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INSPUR DIGITAL ENTERPRISE TECHNOLOGY LIMITED

浪潮數字企業技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 596)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “Board”) of Inspur International Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 as follows:

Financial highlights for the year ended 31 December 2022:

- Turnover increased by approximately 114.3% compared with 2021 to approximately RMB6,966,590,000, of which the turnover of Cloud services increased by approximately 67.2% compared with 2021 to approximately RMB1,258,088,000, the turnover of Management Software increased by approximately 21.5% compared with 2021 to approximately RMB2,261,227,000, and the turnover of Internet of Things (IoT) solutions increased by approximately 441.0% compared with 2021 to approximately RMB 3,447,275,000.
- Profit attributable to owners of the Company during the year was approximately RMB118,690,000 (2021: RMB 53,761,000).
- The company’s net cash inflow from operating activities was approximately RMB192,487,000 (2021: RMB 88,102,000).
- Basic profit per share attributable to owners of the Company during the year were approximately RMB10.39 cents (2021: RMB 4.72 cents).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | <i>NOTES</i> | 2022 | 2021 |
|-------------------------------------------------------------------------|--------------|---------------------------|--------------------|
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | | <i>(Restated)</i> |
| Revenue | 3 | 6,966,590 | 3,250,401 |
| Cost of sales | | <u>(5,525,366)</u> | <u>(2,219,612)</u> |
| Gross profit | | 1,441,224 | 1,030,789 |
| Other income | 4 | 216,092 | 169,025 |
| Other gains and losses, net | 4 | (1,031) | 3,928 |
| Impairment losses under expected credit loss model, net of reversal | | (42,075) | (15,208) |
| Administrative expenses | | (281,364) | (268,390) |
| Research and development expenses | | (735,792) | (381,828) |
| Selling and distribution expenses | | (481,903) | (477,135) |
| Finance costs | | (3,398) | (1,486) |
| Changes in fair value of investment properties | 9 | (14,178) | (21,292) |
| Share of results of associates | | 6,049 | 9,033 |
| Share of result of a joint venture | | <u>45,016</u> | <u>2,507</u> |
| Profit before tax | | 148,640 | 49,943 |
| Income tax (expenses) benefits | 6 | <u>(23,831)</u> | <u>2,571</u> |
| Profit for the year | 5 | <u>124,809</u> | <u>52,514</u> |
| Profit for the year attributable to owners of the Company | | 118,690 | 53,761 |
| Profit (loss) for the year attributable to non-controlling interests | | <u>6,119</u> | <u>(1,247)</u> |
| Earnings per share | 8 | | |
| – Basic (RMB Cent) | | <u>10.39</u> | <u>4.72</u> |
| – Diluted (RMB Cent) | | <u>10.39</u> | <u>4.70</u> |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 2022 | 2021 |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Profit for the year | 124,809 | 52,514 |
| Other comprehensive (expense) income: | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | |
| Fair value (loss) gain on investment in an equity instrument at fair value through other comprehensive income (“FVTOCI”) | (39) | 8,589 |
| Deferred tax on revaluation upon equity instrument at FVTOCI | 9 | (2,147) |
| Loss on revaluation upon transfer from property, plant and equipment to investment properties | — | (333) |
| Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties | — | 50 |
| | <u>(30)</u> | <u>6,159</u> |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences arising on translation of foreign operations | <u>(826)</u> | <u>(985)</u> |
| | (826) | (985) |
| Other comprehensive (expense) income for the year, net of income tax | <u>(856)</u> | <u>5,174</u> |
| Total comprehensive income for the year | <u>123,953</u> | <u>57,688</u> |
| Total comprehensive income (expense) for the year attributable to: | | |
| – Owners of the Company | 117,834 | 59,188 |
| – Non-controlling interests | 6,119 | (1,500) |
| | <u>123,953</u> | <u>57,688</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

| | | 31 December | 31 December | 1 January |
|------------------------------------------------|--------------|--------------------|-------------------|-------------------|
| | <i>NOTES</i> | 2022 | 2021 | 2021 |
| | | RMB'000 | <i>RMB'000</i> | <i>RMB'000</i> |
| | | | <i>(Restated)</i> | <i>(Restated)</i> |
| Non-current assets | | | | |
| Property, plant and equipment | | 374,401 | 367,672 | 333,624 |
| Investment properties | 9 | 747,920 | 772,975 | 833,895 |
| Right-of-use assets | | 66,344 | 64,882 | 61,105 |
| Other intangible assets | | 34,000 | 42,355 | 55,573 |
| Equity instrument at FVTOCI | | — | 28,000 | 19,411 |
| Interests in associates | | 217,604 | 215,252 | 313,824 |
| Interest in a joint venture | | 136,267 | 91,251 | 88,744 |
| | | 1,576,536 | 1,582,387 | 1,706,176 |
| Current assets | | | | |
| Inventories | | 438 | 1,695 | 1,045 |
| Trade and bills receivables | 10 | 1,052,532 | 569,210 | 316,033 |
| Debt instruments at FVTOCI | | 43,548 | 10,965 | 4,075 |
| Prepayments, deposits and other receivables | | 257,168 | 179,899 | 95,347 |
| Contract assets | | 363,677 | 224,508 | 299,446 |
| Amount due from ultimate holding company | 11 | 5,749 | 3,153 | 1,670 |
| Amounts due from fellow subsidiaries | 11 | 296,818 | 261,163 | 190,974 |
| Pledged bank deposits | | 28,393 | 29,395 | 18,107 |
| Bank balances and cash | | 1,193,170 | 1,033,139 | 871,001 |
| | | 3,241,493 | 2,313,127 | 1,797,698 |

| | <i>NOTES</i> | 31 December 2022 RMB'000 | 31 December 2021 RMB'000 (Restated) | 1 January 2021 RMB'000 (Restated) |
|-----------------------------------------------------------|--------------|-----------------------------------------|----------------------------------------------|--------------------------------------------|
| Current liabilities | | | | |
| Trade payables | 12 | 598,008 | 179,635 | 201,352 |
| Other payables, deposits received and accrued expenses | | 646,286 | 579,833 | 426,396 |
| Lease liabilities | | 12,322 | 12,026 | 9,741 |
| Contract liabilities | | 1,076,509 | 893,042 | 740,636 |
| Provisions | | 12,551 | 26,360 | 30,462 |
| Amount due to ultimate holding company | 12 | 967 | 1,909 | 1,027 |
| Amounts due to fellow subsidiaries | 13 | 223,977 | 53,738 | 40,932 |
| Deferred income - government grants | | 41,779 | 86,755 | 47,531 |
| Tax liabilities | | 16,010 | 9,606 | 17,607 |
| | | 2,628,409 | 1,842,904 | 1,515,684 |
| Net current assets | | 613,084 | 470,223 | 282,014 |
| Total assets less current liabilities | | 2,189,620 | 2,052,610 | 1,988,190 |
| Non-current liabilities | | | | |
| Lease liabilities | | 7,926 | 8,248 | 7,987 |
| Deferred income - government grants | | 102,598 | 83,248 | 80,654 |
| Deferred tax liabilities | | 201,129 | 204,416 | 205,507 |
| | | 311,653 | 295,912 | 294,148 |
| | | 1,877,967 | 1,756,698 | 1,694,042 |
| Capital and reserves | | | | |
| Share capital | | 10,796 | 10,796 | 10,771 |
| Reserves | | 1,826,839 | 1,708,361 | 1,644,230 |
| Equity attributable to owners of the Company | | 1,837,635 | 1,719,157 | 1,655,001 |
| Non-controlling interests | | 40,332 | 37,541 | 39,041 |
| Total equity | | 1,877,967 | 1,756,698 | 1,694,042 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

| | Attributable to owners of the Company | | | | | | | | | | | |
|--------------------------------------------------------------------------|---------------------------------------|------------------------------------|-------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|------------------------------------------|------------------------------------------|---------------------------------------------------------|---------------------------------------|----------------------------|----------------------------------------------------|-------------------------|
| | Share capital <i>RMB'000</i> | Share premium <i>RMB'000</i> | Other reserve <i>RMB'000</i> <i>(note i)</i> | Special reserve <i>RMB'000</i> <i>(note ii)</i> | Share- based payments reserve <i>RMB'000</i> | Translation reserve <i>RMB'000</i> | Revaluation reserve <i>RMB'000</i> | Merge reserve <i>RMB'000</i> <i>(note iii)</i> | Retained profits <i>RMB'000</i> | Subtotal <i>RMB'000</i> | Non- controlling interests <i>RMB'000</i> | Total <i>RMB'000</i> |
| At 31 December 2021 (Restated) | 10,796 | 1,371,809 | (499,124) | 98 | 1,245 | 12,250 | 104,044 | (347,589) | 1,065,628 | 1,719,157 | 37,541 | 1,756,698 |
| Profit for the year | — | — | — | — | — | — | — | — | 118,690 | 118,690 | 6,119 | 124,809 |
| Other comprehensive (loss) income | — | — | — | — | — | (826) | (30) | — | — | (856) | — | (856) |
| Total comprehensive (expense) income for the year | — | — | — | — | — | (826) | (30) | — | 118,690 | 117,834 | 6,119 | 123,953 |
| Disposal of equity instrument at FVTOCI through disposal of a subsidiary | — | — | — | — | — | — | (7,493) | — | 7,493 | — | — | — |
| Acquisition of additional interests in a subsidiary | — | — | 530 | — | — | — | — | — | — | 530 | (5,108) | (4,578) |
| Contribution by non-controlling interest | — | — | — | — | — | — | — | — | — | — | 1,780 | 1,780 |
| Recognition of equity-settled share-based payments | — | — | — | — | 114 | — | — | — | — | 114 | — | 114 |
| | — | — | 530 | — | 114 | — | (7,493) | — | 7,493 | 644 | (3,328) | (2,684) |
| At 31 December 2022 | <u>10,796</u> | <u>1,371,809</u> | <u>(498,594)</u> | <u>98</u> | <u>1,359</u> | <u>11,424</u> | <u>96,521</u> | <u>(347,589)</u> | <u>1,191,811</u> | <u>1,837,635</u> | <u>40,332</u> | <u>1,877,967</u> |
| At 1 January 2021 (Restated) | 10,771 | 1,364,132 | (499,124) | 98 | 51,314 | 13,095 | 97,772 | (347,589) | 964,532 | 1,655,001 | 39,041 | 1,694,042 |
| Profit (loss) for the year (Restated) | — | — | — | — | — | — | — | — | 53,761 | 53,761 | (1,247) | 52,514 |
| Other comprehensive (expense) income (Restated) | — | — | — | — | — | (845) | 6,272 | — | — | 5,427 | (253) | 5,174 |
| Total comprehensive (expense) income for the year (Restated) | — | — | — | — | — | (845) | 6,272 | — | 53,761 | 59,188 | (1,500) | 57,688 |
| Reversal of equity-settled share-based payments (Restated) | — | — | — | — | (163) | — | — | — | — | (163) | — | (163) |
| Exercise of share options (Restated) | 25 | 7,677 | — | — | (2,571) | — | — | — | — | 5,131 | — | 5,131 |
| Annulment of share options (Restated) (note iv) | — | — | — | — | (47,335) | — | — | — | 47,335 | — | — | — |
| | 25 | 7,677 | — | — | (50,069) | — | — | — | 47,335 | 4,968 | — | 4,968 |
| At 31 December 2021 (Restated) | <u>10,796</u> | <u>1,371,809</u> | <u>(499,124)</u> | <u>98</u> | <u>1,245</u> | <u>12,250</u> | <u>104,044</u> | <u>(347,589)</u> | <u>1,065,628</u> | <u>1,719,157</u> | <u>37,541</u> | <u>1,756,698</u> |

Notes:

- (i) Other reserve arose from the acquisition of partial interest in a subsidiary without changes in control.
- (ii) The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries and the nominal amount of the Company's shares issued for the acquisition at the time of the reorganisation prior to the listing of the Company's shares in 2003.
- (iii) The merge reserve arose from the acquisition of subsidiaries under common control and the acquisition is accounted for by applying the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations".
- (iv) In 2021, 51,244,000 vested share options held by directors and employees were annulled, and share-based payments reserve recognised in the previous years was transferred to retained profits.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 2022 | 2021 |
|---------------------------------------------------------|-------------------------|-------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| NET CASH FROM OPERATING ACTIVITIES | 192,487 | 88,102 |
| NET CASH (USED IN) FROM INVESTING ACTIVITIES | 2,894 | 89,880 |
| NET CASH USED IN FINANCING ACTIVITIES | (32,947) | (12,373) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | 162,434 | 165,609 |
| AT BEGINNING OF THE YEAR | 1,033,139 | 871,001 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | (2,403) | (3,471) |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | | |
| Bank balances and cash | <u>1,193,170</u> | <u>1,033,139</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL

Inspur Digital Enterprise Technology Limited, formerly known as Inspur International Limited, (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Inspur Overseas Investment Limited (“Inspur Overseas”), a company incorporated in the British Virgin Islands and Inspur Group Limited (“IPG”), a company established in the People’s Republic of China (the “PRC”) are the immediate holding company and ultimate holding company of the Company, respectively. The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The functional currency of the Company is Renminbi (“RMB”). The presentation currency of the consolidated financial statements in prior financial periods was Hong Kong Dollar (“HK\$”). During the year ended December 31, 2022, the Group changed its presentation currency from HK\$ to RMB, considering that (i) the Company’s primary subsidiaries were incorporated in the PRC and their transactions are denominated and settled in RMB; and (ii) to reduce the impact of fluctuations in the exchange rate of HK\$ against RMB on the Group’s consolidated financial statements. The change in presentation currency of the Group has been applied retrospectively, the comparative information has been restated to reflect the change in presentation currency to RMB accordingly. The Group has also presented the consolidated statement of financial position as at 1 January 2021 without related notes.

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

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 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 periods beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

| | |
|-----------------------|--------------------------------------------------------------|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018-2020 |

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

2.1 Impacts on application of Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The Group has applied the amendments for the first time in the current year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under a contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 January 2022. Specifically, the Group’s assessment of onerous contracts in relation to the outstanding unfulfilled software development contracts.

The application of the amendments in the current year has had no impact on the Group’s financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts ¹ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ² |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback ³ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³ |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants ³ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ¹ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹ |

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

3. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resources allocation and assessment of segment performance focuses on nature of types of services provided. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance.

1. Cloud services - Provision of cloud services;
2. Management software - Provision of software development and other software services;
3. Internet of things (IoT) solution - Provision of sales of IT peripherals and software.

Segment revenue and results

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

For the year ended 31 December 2022

| | Cloud services | Management software | Internet of things (IoT) solution | Consolidated |
|-------------------------------------------------|-----------------------|----------------------------|------------------------------------------|-----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Segment revenue | <u>1,258,088</u> | <u>2,261,227</u> | <u>3,447,275</u> | <u>6,966,590</u> |
| Segment (loss) profit | <u>(133,257)</u> | <u>223,699</u> | <u>49,154</u> | <u>139,596</u> |
| Unallocated other income, gains and losses, net | | | | 42,774 |
| Change in fair value of investment properties | | | | (14,178) |
| Share of results of associates | | | | 6,049 |
| Share of result of a joint venture | | | | 45,016 |
| Share-based payments | | | | 114 |
| Unallocated administrative expenses | | | | (25,233) |
| Unallocated selling and distribution expenses | | | | (25) |
| Impairment losses, net of reversal | | | | (42,075) |
| Finance costs | | | | <u>(3,398)</u> |
| Profit before tax | | | | <u>148,640</u> |

For the year ended 31 December 2021

| | Cloud services <i>RMB'000</i> | Management software <i>RMB'000</i> | Internet of things (IoT) solution <i>RMB'000</i> | Consolidated <i>RMB'000</i> |
|-------------------------------------------------------|-------------------------------------|------------------------------------------|-----------------------------------------------------------|--------------------------------|
| Segment revenue | <u>752,563</u> | <u>1,860,656</u> | <u>637,182</u> | <u>3,250,401</u> |
| Segment (loss) profit | <u>(108,795)</u> | <u>105,953</u> | <u>16,648</u> | <u>13,806</u> |
| Unallocated other income, gains and losses, net | | | | 98,013 |
| Change in fair value of investment properties | | | | (21,292) |
| Share of profit of an associate | | | | 9,033 |
| Share of profit of a joint venture | | | | 2,507 |
| Share-based payments | | | | 163 |
| Unallocated administrative expenses | | | | (35,553) |
| Unallocated selling and distribution expenses | | | | (40) |
| Impairment losses under ECL model, net of reversal | | | | (15,208) |
| Financial costs | | | | <u>(1,486)</u> |
| Loss before tax | | | | <u><u>49,943</u></u> |

All of the segment revenues reported for both years were from external customers.

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

Geographic information

The Group's operations are currently carried out in the People's Republic of China, the country of domicile except for some services rendered by management software segment which is located in other regions.

Information about the Group's revenue from external customers is presented based on location of customers irrespective of the origin of the services. Information about the Group's non-current assets* is by geographic location of assets.

| | Revenue from external customers | | Non-current assets* | |
|----------------|---------------------------------|-------------------------|-------------------------|-------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> | | <i>(Restated)</i> |
| Mainland China | 6,897,018 | 3,104,885 | 1,545,276 | 1,522,838 |
| Hong Kong | — | — | 27,130 | 26,008 |
| Others | 69,572 | 145,516 | 4,130 | 5,541 |
| | <u>6,966,590</u> | <u>3,250,401</u> | <u>1,584,636</u> | <u>1,554,387</u> |

* Non-current assets excluded those relating to equity instrument at FVTOCI.

Information about major customers

The Group has no customers with revenue amount more than 10% of the Group's revenue for the year ended 31 December (2021: none).

4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

| | 2022 | 2021 |
|------------------------------------------------------|----------------|-------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Other income: | | |
| Interest income on bank deposits | 15,591 | 9,904 |
| Interest income on financial assets at FVTPL | — | 3,817 |
| VAT refund (note i) | 100,669 | 74,940 |
| Government subsidies and grants (note ii) | 58,594 | 15,796 |
| Rental income | 41,099 | 46,855 |
| Additional distribution from an associate | — | 16,970 |
| Bargain purchase gain on acquisition of a subsidiary | 95 | — |
| Others | 44 | 743 |
| | <u>216,092</u> | <u>169,025</u> |

| | 2022 | 2021 |
|------------------------------------------------------------------------------|----------------|-------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Other gains and losses, net: | | |
| Net foreign exchange gain (loss) | 2,136 | (1,748) |
| Net (loss) gain on disposal and written off of property, plant and equipment | (337) | 653 |
| Impairment loss recognised in respect of investment in an associate | — | 7,865 |
| Loss on disposal of a subsidiary | (19) | (2,309) |
| Others | (2,811) | (533) |
| | <u>(1,031)</u> | <u>3,928</u> |

Notes:

- i. Inspur Generally Software Co., Ltd. (“Inspur Genersoft”) and Inspur Communications System Co., Ltd. (“Inspur Communications”) are engaged in the business of distribution of self-developed and produced software. Under the current PRC tax regulation, both are entitled to a refund of VAT paid for sales of self-developed software in the PRC.
- ii. For the year ended 31 December 2022, income of approximately RMB6,679,000 (2021: RMB11,749,000) represents the subsidies from the relevant government authorities for the purpose of encouraging the development of the group entities engaged in new and high technology sector. The subsidies received are in substance a kind of immediate financial support to the group entities with no future related obligations and are recognised as income when the approval of the relevant government authority has been obtained. There are no other conditions attached to these subsidies.

For the year ended 31 December 2022, income of approximately RMB51,915,000 (2021: RMB4,047,000) represents the grants from the relevant government authorities for funding certain development projects undertaken by the group entities. The grants received are recognised as income when i) the related projects have been completed, ii) the evaluation of the project results by the relevant government authority has been completed, and iii) no other future conditions are required to fulfil by the Group.

5. PROFIT FOR THE YEAR

| | 2022 | 2021 |
|------------------------------------------------------------------------------------------------------------------|------------------|-------------------|
| | RMB'000 | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Depreciation for property, plant and equipment | 36,862 | 40,136 |
| Depreciation for right-of-use assets | 20,256 | 18,198 |
| Amortisation for other intangible assets | 14,055 | 13,218 |
| | <hr/> | <hr/> |
| Total depreciation and amortisation | 71,173 | 71,552 |
| Auditor's remuneration | 3,936 | 2,839 |
| Expense relating to short-term leases | 29,055 | 29,972 |
| Gross rental income from investment properties | (48,711) | (53,029) |
| Less: | | |
| direct operating expenses incurred for investment properties that generated rental income during the year | 4,967 | 4,544 |
| direct operating expenses incurred for investment properties that did not generate rental income during the year | 2,645 | 1,630 |
| | <hr/> | <hr/> |
| | (41,099) | (46,855) |
| Directors' remuneration (Note 11) | 7,507 | 4,203 |
| Other staff costs | | |
| Salaries and other benefits | 1,742,374 | 1,485,976 |
| Share-based payments | 114 | (163) |
| Retirement benefits schemes contributions | 226,896 | 169,772 |
| | <hr/> | <hr/> |
| | 1,969,384 | 1,655,585 |
| Cost of inventories recognised as expense in cost of sales | 2,600,227 | 680,460 |
| | <hr/> <hr/> | <hr/> <hr/> |

6. INCOME TAX (EXPENSES) BENEFITS

| | 2022 | 2021 |
|---------------------------------------|-----------------------|-----------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | | <i>(Restated)</i> |
| Current tax: | | |
| PRC EIT | 13,218 | 3,976 |
| Under (over) provision in prior years | | |
| PRC EIT | 11,393 | (4,446) |
| Deferred tax (Note 35) | (780) | (2,101) |
| | <u>23,831</u> | <u>(2,571)</u> |

7. DIVIDEND

After the closing date of the reporting period, the directors of the company have proposed to distribute a final dividend of HK \$0.02 per ordinary share for the year ended 31 December 2022 (2021: None), which can only be implemented upon approval by shareholders at the upcoming annual general meeting.

8. EARNINGS PER SHARE

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

| | 2022 | 2021 |
|---------------------------------------------------------------|-------------------------|------------------|
| | RMB'000 | RMB'000 |
| <u>Earnings</u> | | |
| Profit for the year attributable to the owners of the Company | <u>118,690</u> | <u>53,761</u> |
| | | |
| | 2022 | 2021 |
| | '000 | '000 |
| <u>Number of shares</u> | | |
| Number of ordinary shares for the purpose of | | |
| basic earnings per share | 1,141,920 | 1,139,829 |
| Effect of dilutive potential ordinary shares arising | | |
| from the outstanding share options | <u>120</u> | <u>3,642</u> |
| | | |
| Weighted average number of ordinary shares for the purpose of | | |
| diluted earnings per share | <u>1,142,040</u> | <u>1,143,471</u> |

9. INVESTMENT PROPERTIES

The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 month to 4 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

| | <i>RMB'000</i> |
|------------------------------------------------------------------------------|-----------------------|
| FAIR VALUE | |
| At 1 January 2021 (Restated) | 833,895 |
| Transfer from property, plant and equipment (Restated) | 2,920 |
| Transfer to property, plant and equipment and right-of-use assets (Restated) | (41,930) |
| Changes in fair value of investment properties (Restated) | (21,292) |
| Exchange adjustments (Restated) | (618) |
| | <hr/> |
| At 31 December 2021 (Restated) | 772,975 |
| Transfer to property, plant and equipment and right-of-use assets | (12,500) |
| Changes in fair value of investment properties | (14,178) |
| Exchange adjustments | 1,623 |
| | <hr/> |
| At 31 December 2022 | <u><u>747,920</u></u> |

All of the Group's property interests held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2022 was approximately RMB 747,920,000 (2021: RMB772,975,000). The fair value has been arrived at based on a valuation carried out by Asset Appraisal Limited, a firm of professional valuer not connected with the Group.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2022 and 2021 are as follows:

| | <u>At 31 December 2022</u> | | <u>At 31 December 2021</u> | |
|-----------------------------------|----------------------------|-----------------------|----------------------------|-------------------|
| | <u>Level 3</u> | <u>Fair value</u> | <u>Level 3</u> | <u>Fair value</u> |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | | | <i>(Restated)</i> | <i>(Restated)</i> |
| Commercial property units located | | | | |
| – Hong Kong | 20,760 | 20,760 | 19,825 | 19,825 |
| – Jinan | 413,700 | 413,700 | 439,300 | 439,300 |
| – Beijing - Tianyuan Network | 302,500 | 302,500 | 302,900 | 302,900 |
| – Beijing - Zhengzhou Hualiang | 5,200 | 5,200 | 5,200 | 5,200 |
| – Changsha - Zhengzhou Hualiang | 2,740 | 2,740 | 2,830 | 2,830 |
| – Changchun - Zhengzhou Hualiang | 3,020 | 3,020 | 2,920 | 2,920 |
| | <u>747,920</u> | <u>747,920</u> | <u>772,975</u> | <u>772,975</u> |

10. TRADE AND BILLS RECEIVABLES

| | At 31 | At 31 |
|-----------------------------------|------------------|-------------------|
| | December | December |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | | <i>(Restated)</i> |
| Trade and bills receivables | | |
| – contracts with customers | 1,116,227 | 619,145 |
| Less: Allowance for credit losses | (63,695) | (49,935) |
| Total trade and bills receivables | <u>1,052,532</u> | <u>569,210</u> |

The following is an aged analysis of trade and bills receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period:

| | At 31 | At 31 |
|---------------|------------------|-------------------|
| | December | December |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| | | <i>(Restated)</i> |
| 0-30 days | 629,782 | 376,415 |
| 31-60 days | 126,106 | 64,361 |
| 61-90 days | 56,238 | 27,132 |
| 91-120 days | 37,649 | 24,740 |
| 121-180 days | 44,423 | 18,182 |
| Over 180 days | <u>158,334</u> | <u>58,380</u> |
| | <u>1,052,532</u> | <u>569,210</u> |

11. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

| | At 31 December 2022 <i>RMB'000</i> | At 31 December 2021 <i>RMB'000</i> <i>(Restated)</i> |
|------------------------------------------|---------------------------------------------|------------------------------------------------------------------|
| Amounts due from related companies: | | |
| Trading in nature | | |
| Fellow subsidiaries | 283,937 | 249,073 |
| Ultimate holding company | 1,851 | 2,180 |
| | <u>285,788</u> | <u>251,253</u> |
| Non-trading in nature | | |
| Fellow subsidiaries | 12,881 | 12,090 |
| Ultimate holding company | 3,898 | 973 |
| | <u>16,779</u> | <u>13,063</u> |
| Total amounts due from related companies | <u><u>302,567</u></u> | <u><u>264,316</u></u> |
| Analysed as: | | |
| Amounts due from fellow subsidiaries | 296,818 | 261,163 |
| Amount due from ultimate holding company | 5,749 | 3,153 |
| | <u>302,567</u> | <u>264,316</u> |

12. TRADE PAYABLES

The following is an aged analysis of trade payable presented based on the invoice date.

| | At 31 December 2022 <i>RMB'000</i> | At 31 December 2021 <i>RMB'000</i> <i>(Restated)</i> |
|------------|---------------------------------------------|------------------------------------------------------------------|
| 0-60 days | 493,462 | 119,423 |
| 61-90 days | 32,197 | 4,084 |
| >90 days | 72,349 | 56,128 |
| | <u>598,008</u> | <u>179,635</u> |

13. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

| | At 31 December 2022 <i>RMB'000</i> | At 31 December 2021 <i>RMB'000</i> <i>(Restated)</i> |
|----------------------------------------|---------------------------------------------|------------------------------------------------------------------|
| Trading in nature | | |
| Fellow subsidiaries | 220,575 | 44,235 |
| Ultimate holding company | 568 | 936 |
| | <u>221,143</u> | <u>45,171</u> |
| Non-trading in nature | | |
| Fellow subsidiaries | 3,402 | 9,503 |
| Ultimate holding company | 399 | 973 |
| | <u>3,801</u> | <u>10,476</u> |
| Total amounts due to related companies | <u><u>224,944</u></u> | <u><u>55,647</u></u> |
| Analysed as: | | |
| Amounts due to fellow subsidiaries | 223,977 | 53,738 |
| Amount due to ultimate holding company | 967 | 1,909 |
| Total amounts due to related companies | <u><u>224,944</u></u> | <u><u>55,647</u></u> |

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 December 2022, our Group's revenue mainly arose from our business in mainland China. The revenue of the Group recorded an increase approximately 114.3% and gross profit increase 39.8% as compared with last corresponding period.

(1) Revenue

During the reporting period, the Group recorded a revenue of RMB 6,966,590,000 (2021: RMB 3,250,401,000) representing an increase of 114.3% as compared with last year. Among them, the revenue of cloud service business was RMB 1,258,088,000 (2021: RMB 752,563,000), recorded 67.2% growth compared with last corresponding period, the revenue of cloud service business weighted 35.7% of the Group's software revenue plus cloud service revenue and became new growth driven. Revenue of management software for the year was RMB 2,261,227,000 (2021: RMB1,860,656,000), representing an increase of 21.5%. And the revenue of the Internet of things (IoT) was RMB 3,447,275,000 (2021: RMB 637,182,000), representing an increase of 441.0% as compared with last year.

(2) Gross profit

During the reporting period, gross profit of the Group was RMB 1,441,224,000 (2021: RMB 1,030,789,000), representing an increase of 39.8% as compared with last year. The Group's gross profit margin was 20.7% (2021: 31.7%), representing an decrease of 11%. The reason for the decrease in gross profit margin compared to the same period last year is the significant increase in revenue from Internet of Things solutions, while the gross profit margin of such businesses is relatively low.

(3) Selling and distribution, administrative expense and R&D expense

During the reporting period, administration expenses amounted to RMB 281,364,000 (2021: RMB 268,390,000), representing an increase of 4.8% mainly due to the company's strengthened cost control and a small increase in administrative expenses.

The research and development (R&D) expense was RMB735,792,000 (2021: RMB 381,828,000) and increased 92.7% compared with last year, mainly due to aggressive inputs in the R&D of cloud service business and expansion in R&D staffs.

During the period, the selling and distribution expenses was RMB 481,903,000 (2021: RMB477,135,000), increasing 1.0% compared with the last corresponding period, mainly because of the reduction of offline marketing during the reporting period due to the COVID-19.

(4) Other income and other gains and losses

During the year, the other income amounted to RMB 216,092,000 (2021: RMB169,025,000), representing an increase of 27.8% as compared with last year. The increase was mainly due to: 1) Because of the increasing of the revenue of management software, the refund from software VAT was increased 34.3% to RMB 100,669,000 (2021: RMB 74,940,000); 2) Recognised government grants was increased 270.9% compared with the last year to RMB 58,594,000 (2021:RMB 15,796,000);

During the year, the other losses amounted to RMB 1,031,000 (2021: gain RMB 3,928,000).

(5) Investment income from associates and joint venture

During the reporting period, share of profit of associates was RMB 6,049,000 (2021: RMB 9,033,000) and reduced 33.0% compared with the last year. During the period, share of the profit of a joint venture was RMB45,016,000 (2021: RMB2,507,000), representing a 1695.6% increase comparatively. Mainly due to the investment income generated by the joint venture company's disposal of some of its assets during the reporting period.

(6) Profit before tax

During the period, profit before the tax was approximately RMB 148,640,000 (2021: profit of RMB 49,943,000), representing a significant increased as compared with last year. Main reasons were: 1) Despite fierce market competition, the operating profit of the management software segment increased to RMB223,699,000 (2021: RMB 105,953,000) during the period, an increase of 111.1% compared to the same period last year. 2) The operating profit of the Internet of Things and Solutions revenue segment increased to RMB 49,154,000 (2021: RMB16,648,000), an increase of 195.3% compared to the same period last year. 3) The profit attributable to associates and joint ventures increased to RMB 51,065,000 (2021: RMB11,540,000), an increase of 342.5% compared to the same period last year. The above increase in operating profit was offset by the segment loss of the cloud services business. The company's cloud services business revenue maintained a rapid growth, but the business market promotion and R&D investment continued to increase, still in a loss state. The operating loss of the cloud services business segment was RMB 133,257,000 (2021: RMB108,795,000), an increase of 22.5% compared to the previous year.

(7) Profit for the year attributable to owners of the Company

During the reporting period, profit attributable to owners of the Company for the year was approximately RMB118,690,000 (2021: profit of RMB53,761,000), representing a significant increase compared with last year. Main reasons were management software operation profit of this segment increased sharp.

Basic earnings per share were RMB10.39 cents (2021: gains RMB4.72 cents) and diluted earnings per share were RMB10.39 cents (2021: gains RMB4.70 cents).

(8) Financial resources and liquidity

As at 31 December 2022, equity attributable to owners of the Company amounted to RMB 1,837,635,000 (at 31 December 2021: RMB 1,719,157,000). As at 31 December 2022, current assets amounted to RMB 3,241,493,000 of which RMB 1,193,170,000 were bank deposits and cash balances which were mainly denominated in Renminbi. Current liabilities, including trade and bills payables, Contract liabilities, other payables and accrued expenses amounted to RMB 2,628,409,000. The Group's current assets were around 1.23 times over its current liabilities (31 December 2021: 1.26 times).

As at 31 December 2022 and 2021, the Group had no bank borrowings.

FOREIGN EXCHANGE EXPOSURE

All of the Group's purchase and sales are mainly denominated in Renminbi. The Group has not used any derivative instrument to hedge against its currency exposures. The Directors believe that with its sound financial position, the Group is able to meet its foreign exchange liabilities as and when they become due.

The functional currency of the Company is Renminbi ("RMB"). The presentation currency of the consolidated financial statements in prior financial periods was Hong Kong Dollar ("HK\$"). During the year ended December 31, 2022, the Group changed its presentation currency from HK\$ to RMB.

CAPTIAL STRUCTURE

The Group finances its operations mainly from shareholder equity, internal generated funds and operation results in current year.

EMPLOYEE INFORMATION

As at 31 December 2022, the Group had 7,713 employees. Total employee remuneration, including directors' remuneration and mandatory provident fund contributions amounted to approximately RMB1,976,891,000.

According to the comprehensive remuneration policy, which was formulated by the Group and reviewed by the management, employees are remunerated based on their performance and experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employees with reference to the Group's and the employees' performances. In addition, the Group provides mandatory provident fund, medical and insurance schemes for employees. The Group also offers continuous education and training programs to the management and other employees to enhance their skills and knowledge.

CHARGES ON ASSETS

As at 31 December 2022, approximate RMB 28,393,000 of the Group's bank deposits was pledged (31 December 2021: approximate RMB 29,395,000).

BUSINESS REVIEW

During the reporting period, the Group insists on innovation-driven, seize the strategic opportunities of technology revolution, industrial upgrading, and ecological reconstruction of enterprise application software. The Group comprehensively upgrades the Company's strategies, deepen the digitalization of management, consolidated its high-end market advantages, speeds up expanding in SME market and at same time deeply plowing business digitalization, promote the enterprises' full business digital transformation, assists the world first-class enterprise's construction and continue moving forward to become a first class software service supplier.

During the reporting period, the Group released enterprise – level PaaS platform iGIX 5.0, which three core technologies reached advanced level and three technology breakthrough realized in Low-code platform in Builder realized zero-code, online PaaS platform and memory computing. Our IoT platform was domestic technology lead in big data management and sharing. Middle-end platform inDatax reached three technology breakthrough in big scale data management, big screen cool display, intelligent scene landing. Large enterprise intelligent ERP GSCLOUD5.0 realised super-large scale group application and form a relatively complete industrial software system. The product includes 33 key applications, 214 modules covering full field of enterprise operation management and manufacturing management, to provide the large enterprises one-stop integration digital platform. SME intelligent ERP inSuite 2.5 application covers all business operation process with full-connection allocation intelligent abilities, to assist “specialized, innovated” SME high quality development.

During the reporting period, for the industry like manufacturing, Grain and storage logistic, city utilities, coal and mining,the Group published industry digital solution, Hand with customers,the Group accelateed enterprise full business digital transformation,and assisted high quality development with digitalization idea, and to build up a new digital transformation model, continue building six intelligent manufacturing sample projects with China Railway. The group assist China Railway industry get rewards like world’s Top Ten Scientific & Tehnical Pogress in Intelligent Manufacturing” & China Top Ten Scientific & Tehnical Pogress in Intelligent Manufacturing”. Together with Guangdong Grain Storage, it was selected as a typical application case of “China 5G+IoT”, and Hand with Shanghai Liangyou, got award of the Science and Technology Award of China Grain and Oils Society, and Hand with Panjin Logistics, was awarded the “2022 China Federation of Logistics and Purchasing Science and Technology Progress Award”; Building a smart water cloud platform for Guangzhou Water Supply, create a “Guangzhou model of smart water”, and got honor of the “Typical Case of Smart Water” by the Ministry of Housing and Urban-Rural Development; undertook the Binchang Mining Group’s project of, Supply and Marketing Smart Linkage, and was awarded the Excellent Case for Excellent Case for integration and innovation of the 4th Global Industrial Internet Conference.

I. Cloud Services Business

During the reporting period, the Group provides comprehensive cloud services to enterprises in different scales, keeps on strengthening and expanding the ecosphere construction, empowering Inspur partners and customers, during the reporting period, the cloud services business achieved a rapid growth in revenue, recording RMB1,258,088,000, representing 67.2% growth compared with the last corresponding period.

(1) Large enterprises market

During the reporting period, for the large enterprise market, the Group launched the enterprise-level PaaS platform Inspur iGIX 5.0 and the new generation of large-scale enterprise intelligent ERP GS Cloud 5.0. The Group at same time, continuously consolidated its advantage high-end market, and successfully signed contracts with central enterprises like China National Building Materials (中國建材) (CNBM) 、POWERCHINA (中國電建)、SPIC(國家電投)、CRSC (中國通號)、China Mineral Resources Group (中國礦產資源)、ChinaEastern (東方航空) and large local SOE like ShanXi State-Owned Capital Operation Co (山西國運)、Shan Dong Railway Investment Holding (山東鐵投)、ShandongwenLV (山東文旅)、CQAIG(重慶農投)、Guangdong Navigation(廣東港航)、SHUM YIP GROUP (深業集團)、ShenzhenTalentHousingGroup (深圳人才安居)、FoShanWater (佛山水務)、(肇慶交通) ZhaoQing Transportation 、Haikou Transportation (海口公交)、ChangAn Hui Tong (長安匯通)、錦江投資 (Jingjiang Inv)、GXJKYY (廣西交科) and so on. The group innovates jointly with customers to build world first-class enterprises.

Inspur iGIX5.0 further breaks through key technologies such as low/zero code, Internet of Things, big data, and memory computing through our three core sub-platforms: inBuilder low-code platform, inIoT IOT platform and inDatax data middle-end, the group help large enterprises to build up their own controllable digital transformation platform to upgrade their digital ability and help customers to be time-sensitive and real-time intelligent enterprises with global view and got awards as 2022 China outstanding product of low-code platform.

The large-scale enterprise intelligent ERP GS Cloud5.0 has achieved three core breakthroughs in ultra-large-scale group applications, safe operation of the entire environment, and networked collaborative manufacturing. Based on the new generation advanced technology platform covering full business operation field plug-in richer cloud applications such as human cloud, asset cloud, collaborative cloud, and procurement cloud provide stronger support for the digital development for large enterprises. GS Cloud 5.0 was selected as an excellent software product of China Software Industry Association in 2022, according to CCWResearch's 2022 China In IT user satisfaction survey results, Inspur GSCloud won the first title of user satisfaction.

Inspur HCM Cloud, based on years of service experience in large-scale enterprise human resource digital platforms, the Group continues to iteratively optimize and upgrade, and launches a multi-tenant + management and control platform deployment model, which has become an excellent solution to support hierarchical management and control of super-large groups and individualized subsidiaries. The elements of success in the construction of a human resources digital platform, the product layout is centered on integration, and the management and control model is fully covered, helping more enterprises to transform and build human resources digitally. HCM Cloud reshapes the user experience and fully introduces advanced technologies tools such as big data analysis and artificial intelligence. It has been implemented in 13 large state-owned enterprises including CHINALCO (中國鋁業), China Energy Construction, (中國能建) CITIC Group (中信集團), and China Gold (中國黃金). The Group won the Human Resources Technology Supplier Value Award and China's Top 50 Human Resources Technology Influential Brands.

During the reporting period, Inspur Procurement Cloud made comprehensive applications of digital technologies such as big data, cloud computing, and artificial energy to build an Internet platform for Inspur Cloud Procurement Industry platform, enhance the flexibility of the supply chain, realize efficient operation of funds, information, and logistics, and enhance the enterprise's competitiveness in the digital age. At present, it has successfully served many large group companies such as Tianjin City Investment(天津

城投), Tianjin Water Affairs (天津水務), Ningxia Construction Investment (寧夏建投), Bohai Chemical Industry (渤海化工), and Guangzhou Port (廣州港). Inspur cooperated deeply with Bohui Group (渤海集團) to create the first chemical industry recruitment and procurement service platform in North China with transaction as the core and multi-role collaboration - “Bohua Easy Purchasing”, which was successfully selected in the list of the 2022 National Public Service Platform of the China Federation of Logistics and Procurement.

Core in “value creation”, Finance Cloud provides one-stop financial digital services for enterprises, and realizes interconnection with social networking. platforms such as business travel, banks, and tax bureau. Focus on the integration of business and finance, pay equal attention to management and service, promote the implementation of management accounting, focus on “scenario + data + algorithm”, create intelligent finance, and promote the digital transformation of corporate finance. Shanxi Heavy Duty Truck(陝西重汽), Tongling Nonferrous Metals (銅陵有色) and other customers won the 3rd China Smart Finance Best Practice Award; Released a new generation of electronic voucher solutions, supported the entire process of all-electric invoicing, supported the entire process of all-electric invoice operations, realized the entire digitalization of electronic vouchers, and helped Huatai Securities (華泰證券), Zhongtai Securities (中泰證券), Henan Investment (河南投資), Guangxi Investment (廣西投資), Baiyun Airport (白雲機場) and other pilot units successfully on-line launched the application.

During the reporting period, the Group continued to expand channel partners and build an ecological partner system. The Group set up 103 partner-specific courses, organize product program training, partner salons, flying eagle training camps and other activities, improve the marketing and delivery capabilities of partners, and actively empower partners. In terms of core ecological partners, Ping An Bank(平安銀行) and Bank of

Ningxia (寧夏銀行) have strategically signed contracts, jointly explored a new scenario marketing model based on core enterprises and downstream distributors with Minsheng Bank. (民生銀行) Gradually promote cooperation with operators, expand product marketing channels, and realize a new model of joint operation and operation through cooperative innovation and sharing.

(2) Small and medium-sized enterprise market

During the reporting period, the Group released a new generation of open source cloud ERP inSuite 2.5 for growing enterprises. With standardized applications such as financial cloud, supply chain cloud, manufacturing cloud, and development cloud as the core, it provides industrialized applications for industries such as mechanical processing, food processing, project-based manufacturing, chemical fiber, and new energy chemicals, helping to “specialize, refine, and innovate” “專精特新” small and medium-sized enterprises realise the high-quality development of digital transformation such as Huaying Agriculture (華英農業), Jianghe Paper(江河紙業), Huitong Latex(匯通乳膠), Gedegray(格德格瑞), Yidong Energy(羿動能源), Qingdao Tianchi(青島天馳), and Hetong Information(和同信息) etc. inSuite2.5 won the China SaaS service star product, the new generation of information technology innovative products, intelligent manufacturing “ingenuity brand”, Shandong famous brand and other awards.

During the reporting period, for the small and micro enterprises market, the Group officially released SME cloud product Inspur E-yun 5.0. The product covers Cloud Accounting, Cloud Inventory standardized applications, segmented industry SaaS applications such as Rural Capital Cloud(三資雲), Zhujianyun(住建雲) and so on. Through gathering resources from strategic ecological partners, professional service partners and value-added distributors, comprehensively build a full-service integrated one-step cloud platform covering all aspects of corporate finance, taxation and operation management, and continuously improve cloud platform for small and micro enterprises.

II. Management Software Business

During the reporting period, the Group's management software business further consolidated its advantages in the high-end market, built a brand image through model projects, and quickly promoted and replicated it. The Group made full use of its product advantages in the fields of smart state-owned assets, treasury, intelligent manufacturing, data middle-end platform, and network operation support system (OSS), and successfully signed 32 prefectural and municipal SASAC supervision platforms, breaking through the well-known customers such as CRSC (中國通號), CNBM (中國建材), CCTEG (中煤科工), 中國林業, ChinaCO-OP (中國供銷), PowerChina (中國電建), GNG (廣東港航), TSINGHUA University (清華大學), China Energy Construction (中國能建), Guangzhou City Investment (廣州城投) etc., actively promote the digital transformation of the entire business of enterprises. The group recorded revenue of RMB2,261,227,000, representing 21.5% growth compared with the last corresponding period (2021:RMB1,860,656,000).

Inspur Smart State-owned Assets has built a new digital, collaborative and intelligent model of state-owned assets supervision, created a super-integrated smart state-owned assets online supervision platform covering all levels, all processes, and all elements, and promoted the integration of business supervision and intelligent decision-making analysis, application service sharing. Released the "White Paper on Digital Transformation of State-owned Assets and State-owned Enterprises Supervision Based on State-owned Assets Cloud", providing a path and practical reference for building smart state-owned assets supervision and helping state-owned capital become stronger, better and bigger. At present, 15 provincial-level SASACs in Shandong, Shanxi, Jiangsu, and more than 80 prefecture-level SASACs have provided state-owned assets supervision information services. In the future, guided by technological innovation, we will accelerate the intelligent upgrading of state-owned assets supervision and help build a state-owned assets big supervision pattern.

Inspur's smart treasury solution was officially released, which integrates transaction, configuration and decision-making, fully covers treasury business management needs, helps companies change funds from passive management to active operation, supports the implementation of group strategies, and forms a future-oriented smart treasury. Signed contracts with more than 10 state-owned treasury projects including Dongfang Electric (東方電氣), China Energy Conservation (中節能), and China National Building Materials Group (中建材), empowering the construction of a world-class treasury system for state-owned state-owned enterprises, and won the "Preferred Service Provider for Chinese Enterprise Treasury Management and Construction."

Based on the new-generation "cloud-edge-device" intelligent manufacturing technology architecture, Inspur continues to build an industrial software product system, and carries out in-depth promotion and application in industries such as equipment manufacturing, machinery manufacturing, medicine, and fast-consumption etc. establish several benchmark client projects such as zhanggu Shandong(山東章鼓), FangYuan Shandong(山東方原),to assist the manufacturing industry digital transformation. Released a new generation of networked collaborative manufacturing platform 5.0, which supports centralized management of large-scale data and dynamic optimization of the production process, creating a "1+N" model, covering 4 levels and 7 major systems, realizing fast, efficient and flexible allocation of manufacturing resources for enterprises, and comprehensive support application scenarios of flexible manufacturing, machine vision, remote operation and maintenance, digital production and others, so as to achieve precise collaboration from the entire product life cycle.

Inspur's inDataX data center has formed a one-stop integrated platform covering the entire process of enterprise data management, which can gather entire enterprise data, provide data collection, governance, display, and intelligent decision-making capabilities, help enterprises activate data business value, and empower enterprise operations and decision making it Won the "Excellent Project" Award for Leading Scientific and Technological Achievements of the 2022 Data Expo and was selected into the National "Social Science and Technology Awards List 《2022數博會領先科技成果“優秀項目”獎》 & Shandong Province's three excellent and double projects excellent big data products.

During the reporting period, Communications Information is committed to becoming a major service provider for operators' new infrastructure and a leading enabler in digital operation transformation. Formulate a computing power network development strategy, seize the opportunity of operators' computing power network strategic adjustment, create a computing power network consulting and planning system, output a full range of computing power network service solutions, and deeply integrate with the operator's industry chain to promote the implementation of computing power network innovation. Focusing on operator software and services, it has formed a full range of products in the field of operation support, covering operator customers in 31 provinces. Released the "White Paper on Hashrate Network Operation" and "Hashrate Network Operating System", proposed an innovative support system for the operation of Hashrate Network services, and was selected into the "Software Supply Chain Vendors and Products List" by China Academy of Information and Communications Technology.

III. Internet of Things (IoT) Solutions Business

During the reporting period, the Group's Internet of Things solutions business, which mainly covers the grain storage and logistic industry, smart water, intelligent mining and smart garden and the telecommunications industry achieved revenue of RMB3,447,275,000, representing an increase of 441% compared with the corresponding period last year. (2021: RMB637,182,000).

For the grain and warehousing and logistics industry.,During the reporting period, the Group continued to optimize its product line, increase the market layout of smart warehousing, smart logistics, and smart parks, and provide food and material reserve authorities at all levels, emergency management departments, and enterprises in different sizes. The Group provide integrated solutions for smart grain and smart warehousing serving Tens of thousands of customers such as grain-related enterprises, material reserves, warehousing and logistics parks, etc, forming a full-scenario industry digital service such as consulting planning, business solutions, product research and development, implementation and delivery, and operation and maintenance guarantee. It has the ability to digitalize the entire grain industry chain from the field to the dining table. It has successfully signed contracts with large grain companies such as China Grain Reserves (中儲糧), Beidahuang (北大荒), Shanghai Liangyou Group (上海良友集團), Luliang Group(魯糧集團), and Jilin Grain Reserves(吉林儲備糧). A “Digital Dragon Grain Supervision Service Platform” built in accordance with the “National Grain and Material Reserve Bureau Grain Purchase and Sales Supervision Informatization Specification” to help the high-quality development of the grain industry and consolidate the foundation of national food security.

During the reporting period, Communication Information segment deepened the data center integrated service plan, and has abilities to provide data center consulting design, project delivery, cloud integration, product research and development (data center infrastructure management, energy consumption optimization direction), operation and maintenance services in the data center service industry And capabilities to provide other full-lifecycle closed-loop service to support the construction of computing power infrastructure for operators and government and enterprise customers. Expand the perspective of the national “double carbon” strategy, drive the evolution of green energy-saving technology in data centers through standardization work, improve the consulting and planning service and product system, continue to promote the implementation of high-value consulting, planning and design projects, and promote energy conservation and emission reduction and the development of a green and low-carbon economy.

BUSINESS PLANNING

In 2023, the Group, as a leading supplier of enterprise software and cloud services supplier and an excellent service provider for enterprise digital transformation, will continue to adhere to the leadership of scientific and technological innovation, continuously improve planning and consulting capabilities and top-level design capabilities, increase investment in research and development, and build up two major product systems: an enterprise-level Paas platform and Cloud ERP. Focusing on customers, surrounding on the digital transformation needs from large and medium-sized and small enterprises, breakthrough innovating market paths, comprehensively improving the competitiveness of cloud ERP products. At the same time, the group provide comprehensive integrated vertical solutions based on customers’ need, form a business digital promotion path, lead high-end, focus on industries, and promote full-business digital transformation.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has complied with the applicable code provisions set out in the Code of Corporate Governance Practices (the “Code”) contained in Appendix 14 of Listing Rules for Main Board throughout the period ended 31 December 2022, save as: Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Partial Directors were unable to attend the annual general meeting due to epidemic and other reasons. The Company will improve its meeting scheduling and arrangement in order to ensure full compliance with Code A.6.7 in future.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “Model Code”) set out in Appendix 10 of Main Board Listing Rule as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirement set out under the Model Code throughout the period ended 31 December 2022.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2022, including the accounting principles and practices adopted by the Group, and is of the opinion that the preparation of such results comply with applicable accounting standards and requirements, and that adequate disclosures have been made.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

The register of members will be closed from 15 June 2023 to 21 June 2023 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17 Floor room 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 10 June 2023.

The register of members will be closed from 4 July 2023 to 7 July 2023 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17 Floor room 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 3 July 2023.

By Order of the Board
Inspur International Limited
Chairman
Wang Xingshan

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprised Mr. Wang Xingshan, Mr. Wang Yusen and Mr. Cuihongzhi as executive Directors, Ms. Li Chunxiang as non-executive Director, and Ms. Zhang Ruijun, Mr. Wong Lit Chor, Alexis and Mr. Ding Xiangqian as independent non-executive Directors.