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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 2024**

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 2024, together with the comparative audited consolidated figures for the year ended 31 December 2023 are as follows:

| HIGHLIGHTS | | | |
|---|-----------------------|-----------------------|--------------------|
| Results for the year ended 31 December 2024 | | | |
| Income statement highlights | 2024 | 2023 | Growth rate |
| | <i>RMB'000</i> | <i>RMB'000</i> | |
| Revenue | 16,950,733 | 17,116,894 | (1.0%) |
| Service revenue | 16,314,168 | 16,631,560 | (1.9%) |
| Profit for the year | 511,145 | 712,667 | (28.3%) |
| Profit for the year attributable to owners of the Company | 512,925 | 713,394 | (28.1%) |
| Basic earnings per share (cents) | 20.01 | 25.88 | (22.7%) |
| Adjusted profit* | 650,240 | 626,350 | 3.8% |

- The Board recommended the payment of a final dividend for the year ended 31 December 2024 of HK\$0.0533 per share.
- In order to ascertain the right to attend the forthcoming annual general meeting, the Register of Member will be closed from Wednesday, 14 May 2025 to Tuesday, 20 May 2025, both dates inclusive, during which period no share transfer shall be registered.

* Adjusted profit is calculated as follows: gross profit minus selling and distribution costs, administrative expenses, research and development costs and amortization of intangible assets, where amortization of intangible assets is included in other expenses. Reconciliation process is disclosed under Management Discussion and Analysis.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

| | <i>NOTES</i> | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| Revenue | 3 | 16,950,733 | 17,116,894 |
| Cost of sales and services | | (13,209,231) | (13,113,818) |
| | | <hr/> | <hr/> |
| Gross profit | | 3,741,502 | 4,003,076 |
| Other income | | 241,941 | 428,905 |
| Loss from derecognition of financial assets measured at amortised cost | | (2,815) | (2,332) |
| Impairment losses under expected credit loss model, net of reversal | | (273,855) | (117,313) |
| Impairment loss on investment accounted for using the equity method | | (13,703) | (22,377) |
| Other gains or losses | | 219,574 | 83,905 |
| Selling and distribution costs | | (875,097) | (868,347) |
| Administrative expenses | | (1,220,082) | (1,354,733) |
| Research and development costs | | (906,274) | (1,078,296) |
| Other expenses | | (95,070) | (105,680) |
| Finance costs | | (175,918) | (202,833) |
| Share of results of investments accounted for using the equity method | | (72,107) | (30,028) |
| | | <hr/> | <hr/> |
| Profit before taxation | | 568,096 | 733,947 |
| Income tax expense | 4 | (56,951) | (21,280) |
| | | <hr/> | <hr/> |
| Profit for the year | | 511,145 | 712,667 |
| | | <hr/> <hr/> | <hr/> <hr/> |

| | <i>NOTE</i> | 2024 RMB'000 | 2023 <i>RMB'000</i> |
|---|-------------|-------------------------------|------------------------|
| Other comprehensive expense | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | (8,472) | (7,232) |
| Reclassification of cumulative translation reserve upon disposal of a foreign operation | | — | 1,051 |
| Other comprehensive expense for the year, net of tax | | (8,472) | (6,181) |
| Total comprehensive income for the year | | 502,673 | 706,486 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 512,925 | 713,394 |
| Non-controlling interests | | (1,780) | (727) |
| | | 511,145 | 712,667 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 504,453 | 707,213 |
| Non-controlling interests | | (1,780) | (727) |
| | | 502,673 | 706,486 |
| Earnings per share | | | |
| Basic | 6 | RMB0.2001 | RMB0.2588 |
| Diluted | | RMB0.1923 | RMB0.2506 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

| | <i>NOTES</i> | 2024 | 2023 |
|---|--------------|---------------------------------|--------------------------|
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-current assets | | | |
| Property, plant and equipment | | 1,341,755 | 1,150,858 |
| Right-of-use assets | | 722,936 | 320,273 |
| Intangible assets | | 377,431 | 336,136 |
| Goodwill | | 843,654 | 843,654 |
| Investments accounted for using the equity method | | 445,327 | 428,906 |
| Financial assets at fair value | | 503,553 | 282,686 |
| Derivative financial assets | | – | 28,988 |
| Other receivables | | 5,584 | 6,562 |
| Term deposits | | 1,384,000 | 704,000 |
| Pledged bank deposits | | 15,655 | 17,970 |
| Deferred tax assets | | 2,166 | 2,308 |
| | | <u>5,642,061</u> | <u>4,122,341</u> |
| Current assets | | | |
| Inventories | | 61,297 | 96,182 |
| Trade and other receivables | 7 | 6,458,917 | 6,091,897 |
| Bills receivable | | 73,205 | 74,545 |
| Contract assets | | 2,292,057 | 2,091,903 |
| Financial assets at fair value | | 401,007 | 100,000 |
| Derivative financial assets | | 5,441 | 11,325 |
| Amounts due from related companies | | 150,845 | 112,806 |
| Term deposits | | 129,240 | 556,641 |
| Pledged bank deposits | | 87,258 | 21,920 |
| Bank balances and cash | | 3,130,989 | 3,788,110 |
| | | <u>12,790,256</u> | <u>12,945,329</u> |
| Current liabilities | | | |
| Trade and other payables | 8 | 1,976,013 | 1,662,706 |
| Bills payable | | 52,233 | 3,364 |
| Lease liabilities | | 103,713 | 114,663 |
| Contract liabilities | | 136,119 | 254,421 |
| Amounts due to related companies | | 29,791 | 29,464 |
| Taxation payable | | 164,543 | 162,819 |
| Borrowings | | 3,640,752 | 734,773 |
| | | <u>6,103,164</u> | <u>2,962,210</u> |
| Net current assets | | <u>6,687,092</u> | <u>9,983,119</u> |
| Total assets less current liabilities | | <u><u>12,329,153</u></u> | <u><u>14,105,460</u></u> |

| | 2024 | 2023 |
|--|--------------------------|-------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-current liabilities | | |
| Deferred tax liabilities | 25,482 | 10,667 |
| Lease liabilities | 62,005 | 41,021 |
| Borrowings | 775,345 | 2,282,044 |
| Derivative financial liabilities | 27,827 | 4,968 |
| | <u>890,659</u> | <u>2,338,700</u> |
| | <u>11,438,494</u> | <u>11,766,760</u> |
| Capital and reserves | | |
| Share capital | 123,434 | 133,029 |
| Share premium | 4,435,962 | 5,474,719 |
| Treasury shares | (991,060) | (1,114,363) |
| Reserves | 7,847,639 | 7,249,076 |
| | <u>11,415,975</u> | <u>11,742,461</u> |
| Equity attributable to owners of the Company | 11,415,975 | 11,742,461 |
| Non-controlling interests | <u>22,519</u> | <u>24,299</u> |
| Total equity | <u>11,438,494</u> | <u>11,766,760</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

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 NEW AND 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 Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

| | |
|----------------------------------|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements |

The application of the 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.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|--------------------------|--------------------------|
| Provision of services | 16,314,168 | 16,631,560 |
| Sales of software and hardware products | 636,565 | 485,334 |
| | <u>16,950,733</u> | <u>17,116,894</u> |
| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
| Timing of revenue recognition | | |
| Over time | 16,314,168 | 16,631,560 |
| At a point in time | 636,565 | 485,334 |
| | <u>16,950,733</u> | <u>17,116,894</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 segments:

| | Segment revenue | | Segment results | |
|-----|-------------------|----------------|-----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | <i>RMB’000</i> | <i>RMB’000</i> | <i>RMB’000</i> | <i>RMB’000</i> |
| TPG | 14,770,393 | 15,020,564 | 661,432 | 798,823 |
| IIG | 2,180,340 | 2,096,330 | 87,698 | 147,454 |
| | 16,950,733 | 17,116,894 | 749,130 | 946,277 |

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 assets and liabilities 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 services and products

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|--------------------------|--------------------------|
| TPG | | |
| Provision of services | 14,582,837 | 14,888,325 |
| Sales of software and hardware products | <u>187,556</u> | <u>132,239</u> |
| | 14,770,393 | 15,020,564 |
| IIG | | |
| Provision of services | 1,731,331 | 1,743,235 |
| Sales of software and hardware products | <u>449,009</u> | <u>353,095</u> |
| | 2,180,340 | 2,096,330 |
| Segment revenue | <u><u>16,950,733</u></u> | <u><u>17,116,894</u></u> |
| 4. INCOME TAX EXPENSE | | |
| | 2024 | 2023 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Income tax expense: | <u><u>56,951</u></u> | <u><u>21,280</u></u> |

The Company is incorporated as an exempted company and as such is not subject to the Cayman Islands taxation.

Under the Law of the PRC on Enterprise Income Tax (“EIT Law”) and Implementation Regulation of the EIT Law, the applicable 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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Dividends for ordinary shares of the Company recognised as distribution during the year: | | |
| 2023 Final – HK8.11 cents (2023: 2022 Final of HK5.67 cents) per share | <u><u>190,683</u></u> | <u><u>138,336</u></u> |

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2024 of HK\$5.33 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

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Earnings | | |
| Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company) | <u>512,925</u> | <u>713,394</u> |
| | 2024 '000 | 2023 '000 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 2,563,273 | 2,756,978 |
| Effect of dilutive potential ordinary shares: | | |
| Share awards | <u>104,688</u> | <u>89,644</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>2,667,961</u> | <u>2,846,622</u> |

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the 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 2024 and 2023 does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for the year.

7. TRADE AND OTHER RECEIVABLES

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Trade receivables, net of allowance | 5,998,723 | 5,304,724 |
| Advances to suppliers | 205,284 | 555,238 |
| Deposits, prepayments and other receivables, net of allowance | <u>260,494</u> | <u>238,497</u> |
| | <u>6,464,501</u> | <u>6,098,459</u> |
| Analysed for reporting purposes as: | | |
| Non-current assets | 5,584 | 6,562 |
| Current assets | <u>6,458,917</u> | <u>6,091,897</u> |
| | <u>6,464,501</u> | <u>6,098,459</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 invoice dates for sales of software and hardware products 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:

| | 2024 | 2023 |
|------------------------|-------------------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 90 days | 4,243,934 | 4,019,768 |
| Between 91 – 180 days | 711,423 | 573,831 |
| Between 181 – 365 days | 647,626 | 425,885 |
| Between 1 – 2 years | 395,740 | 285,240 |
| | <u>5,998,723</u> | <u>5,304,724</u> |

8. TRADE AND OTHER PAYABLES

| | 2024 | 2023 |
|--------------------|-------------------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade payables | 930,191 | 641,287 |
| Payroll payables | 858,343 | 892,887 |
| Other tax payables | 142,667 | 82,259 |
| Other payables | 44,812 | 46,273 |
| | <u>1,976,013</u> | <u>1,662,706</u> |

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

| | 2024 | 2023 |
|------------------------|-----------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 90 days | 520,624 | 258,236 |
| Between 91 – 180 days | 111,743 | 26,922 |
| Between 181 – 365 days | 126,724 | 145,905 |
| Between 1 – 2 years | 77,046 | 99,749 |
| Over 2 years | 94,054 | 110,475 |
| | <u>930,191</u> | <u>641,287</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, the Group maintained stable business development. Revenue decreased by 1.0% YoY, while service revenue declined by 1.9% YoY. Adjusted profit increased by 3.8% YoY. However, profit declined by 28.3% YoY and profit attributable to owners of the Company decreased by 28.1% YoY. Basic earnings per share recorded a YoY decrease of 22.7%.

| | 2024 | 2023 | % Increase (decrease) over the same period last year |
|--|-----------------------|----------------|--|
| | <i>RMB'000</i> | <i>RMB'000</i> | |
| Revenue | 16,950,733 | 17,116,894 | (1.0%) |
| Service revenue | 16,314,168 | 16,631,560 | (1.9%) |
| Profit for the year | 511,145 | 712,667 | (28.3%) |
| Profit for the year attributable to owners of the Company | 512,925 | 713,394 | (28.1%) |
| Basic earnings per share (<i>cents</i>) | 20.01 | 25.88 | (22.7%) |
| Adjusted profit | 650,240 | 626,350 | 3.8% |

KEY OPERATING DATA

| | 2024 | 2023 | % Increase (decrease) over the same period last year |
|---|------------------------|---------------------|--|
| | <i>RMB'000</i> | <i>RMB'000</i> | |
| Revenue | 16,950,733 | 17,116,894 | (1.0%) |
| Service revenue | 16,314,168 | 16,631,560 | (1.9%) |
| Cost of sales and services | <u>(13,209,231)</u> | <u>(13,113,818)</u> | <u>0.7%</u> |
| Gross profit | 3,741,502 | 4,003,076 | (6.5%) |
| Other income | 241,941 | 428,905 | (43.6%) |
| Loss from derecognition of financial assets measured at amortised cost | (2,815) | (2,332) | 20.7% |
| Impairment losses under expected credit loss model, net of reversal | (273,855) | (117,313) | 133.4% |
| Impairment loss on investment accounted for using the equity method | (13,703) | (22,377) | (38.8%) |
| Other gains or losses | 219,574 | 83,905 | 161.7% |
| Selling and distribution costs | (875,097) | (868,347) | 0.8% |
| Administrative expenses | (1,220,082) | (1,354,733) | (9.9%) |
| Research and development costs | (906,274) | (1,078,296) | (16.0%) |
| Other expenses | (95,070) | (105,680) | (10.0%) |
| Finance costs | (175,918) | (202,833) | (13.3%) |
| Share of results of investments accounted for using the equity method | <u>(72,107)</u> | <u>(30,028)</u> | <u>140.1%</u> |
| Profit before taxation | 568,096 | 733,947 | (22.6%) |
| Income tax expense | <u>(56,951)</u> | <u>(21,280)</u> | <u>167.6%</u> |
| Profit for the year | <u>511,145</u> | <u>712,667</u> | <u>(28.3%)</u> |
| Profit for the year attributable to owners of the Company | 512,925 | 713,394 | (28.1%) |
| Basic earnings per share (cents) | 20.01 | 25.88 | (22.7%) |
| Adjusted profit | <u>650,240</u> | <u>626,350</u> | <u>3.8%</u> |

GENERAL OVERVIEW

In 2024, the rise of DeepSeek signals that Agentic AI and reasoning will further propel the practical application of computing power, generative AI, and physical AI. The AI inflection point has indeed arrived. Chinasoft International capitalizes on this strategic opportunity and persists in investing in the AI domain. Its business footprint encompasses a comprehensive AI technology stack, spanning from the building and operation of computing infrastructure, data governance, model training, reasoning deployment, edge intelligence, cloud intelligence, to AI - native next - generation ERP and industry - specific applications. Offering integrated services that cover hardware, algorithms, platforms, and solutions, Chinasoft International has forged full - stack AI capabilities. It has emerged as an explorer, enabler, and frontrunner in the AI era. By establishing full - stack AI capabilities, the company facilitates clients in achieving the full - scale implementation and application of AI, thereby driving business transformation. The second growth curve of the business has exhibited strong momentum, with outstanding performance across multiple business segments, providing sustained impetus for the Group's high-quality development.

During the reporting period, the company established Technology Innovation Center. By integrating with DeepSeek and leveraging Chinasoft International's overall AI service capabilities, it offers a comprehensive four – in – one service package encompassing AI computing services, AI engineering implementation, AI scenario consulting services, and AI intelligent agent services. It is equipped with three innovation experiment environments, namely the AI Lab, the Enterprise Core Economics Lab, and the IDS Lab, to promote the transformation and application of more cutting – edge technological achievements and continuously build an open AI ecosystem.

During the reporting period, the Group made steady progress in computing power operations and infrastructure expansion. By optimizing the allocation of Ascend AI computing power, the Group expanded its computing capacity in key locations such as Xi'an, establishing multiple computing centers to support industry demand. In collaboration with Huawei, the Group co-developed the Changping Digital Power Innovation Center, providing a fully localized computing power foundation. Furthermore, the Group's independently developed LMBSS Computing Power Management System successfully won the bid for the Guiyang Hyper-Connected New Computing Power Project, further solidifying the Group's leadership in computing power operations. In addition, the Group launched tailored intelligent solutions across multiple industries, including smart finance, smart energy and power, digital government, and intelligent manufacturing, which have been highly recognized by the market.

During the reporting period, the JointPilot (Lingxi) AI application platform was comprehensively upgraded, and its “Wen” series of AI Agents entered product-level cooperation with Huawei in large-model application fields. To date, the Group has deployed over 60 AI Agent assistants and developed more than 30 flagship use cases. The Model Factory was upgraded to version 2.0, based on a “Model Services + Agent Products” framework and powered by Ascend + DeepSeek, offering tailored AI model solutions that enable clients to build enterprise-level intelligent agent platforms and develop private models and applications. In addition, the Group built up its computer vision (CV) capabilities and now offers one-stop large-model development services for both natural language processing (NLP) and CV. The Group successfully delivered key projects across government, finance, and energy sectors, including: enabling the AI model deployment for China Oil & Gas Pipeline Network Corporation’s digital platform, participating in the first Huawei Pangu-based embodied intelligence project, and assisting ECOVACS in intelligent robot R&D, all of which demonstrate the Group’s strong technological capabilities and robust industry adaptability.

During the reporting period, the Group focused on ERP and digital transformation, developing an enterprise core management system based on domestic, independently controllable ERP using the EIMOS intelligent architecture, specifically tailored for the power industry. The Group became the first partner to provide consulting and implementation services for enterprise core management systems. The Group deepened its engagement with leading central state-owned enterprises, including PetroChina, State Grid, and China Southern Power Grid, successfully delivering the first pre-research project for an independently controlled ERP system for a major nuclear power client. Additionally, the Group participated in a large-scale ERP project for a central energy enterprise, undertaking key risk control and audit modules while expanding into new business segments. The Group’s service capabilities extended to the delivery of solutions based on the Huawei Cloud PaaS platform and its proprietary pan-ERP technology framework. By building a supply chain-centered foundational business and technology platform, the Group enhanced the competitiveness of its solutions through project replication and business consolidation. Furthermore, the Group established a capability center to develop and refine the Agentic CDM methodology and tool platform, aligning with national domestication strategies. The Group launched pilot projects for domestic, independently controllable ERP systems, spearheading their adoption. It also initiated the construction of the Yangfan R/7 Enterprise Core Management System Joint Laboratory, supporting digital technology subsidiaries of central enterprises. Additionally, leveraging a low-code platform based on the 4A architecture and AI dual-engine technology, the Group developed an intelligent solution delivery system, driving business model upgrades and accelerating enterprise digital transformation.

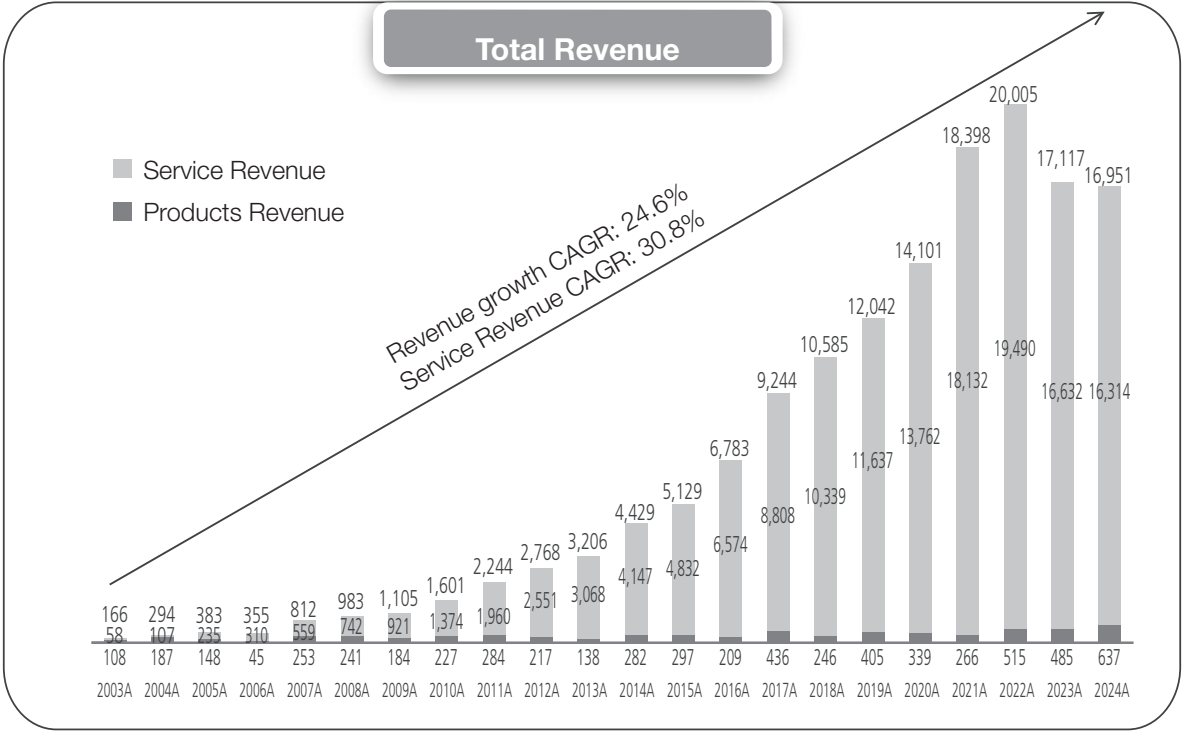
During the reporting period, the Group leveraged KaihongOS and the Super Device Management Platform KaihongOS Meta to develop integrated software-hardware solutions, continuously advancing the AI-native operating system and introducing edge AI services to drive industry transformation. By utilizing multi-kernel hybrid deployment technology, KaihongOS achieved high real-time performance and enhanced security. Its full-ecosystem integration with HarmonyOS Next and StarFlash connectivity effectively addressed low-latency challenges in complex scenarios. The system obtained multiple authoritative security certifications and ranked among the top contributors in the OpenHarmony community, further solidifying its leading position within the open-source HarmonyOS ecosystem. In collaboration with Shen Kaihong, the Group launched the Kaihong Smart All-Scenario Experimental Kit, which enhances IoT capability experiences and accelerates AI-driven software-defined spaces. In the smart terminal sector, the Group developed 20 proprietary KaihongOS-based products, spanning industries such as water conservancy, transportation, rail transit, urban lifeline management, and emergency firefighting. These products successfully passed community compatibility assessments and have been deployed in multiple locations. Regarding industry solutions, the Group's "Industry Hong" product line achieved significant breakthroughs in resilient cities, smart water conservancy and environmental protection, intelligent emergency firefighting, smart gas, and intelligent transportation. Notably, the Group developed China's first open-source HarmonyOS-based water management solution, launched the "Firefighting Hong" intelligent firefighting system, and promoted comprehensive HarmonyOS-controlled applications for highway tunnel management. In HarmonyOS ecosystem services, the Group provided migration services for over 500 applications, supporting more than 400 enterprises and integrating millions of devices. These achievements earned the Group multiple ecosystem honors and reinforced its contribution to the growth of the HarmonyOS ecosystem.

During the reporting period, the Group continued its seven-year "sailing on the same boat" strategic collaboration with Huawei Cloud, achieving remarkable results in the intelligent cloud business and maintaining its leading position within the Huawei Cloud ecosystem. The Group was honored with the Huawei Cloud Ecosystem Rock Award, the most prestigious accolade at the Huawei Cloud Ecosystem Summit. During the reporting period, the Group achieved over 30% growth in Huawei Cloud SMB CORE performance and remained a leader in CTSP cloud services, providing Ascend AI adaptation, cloud migration planning, and data governance services to more than 300 enterprises. Moreover, it successfully implemented over 200 CTSP projects in multiple industries. The Group also focused on the AI transformation of existing cloud infrastructure. Key initiatives included Xiamen Base (developed a one-stop AI upgrade service), Nanjing Base (assisted clients in building intelligent computing foundations), and Lishui Base (advanced the AI Agent platform rollout, accelerating industry upgrades). In financial integration services, the Group successfully implemented HarmonyOS App projects for multiple financial institutions, launched several fintech innovation projects, and secured a leading market share in various financial solution segments. Additionally, the Group's solutions obtained multiple authoritative certifications. Within the openEuler ecosystem, the Group collaborated with the openEuler community, supporting critical industries with domestically developed IT infrastructure. The Group also developed the visualized MOS platform, ensuring system stability for enterprise clients. In the domestic database sector, the Group launched the DSM platform, successfully passing Huawei Cloud GaussDB compatibility testing and securing the China Mobile Online project bid. The Group continues to contribute to open-source communities, actively promoting domestic database innovation and substitution services.

During the reporting period, as a strategic overseas partner of Huawei Cloud, the Group achieved notable success across the Asia-Pacific and Middle East regions. In Asia-Pacific, the Group established a structured business expansion and delivery framework, successfully providing smart venue integrated solutions for projects such as Kai Tak Sports Park in Hong Kong. Additionally, the Group won the bid for the Hong Kong Police CDIP project, supported digital transformation for financial clients, and received multiple service partner awards from Huawei Hong Kong-Macao and Asia-Pacific regions. In the Middle East, the Group positioned Saudi Arabia as its strategic hub and established a joint venture, Joint Advanced Technologies (JAT), with Saudi 3F Technology Investment Company. The Group also signed a Memorandum of Understanding (MoU) with Huawei to deepen cooperation, joined key regional alliances, and actively contributed to regional digital transformation efforts. The Group further supported the digital infrastructure development of NEOM, Saudi Arabia’s futuristic city, and collaborated with Huawei to release the “Smart Campus 2030” white paper, along with multiple joint smart campus and urban innovation solutions, driving intelligent urban transformation across the region.

Looking ahead, the Company adheres to the philosophy of basing on “root technologies” and targeting “industry value”, and will continue to leverage a domestically developed computing power foundation as its core support, while enhancing its full-stack AI product and service capabilities, including Model Factory, JointPilot, Agent-based applications, domestically controlled ERP systems, and HarmonyOS ecosystem-enabled software and hardware solutions. By driving the intelligent upgrade of enterprise application scenarios, the Group aims to further improve productivity and foster new-generation productivity models. Committed to delivering long-term and stable value to shareholders, clients, and partners, the Group will stride resolutely towards the leading position in the AIS era.

Since the Group’s listing on the Growth Enterprise Market in 2003, the compound annual growth rate (CAGR) of revenue reached 24.6%, while the CAGR of service revenue reached 30.8%. Please refer to the following graph for details:



CUSTOMERS

The Group's customers span globally, in addition to the Greater China, it has achieved remarkable results in the Asia-Pacific and Middle East and extends its influence to customers globally. The Group has established long-term partnerships with leading domestic and international enterprises such as Huawei, HSBC, Honor, China Mobile, China Telecom, Tencent, Alibaba, Baidu, Ping An, Bank of Communications, China Construction Bank, CGN, PetroChina, CNOOC, and State Grid. In 2024, service revenue from the top five customers accounted for 57.4% of the Group's total service revenue, while the top ten customers contributed 65.1% of the total service revenue.

In 2024, the Group had 2,174 active clients. Among them, there were 188 large clients with service revenue exceeding RMB 6 million.

MARKET

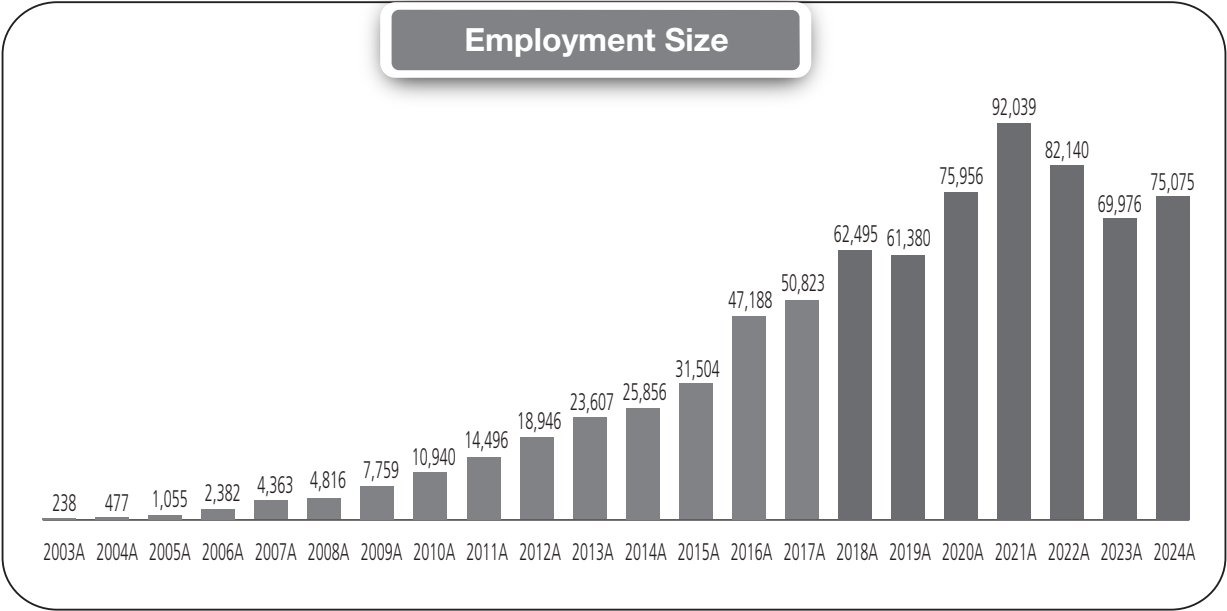
During the reporting period, the Group focused on key industries, including power, finance, government affairs, transportation, public utilities, and enterprise manufacturing, developing and deploying HarmonyOS and AI-driven industry solutions. In the domestic market, the Group concentrated on economically developed regions such as the Greater Bay Area, Yangtze River Delta, and Beijing-Tianjin-Hebei, as well as key central and western hub regions. The Group strengthened its presence in Beijing, Shenzhen, Xi'an, Guangzhou, Nanjing, Shanghai and Chengdu, leveraging its Spearhead, Legion, and Base Camp organizational structure to drive the implementation of AI+ solutions and deepen its industry offerings. In the overseas market, the Group expanded its footprint by establishing R&D and delivery centers in Hong Kong, Thailand, Japan, Singapore, Saudi Arabia, and the UAE. In Saudi Arabia, the Group established the JAT joint venture, successfully delivering multiple projects in digital government, smart cities, and smart venues, reinforcing its position as a global leader in digital transformation solutions.

HUMAN RESOURCES

As of the end of 2024, the total number of employees in the Group reached 75,075 (compared to 69,976 at the end of 2023), representing a 7.3% increase. The average number of employees for the year was 72,526, reflecting a 4.6% decrease from the previous year's average of 76,058. The rebound in the number of employees in the second half of the year indicates the recovery of the company's core business, providing a guarantee for the revenue growth in 2025.

As of the end of 2024, the number of technical personnel in the Group reached 71,745, accounting for 95.6% of the total number of employees. Among them, project managers, consultants, and senior engineers totaled 26,289, comprising 36.6% of the total technical personnel in the Group.

Since its listing on the Growth Enterprise Market in 2003, the Group's total personnel has changed as follows:



OPERATING RESULTS

The following is the Group's consolidated comprehensive income statement for 2024 and 2023:

| | 2024 RMB'000 | % of revenue | % of service revenue | 2023 RMB'000 | % of revenue | % of service revenue |
|--|-----------------------|--------------------|----------------------------|-----------------------|--------------------|----------------------------|
| Revenue | 16,950,733 | N/A | N/A | 17,116,894 | N/A | N/A |
| Service revenue | 16,314,168 | N/A | N/A | 16,631,560 | N/A | N/A |
| Cost of sales and services | <u>(13,209,231)</u> | <u>(77.9%)</u> | <u>(81.0%)</u> | <u>(13,113,818)</u> | <u>(76.6%)</u> | <u>(78.8%)</u> |
| Gross Profit | 3,741,502 | 22.1% | 22.9% | 4,003,076 | 23.4% | 24.1% |
| Other income | 241,941 | 1.4% | 1.5% | 428,905 | 2.5% | 2.6% |
| Loss from derecognition of financial assets measured at amortised cost | (2,815) | (0.0%) | (0.0%) | (2,332) | (0.0%) | (0.0%) |
| Impairment losses under expected credit loss model, net of reversal | (273,855) | (1.6%) | (1.7%) | (117,313) | (0.7%) | (0.7%) |
| Impairment loss on investment accounted for using the equity method | (13,703) | (0.1%) | (0.1%) | (22,377) | (0.1%) | (0.1%) |
| Other gains or losses | 219,574 | 1.3% | 1.3% | 83,905 | 0.5% | 0.5% |
| Selling and distribution costs | (875,097) | (5.2%) | (5.4%) | (868,347) | (5.1%) | (5.2%) |
| Administrative expenses | (1,220,082) | (7.2%) | (7.5%) | (1,354,733) | (7.9%) | (8.1%) |
| Research and development costs | (906,274) | (5.3%) | (5.6%) | (1,078,296) | (6.3%) | (6.5%) |
| Other expenses | (95,070) | (0.6%) | (0.6%) | (105,680) | (0.6%) | (0.6%) |
| Finance costs | (175,918) | (1.0%) | (1.1%) | (202,833) | (1.2%) | (1.2%) |
| Share of results of investments accounted for using the equity method | <u>(72,107)</u> | <u>(0.4%)</u> | <u>(0.4%)</u> | <u>(30,028)</u> | <u>(0.2%)</u> | <u>(0.2%)</u> |
| Profit before taxation | 568,096 | 3.4% | 3.5% | 733,947 | 4.3% | 4.4% |
| Income tax expense | <u>(56,951)</u> | <u>(0.3%)</u> | <u>(0.3%)</u> | <u>(21,280)</u> | <u>(0.1%)</u> | <u>(0.1%)</u> |
| Profit for the year | 511,145 | 3.0% | 3.1% | 712,667 | 4.2% | 4.3% |
| Profit for the year attributable to the Owners of the Company | 512,925 | 3.0% | 3.1% | 713,394 | 4.2% | 4.3% |
| Adjusted profit | <u><u>650,240</u></u> | <u><u>3.8%</u></u> | <u><u>4.0%</u></u> | <u><u>626,350</u></u> | <u><u>3.7%</u></u> | <u><u>3.8%</u></u> |

REVENUE

In 2024, the Group recorded revenue of RMB 16,950.733 million (2023: RMB 17,116.894 million), representing a 1.0% year-over-year (YoY) decrease. Service revenue for 2024 amounted to RMB 16,314.168 million (2023: RMB 16,631.560 million), reflecting a 1.9% YoY decline. The decline in revenue was mainly affected by the economic environment. The average total number of employees throughout 2024 was 72,526, representing a 4.6% decrease compared to the average of 76,058 employees in the same period last year. The number of employees began to recover in the second quarter of 2024, and the revenue in the second half of 2024 increased by 13.9% quarter-on-quarter.

TPG and IIG's revenue and proportion of total revenue in 2024 are as follow:

| | 2024 <i>RMB'000</i> | Weight | 2023 <i>RMB'000</i> | Weight | Growth <i>rate</i> |
|-------|-------------------------------|---------------|-------------------------------|---------------|------------------------------|
| TPG | 14,770,393 | 87.1% | 15,020,564 | 87.8% | (1.7%) |
| IIG | 2,180,340 | 12.9% | 2,096,330 | 12.2% | 4.0% |
| Total | 16,950,733 | 100% | 17,116,894 | 100% | (1.0%) |

GROSS PROFIT

In 2024, the Group achieved a gross profit of RMB 3,741.502 million (2023: RMB 4,003.076 million), reflecting a 6.5% year-over-year (YoY) decline. The gross profit margin for 2024 was 22.1% (2023: 23.4%), marking a 1.3% decrease YoY. The gross profit as a percentage of service revenue was 22.9% (2023: 24.1%), showing a 1.2% decline YoY. The decline in gross profit margin during the reporting period was primarily due to the continued impact of pricing reductions by major clients in the second half of 2023, which led to a decline in overall profitability.

The Group will continue to improve its gross profit margin through the following measures in the future:

1. Increase the proportion of high-margin service businesses and accelerate the full-stack AI product and service industry layout to enhance product and service competitiveness and profitability.
2. Advance software-hardware productization, promoting the sales of proprietary technologies (KaihongOS, JointPilot, large-model Agents) and commercializing products such as DeepSeek all-in-one devices and Kaihong Smart PCs to upgrade the business model.
3. Enhance delivery efficiency by integrating AI tools into the delivery process, thereby improving overall profitability.

OPERATING EXPENSES

In 2024, the Group's selling and distribution expenses amounted to RMB 875.097 million (2023: RMB 868.347 million), representing a 0.8% year-over-year (YoY) increase. These expenses accounted for 5.2% of revenue (2023: 5.1%), reflecting a 0.1% increase. During the reporting period, the Group increased its efforts in business development for customers from central state-owned enterprises and overseas customers.

In 2024, the Group's administrative expenses totaled RMB 1,220.082 million (2023: RMB 1,354.733 million), reflecting a 9.9% YoY decrease. Administrative expenses accounted for 7.2% of revenue, compared to 7.9% in 2023, marking a 0.7% decline. Excluding share-based payment expenses, administrative expenses as a percentage of revenue decreased by 1.2% YoY. During the reporting period, the Group enhanced budget management and used self-developed recruitment Agents to improve the operational efficiency of business and functional units, resulting in a significant reduction in management expenses. In the future, the company will continue to improve the work efficiency of the overall functional systems through self-developed Agent products, and further reduce the ratio of administrative expenses.

In 2024, the Group's research and development (R&D) expenses totaled RMB 906.274 million (2023: RMB 1,078.296 million), reflecting a 16.0% YoY decrease. R&D expenses accounted for 5.3% of revenue, compared to 6.3% in 2023, representing a 1.0% decline. During the reporting period, the Group prioritized R&D resources towards key areas such as AI, ERP, and integrated solutions for OpenHarmony, while reducing investments in non-core business areas. Moreover, the Group actively applied a series of technologies, including the latest large AI models, to improve R&D efficiency.

OTHER INCOME

In 2024, the Group recorded other income of RMB 241.941 million (2023: RMB 428.905 million), representing a 43.6% year-over-year (YoY) decrease. The decline was primarily due to a reduction in government subsidies and interest income compared to the previous year, as well as the termination of additional value added tax super credit policy, which impacted other income during the reporting period.

OTHER GAINS OR LOSSES

In 2024, the Group recorded other gains of RMB 219.574 million (2023: RMB 83.905 million), representing a 161.7% year-over-year (YoY) increase. The significant increase was primarily driven by investment income from the partial disposal of investments accounted for using the equity method during the reporting period, as well as gains from fair value change of financial assets at fair value.

FINANCE COSTS AND INCOME TAX

In 2024, the Group's finance costs amounted to RMB 175.918 million (2023: RMB 202.833 million), representing a 13.3% year-over-year (YoY) decrease. Finance costs as a percentage of revenue stood at 1.0%, compared to 1.2% in 2023, reflecting a 0.2% decline. The reduction in finance costs was primarily due to the partial refinancing of high-cost syndicated loans, which led to lower borrowing costs.

In 2024, losses from derecognition of financial assets measured at amortized cost was RMB 2.815 million (2023: RMB 2.332 million), marking a 20.7% YoY increase.

In 2024, the Group's income tax expense was RMB 56.951 million (2023: RMB 21.280 million), reflecting a 167.6% YoY increase. The increase was mainly attributed to: a higher investment-related income, which led to an increase in deferred tax expenses. On the other hand, the final tax settlement resulted in a tax refund in 2023, whereas in 2024, it led to a tax payment. Excluding the impact of investment-related income, the effective tax rate in 2024 was 7.4%, compared to 2.9% in 2023, reflecting a 4.5% increase.

OTHER NON-CASH EXPENSES

In 2024, the Group's other expenses amounted to RMB 95.070 million (2023: RMB 105.680 million), representing a 10.0% year-over-year (YoY) decrease. Other expenses as a percentage of revenue remained at 0.6%, consistent with 2023.

In 2024, impairment losses on investments accounted for using the equity method were RMB 13.703 million (2023: RMB 22.377 million), reflecting a 38.8% YoY decrease. This decline was primarily due to investment impairments related to associate companies.

In 2024, impairment losses under expected credit loss model, net of reversal, amounted to RMB 273.855 million (2023: RMB 117.313 million), representing a 133.4% YoY increase. This is mainly because the company made significant individual provisions for trade receivables and contract assets.

WORKING CAPITAL, FINANCIAL AND CAPITAL RESOURCE

In 2024, the Group's total available cash balance (comprising bank balances and cash, term deposits, and pledged bank deposits) amounted to RMB4,747.142 million (2023: RMB 5,088.641 million). It is mainly due to the company substantially ramping up its share repurchase and cancellation efforts within the reporting period. The aggregate amount of share repurchases reached HK\$926,726,800.

In 2024, the Group's net current assets amounted to RMB6,687.092 million (2023: RMB9,983.119 million). The current ratio in 2024, calculated as the ratio of current assets to current liabilities, was 2.1, representing a decrease of 2.3 compared to 4.4 in 2023.

In 2024, the Group's borrowings amounted to RMB4,416.097 million (2023: RMB 3,016.817 million). The net borrowing ratio is calculated by dividing the borrowing amount (borrowings minus available cash balances, including bank balances and cash, term deposits, and pledged bank deposits) by the total equity. The Group's available cash balance exceeded the sum of borrowings in both 2024 and 2023, resulting in a negative net borrowing ratio. Therefore, the net borrowing ratio was negative, indicating that the company has relatively strong solvency.

PROFIT FOR THE YEAR AND EARNINGS PER SHARE (EPS)

In 2024, the Group recorded a profit of RMB 511.145 million (2023: RMB 712.667 million), representing a 28.3% year-over-year (YoY) decrease, it is mainly due to the increase in bad debt provisions and the decrease in government subsidies. Profit as a percentage of revenue was 3.0% (2023: 4.2%), reflecting a 1.2% decline. Profit as a percentage of service revenue stood at 3.1% (2023: 4.3%), also decreasing by 1.2%.

In 2024, the profit attributable to owners of the Company was RMB 512.925 million (2023: RMB 713.394 million), marking a 28.1% YoY decline.

Based on profit attributable to owners of the Group, the basic earnings per share (EPS) in 2024 was RMB 20.01 cents (2023: RMB 25.88 cents), reflecting a 22.7% YoY decrease.

ADJUSTED PROFIT

In order to provide shareholders with supplementary information reflecting the company's sustainable operational capacity and operating efficiency in its main business, on the basis of disclosing the profit for the year in accordance with HKFRSs, the company supplements the disclosure of the adjusted profit. The adjusted profit does not have a standardised meaning prescribed by HKFRSs and therefore may not be comparable to similar measures presented by other companies. The following table shows the calculation process of the adjusted profit and the reconciliation process from adjusted profit to profit for the year:

| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Gross profit | 3,741,502 | 4,003,076 |
| Selling and distribution costs | (875,097) | (868,347) |
| Administrative expenses | (1,220,082) | (1,354,733) |
| Research and development costs | (906,274) | (1,078,296) |
| Amortization of intangible assets (included in other expenses) | (89,809) | (75,350) |
| Adjusted profit | 650,240 | 626,350 |
| Other income | 241,941 | 428,905 |
| Loss from derecognition of financial assets measured at amortised cost | (2,815) | (2,332) |
| Impairment losses under expected credit loss model, net of reversal | (273,855) | (117,313) |
| Impairment loss on invested accounted for using the equity method | (13,703) | (22,377) |
| Other gains or losses | 219,574 | 83,905 |
| Other expenses (excluding amortization of intangible assets) | (5,261) | (30,330) |
| Finance costs | (175,918) | (202,833) |
| Share of results of investments accounted for using the equity method | (72,107) | (30,028) |
| Profit before taxation | 568,096 | 733,947 |
| Income tax expense | (56,951) | (21,280) |
| Profit for the year | 511,145 | 712,667 |

In 2024, despite the continued pressure on gross margin, the Group implemented strategic initiatives, precise execution, and proactive efficiency enhancement measures to improve profitability. After reducing selling and distribution costs, administrative expenses, research and development costs, and amortization of intangible assets, the Group achieved an adjusted profit of RMB650.240 million (2023: RMB626.350 million), representing an 3.8% year-over-year (YoY) increase. The adjusted profit margin for 2024 was 3.8% (2023: 3.7%), reflecting a 0.1% increase YoY. Based on service revenue, the adjusted profit margin stood at 4.0% (2023: 3.8%), showing a 0.2% improvement YoY.

SEGMENT REVENUE AND RESULTS

In 2024, the segment's growth of revenue and results are as follow:

| | Revenue | | | Result | | |
|-------|------------------------|------------------------|-------------|------------------------|------------------------|-------------|
| | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> | Growth Rate | 2024 <i>RMB'000</i> | 2023 <i>RMB'000</i> | Growth Rate |
| TPG | 14,770,393 | 15,020,564 | (1.7%) | 661,432 | 798,823 | (17.2%) |
| IIG | 2,180,340 | 2,096,330 | 4.0% | 87,698 | 147,454 | (40.5%) |
| Total | 16,950,733 | 17,116,894 | (1.0%) | 749,130 | 946,277 | (20.8%) |

In terms of segment revenue, TPG's revenue declined by 1.7% YoY, primarily due to the contraction in business demand from core customers last year. IIG's revenue increased by 4.0% YoY, mainly driven by higher revenue from Agent products and open-source HarmonyOS products and solutions during the reporting period.

In terms of segment results, TPG's result declined by 17.2% YoY. Excluding the impact of bad debt, the YoY decrease was 9.4%, primarily due to profit declines caused by the significant reduction in government subsidies during the reporting period and price reductions from core customers. IIG's performance declined by 40.5% YoY. However, excluding the impact of bad debt, the YoY increase was 20.8%, mainly attributable to profit growth from HarmonyOS solutions and Agent-related products during the reporting period.

The company actively invests in and lays out full-stack AI businesses and technologies, from computing power, through cloud-edge-terminal model deployment, to applications, and comprehensively speeds up the AI upgrade of the "1+3" business setup, with the ambition of capturing one-tenth of the market across industries and driving digital transformation across various sectors. The Group continues to align with Huawei Cloud's growth trajectory, maintaining a leading position in HarmonyOS and Ascend AI adaptation model services. Its products and solutions are deeply integrated with DeepSeek, further expanding the all-in-one product intelligent agent platform (which combines hardware and software) and Agent products. Also, the Group uses self-developed AI low-code and no-code products to boost the consulting and implementation of domestic, self-controllable ERP systems, establishing a second growth curve for enterprise core management systems. As the business structure continues to improve, the profitability of the Group is expected to gradually increase.

FUND RAISING ACTIVITIES

During the current and last year, 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 summarised as below:

On 4 October 2021, the Company entered into the placing agreement with the placing agent, UBS AG Hong Kong Branch, to procure not less than six places on a best efforts basis to purchase up to an aggregate of 162,000,000 placing shares at the placing price of HK\$12.26 per placing share.

The placing shares were allotted on 12 October 2021 under the general mandate granted to the Directors at the annual general meeting of the Company held on 18 May 2021. The net proceeds from the placing is approximately HK\$1,970 million (after deduction of commission and other expenses of the placing). 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 2024 | Expected time of utilisation (Note) |
|-------------------------------|--|--|---|-------------------------------------|
| Approximately HK\$788 million | For the research and development of full-stack cloud smart products and solutions, as well as investments and mergers and acquisitions related to the Company's main business | Approximately HK\$788 million were used for the research and development of full-stack cloud smart products and solutions, as well as investments and mergers and acquisitions related to the Company's main business | – | – |
| Approximately HK\$788 million | For developing hardware and software products and solutions for HarmonyOS and OpenHarmony, the research and development of full-stack technologies required for atomic services, making investments and mergers and acquisitions around the HarmonyOS and OpenHarmony industrial ecology | Approximately HK\$267 million were used for developing hardware and software products and solutions for HarmonyOS and OpenHarmony, the research and development of full-stack technologies required for atomic services, making investments and mergers and acquisitions around the HarmonyOS and OpenHarmony industrial ecology | Approximately HK\$521 million to be for the intended use | Before 31 December 2025 |

| Net proceeds allocation | Intended use of the proceeds | Actual use of the proceeds | The amount of the remaining net proceeds as at 31 December 2024 | Expected time of utilisation (Note) |
|-------------------------------|--|--|---|-------------------------------------|
| Approximately HK\$394 million | For general working capital of the Company | Approximately HK\$394 million were used for general working capital of the Company | – | – |

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.

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 to safeguard the interests of shareholders, customers, service vendors, employees and other stakeholders.. The code provisions in the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules have served as guideposts for the Company to follow in its implementation of corporate governance measures.

In the opinion of the Board, the Group has complied with the CG Code from 1 January 2024 to 31 December 2024, except for the following deviations as explained:

- (i) Under Code provision C.1.6, independent non-executive directors and other non-executive directors, as equal board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other business commitment, two independent non-executive Directors and two non-executive Directors were unable to attend the annual general meeting of the Company held on 20 May 2024 in Hong Kong (the “2023 AGM”).

- (ii) Under Code provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. 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.
- (iii) Under Code Provision F.2.2, the chairman of the board should attend the annual general meeting. The Chairman of the board, Dr. Chen Yuhong was unable to attend the 2023 AGM due to urgent business matters. Instead, one of the independent non-executive Directors attended and acted as the Chairman of the 2023 AGM.

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 C3 to the Listing Rules on terms no less exacting than the required standard set out in the Model Code as its code of conduct regarding securities transactions by Directors. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions by Directors throughout the year ended 31 December 2024.

COMPETING INTERESTS

As at 31 December 2024, none of the Directors of the Company and their respective associates (as defined under the Listing Rules) had any interest in a business apart from the Group's 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 2024, the Company repurchased 211,220,000 of its shares on the Stock Exchange and these shares were subsequently cancelled by the Company before 31 December 2024. The total amount paid for the repurchases of HK\$926,726,800 was paid wholly out of the Company's existing available cash reserves. Details of those transactions are as follows:

| Month | Number of Shares Repurchased | Price per Share | | Total Purchase Price |
|----------------|------------------------------|-----------------|----------------|----------------------|
| | | Highest HK\$ | Lowest HK\$ | |
| January 2024 | 36,274,000 | 5.40 | 4.81 | 184,708,900 |
| April 2024 | 63,460,000 | 4.90 | 4.40 | 293,837,560 |
| May 2024 | 21,000,000 | 4.67 | 4.05 | 89,377,800 |
| June 2024 | 12,812,000 | 4.16 | 3.98 | 51,766,960 |
| July 2024 | 41,052,000 | 4.37 | 3.91 | 169,385,840 |
| August 2024 | 12,200,000 | 3.75 | 3.51 | 44,418,740 |
| September 2024 | 24,422,000 | 4.17 | 3.59 | 93,231,000 |
| | <u>211,220,000</u> | | | <u>926,726,800</u> |

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2024.

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 2024.

During the reporting year and as at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Professor Mo Lai Lan as the Chairman of the Audit Committee and Mr. Lai Guanrong and Mr. Yeung Tak Bun J.P. as the members of the Audit Committee.

The Group's unaudited interim results and audited annual results during the year ended 31 December 2024 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\$0.0533 per ordinary share from share premium account of the Company in respect of the year ended 31 December 2024. 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, 20 May 2025 at 2:00 p.m.. Upon shareholders' approval at the upcoming annual general meeting, the proposed final dividend will be paid on Monday, 23 June 2025 to shareholders whose names shall appear on the register of members of the Company on Friday, 6 June 2025.

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 Wednesday, 14 May 2025 to Tuesday, 20 May 2025, 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 Tuesday, 13 May 2025.
- (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 Tuesday, 3 June 2025 to Friday, 6 June 2025, 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 Monday, 2 June 2025.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is proposed to hold on Tuesday, 20 May 2025 at 2:00 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 D2 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, 28 March 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Dr. Chen Yuhong (Chairman and Chief Executive Officer), Dr. He Ning (Vice Chairman) and Dr. Tang Zhenming, two non-executive Director, namely Dr. Zhang Yaqin and Mr. Gao Liangyu, and three independent non-executive Directors, namely Dr. Lai Guanrong, Professor Mo Lai Lan and Mr. Yeung Tak Bun J.P..

* *For identification purposes only*