms of segment revenue, TPG's revenue achieved a YoY growth of 18.5%, mainly due to the growth of core customer businesses such as Huawei, Tencent, Alibaba, and Ping An Group. IIG's revenue achieved a YoY growth of 7.7%, mainly due to the growth of the Jointforce software industry Internet platform business.

In terms of segment results, TPG's results achieved a YoY growth of 30.4%, higher than that of its revenue growth. The main reason was that as the management efficiency of the Group continued to improve, the expense ratio during the year has been further reduced. Furthermore, government subsidies increased substantially while interest expenses were saved. IIG's results achieved a YoY growth of 27.1%, mainly from the improvement of business gross profit margin.

The Group believes that as the Group's cloud intelligence business, which has been deployed for many years, has entered a stage of rapid development, it will continue to drive the Group's future performance growth and profit margin improvement.

FUNDRAISING ACTIVITIES

During the current and last reporting period, no fund raising activities had been conducted by the Group. The details of the fund raising activity which had been conducted by the Group with unused proceeds is summarized as below:

On 18 April 2017 and 18 May 2017, the Group entered into the Subscription Agreement and Supplemental Agreement respectively with Dan Capital Management Ltd. (the “Dan Capital”) pursuant to which the Company has conditionally agreed to issue, and Dan Capital has conditionally agreed to subscribe for, the Convertible Notes in an aggregate principal amount of HK\$900,000,000 due in 2022 (“2017 CN”).

The 2017 CN was issued on 3 July 2017 under the general mandate granted to the Directors at the annual general meeting of the Company held on 18 May 2016. The intended use and actual use of the proceeds are as follow:

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds	The amount of the remaining net proceeds as at 31 December 2020 for the intended use	Expected time of utilisation (Note)
Approximately HK\$600 million	For mergers and acquisitions and establishing an M&A fund to upgrade new technological capability and strengthen the ecological construction of the cloud services	(i) Approximately HK\$43 million were used to upgrade new technological capability; (ii) Approximately HK\$165 million were used for merger and acquisitions and establishing an M & A fund to invest in proprietary and reliable business, cloud computing, big data, artificial intelligent, and related industries and associate companies;	Approximately HK\$392 million to be used for merger and acquisitions and establishing an M & A fund to invest in proprietary and reliable business, cloud computing, big data, artificial intelligent, and related industries and associate companies.	Before 31 December 2021
Approximately HK\$100 million	For upgrading the Jointforce to forge a comprehensive platform for the IT industry chain	Approximately HK\$100 million were used for upgrading the Jointforce to forge a comprehensive platform for the IT industry chain	–	–

Net proceeds allocation	Intended use of the proceeds	Actual use of the proceeds	The amount of the remaining net proceeds as at 31 December 2020 for the intended use	Expected time of utilisation (Note)
Approximately HK\$200 million	For replenishing the Company's working capital and repaying certain bank loans with relatively higher interest rates	Approximately HK\$200 million were used for replenishing the Company's working capital and repaying certain bank loans with relatively higher interest rates	–	–

Note: The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Group, which may be subject to changes and adjustments based on the future development of market conditions.

During the reporting period of 2020, a number of 180,000,000 ordinary shares were allotted and issued upon full conversion of 2017 CN.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. The code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules have served as guideposts for the Company to follow in its implementation of corporate governance measures.

Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below.

- (i) The roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual (deviated from code provision A.2.1 of the CG Code). Dr. Chen Yuhong currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that by holding both roles, Dr. Chen will be able to provide the Group with strong and consistent leadership, and it allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group.

- (ii) The Chairman of the Board was not able to attend the annual general meeting of the Company held on 22 June 2020 in Hong Kong (the “2019 AGM”) (deviated from code provision E.1.2 of the CG Code) due to the quarantine restrictions against COVID-19 outbreak. However, one of the independent non-executive Directors attended and acted as the Chairman of the 2019 AGM;
- (iii) Independent non-executive Directors and other non-executive Directors, as equal Board members should attend general meetings and develop a balanced understanding of the views of shareholders. Some independent non-executive Directors and non-executive Directors of the Company were unable to attend the 2019 AGM, due to the quarantine restrictions against COVID-19 outbreak. Other Board member who attended the 2019 AGM was available to answer questions to ensure effective communication with the shareholders (deviated from code provision A.6.7 of the CG Code).

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest developments.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules relating to dealings in securities. In response to a specific enquiry by the Company, the Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

COMPETING INTERESTS

As at 31 December 2020, none of the Directors or the management shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interest in a business which competed or might compete with the business of the Group.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company, except that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the open market a total of 28,846,000 shares of the Company at a total consideration of approximately HK\$153,178,000.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2020.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 2 June 2003 and amended its written terms of reference on 28 March 2012, 31 December 2015 and 9 January 2019 to comply with the requirements in the CG Code. The terms of reference of the Audit Committee, a copy of which is posted on the website of the Company and the Stock Exchange, are in line with the provisions of the CG Code. The Audit Committee is mainly responsible for reviewing and supervising the Group’s financial reporting and internal control system. The Audit Committee met at least on a semi-yearly basis during the year ended 31 December 2020.

During the year from 1 January 2020 to 31 December 2020, the Audit Committee comprised three independent non-executive Directors namely Professor Mo Lai Lan as the Chairman of the Audit Committee and Mr. Zeng Zhijie and Dr. Lai Guangrong as the members of the Audit Committee.

The Group’s unaudited interim results and audited annual results during the year ended 31 December 2020 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of HK\$0.029 per ordinary share from share premium account of the Company in respect of the year ended 31 December 2020. The proposed dividend payments from share premium account of the Company are subject to approval by the shareholders of the Company at the annual general meeting to be held on Tuesday, 18 May 2021 at 3:00 p.m.. Upon shareholders’ approval at the upcoming annual general meeting, the proposed final dividend will be paid on Tuesday, 15 June 2021 to shareholders whose names shall appear on the register of members of the Company on Monday, 31 May 2021.

CLOSURE OF REGISTER OF MEMBERS

- (a) For the purpose of determining the qualification as shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 13 May 2021 to Tuesday, 18 May 2021, both days inclusive. In order to qualify as shareholders of the Company to attend and vote at the AGM, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 May 2021.

- (b) For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the shareholders at the AGM), the register of members of the Company will be closed from Wednesday, 26 May 2021 to Monday, 31 May 2021, both days inclusive. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 25 May 2021.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is proposed to hold on Tuesday, 18 May 2021 at 3:00 p.m.. Notice of the Annual General Meeting will be published and despatched to the shareholders in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been prepared in English and Chinese respectively. In case of discrepancy, the Chinese version shall prevail, except for the financial statements prepared in accordance with International Financial Reporting Standards, where the English version shall prevail. This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinasofti.com). The annual report for the year containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Chinasoft International Limited
Dr. CHEN Yuhong
Chairman and Chief Executive Officer

Hong Kong, 29 March 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Chen Yuhong (Chairman and Chief Executive Officer) and Dr. Tang Zhenming, three non-executive Director, namely Dr. Zhang Yaqin, Mr. Gao Liangyu and Mrs. Gavriella Schuster, and three independent non-executive Directors, namely Mr. Zeng Zhijie, Dr. Lai Guanrong and Professor Mo Lai Lan.

* *For identification purposes only*