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Chinasoft International Limited
中軟國際有限公司*

Incorporated in the Cayman Islands with Limited Liability
Stock Code: 0354

* for identification purpose only

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2 Corporate Information

THE BOARD OF DIRECTORS

Executive Directors

Dr. Chen Yuhong (*Chairman & Chief Executive Officer*)

Dr. He Ning (*Vice Chairman*)

Dr. Tang Zhenming

Non-executive Directors

Dr. Zhang Yaqin

Mr. Gao Liangyu

Independent non-executive Directors

Dr. Lai Guanrong

Professor Mo Lai Lan

Mr. Yeung Tak Bun J.P.

REMUNERATION COMMITTEE

Dr. Lai Guanrong (*Chairman*)

Dr. Chen Yuhong

Professor Mo Lai Lan

Mr. Yeung Tak Bun J.P.

AUDIT COMMITTEE

Professor Mo Lai Lan (*Chairman*)

Dr. Lai Guanrong

Mr. Yeung Tak Bun J.P.

NOMINATION COMMITTEE

Dr. Lai Guanrong (*Chairman*)

Dr. Chen Yuhong

Professor Mo Lai Lan

Mr. Yeung Tak Bun J.P.

COMPANY SECRETARY

Ms. Leong Leung Chai Florence

AUTHORISED REPRESENTATIVES

Dr. Chen Yuhong

Ms. Leong Leung Chai Florence

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

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PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

China CITIC Bank International Limited

HSBC Bank (China) Company Limited

Citibank (China) Co., Limited

Industrial and Commercial Bank of China Limited

China Construction Bank Corporation

China Merchants Bank Co., Ltd.

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Dear Investors,

Marked by the rise of DeepSeek, the value of the AI industry is shifting from hardware infrastructure to software applications. Breakthroughs in technology, architectural innovations, and the open-sourcing of models have further lowered the barriers for enterprises to adopt AI technologies. With the growing need for high performance and low-compute power applications, AI inference capabilities have significantly improved, accelerating the proliferation of AI-native applications – and thus ushering in a new era of full-scale enterprise AI transformation.

Chinasoft has seized this strategic opportunity and continued to invest deeply in AI. Our business layout spans the entire AI technology stack – from computing infrastructure construction and operations, data governance, model training, inference deployment, and edge intelligence to cloud intelligence and AI-native next-generation ERP and industry applications. We offer integrated services across hardware, algorithms, platforms, and solutions, building comprehensive full-stack AI capabilities. We have become a leader in the AI era, a pioneer of AI technology, and an enabler of the transition from “seeing” to “doing.” Through our full-stack AI capabilities, we empower clients to fully implement and apply AI, driving business transformation. During the reporting period, we increased strategic investment, secured a leading edge in full-stack AI, stabilized our core IT services business, and achieved real growth in adjusted profit. The Group recorded revenue of RMB16.95 billion and adjusted profit of RMB0.65 billion, with an R&D investment of RMB0.91 billion into products and solutions.

I. STRENGTHENING THE CLOUD INTELLIGENCE FOUNDATION TO SUPPORT AI COMPUTING POWER AND MODEL ACCESS

Over the past seven years as a strategic “Sailing on the Same Boat with Huawei Cloud” partner, the Group has kept pace with Huawei Cloud’s growth trajectory, with its cloud intelligence business consistently leading the Huawei Cloud ecosystem in scale and ranking first in performance and project volume. The Group’s cloud integration achievements and project delivery volume both rank No.1 within the Huawei ecosystem, with the CTSP (Cloud Transformation Service Provider) partner share also taking the lead. By leveraging direct sales, distribution, and sustained operations in Huawei Cloud, the Group has extended its reach to a broad base of potential high-value DeepSeek customers, enabling full-spectrum integration with AI-related products and services, while continuously incubating new growth drivers. The Group has provided over 300 clients with core services such as Ascend (昇腾) compatibility and cloud migration planning and implementation, successfully delivering more than 200 CTSP projects across multiple industries. In collaboration with Gui’an Development Group, and centered on Ascend computing power, the Group jointly established Chinasoft YunZhi Technology Co., Ltd. in Guian New District, focusing on smart governance and enterprise digital transformation, and driving industry-wide adoption of intelligent computing capabilities.

The Group has upgraded its Model Factory to version 2.0, offering end-to-end lifecycle services from data governance and model training to deployment and validation. This initiative has already supported AI pilot projects in collaboration with leading clients in the energy, steel, and pharmaceutical industries. With a robust computing infrastructure and management system, the Group provides one-stop services such as computing power rental, model training, and application development.

Based on Ascend Cloud, in partnership with Huawei and the Beijing Changping Future Science City, the Group co-invested in the Digital Power Innovation Center. The Center integrates DeepSeek models and leverages the Group’s comprehensive AI service capabilities to deliver AI computing services, AI engineering deployment, AI scenario consulting, and intelligent agent services. It is equipped with three innovative lab environments – AILab, Corporate Enterprise Core Operation System Lab, and IDSLab – to accelerate the transformation and application of frontier technologies, and to continuously build an open and collaborative AI ecosystem.

II. ACCELERATING AI TECHNOLOGY AND PRODUCT INNOVATION TO POWER AI-NATIVE APPLICATIONS

The Group launched its Agentic AI platform suite – Lumi and Lumi ONE – as well as the integrated training and inference platform ARK Foundry, built on DeepSeek R1. These platforms feature advanced model fine-tuning capabilities and efficient inference services, enabling enterprises to create customized large model solutions tailored to their specific needs. This significantly shortens the time from AI concept to implementation, making the development of complex intelligent agents and large model applications faster and easier than ever before.

Embracing Huawei Cloud’s AI-native application engine, the Group leverages Ascend AI computing power and Huawei Cloud’s KAITIAN aPaaS platform to provide the foundational infrastructure for agent development, training, and deployment – supporting rapid iteration and scenario-based implementation of industry models. The Group’s JointPilot Platform, jointly developed with Huawei Cloud, delivers product-level large model solutions for various industries. This collaboration establishes an end-to-end full-stack technical partnership that spans from AI computing infrastructure, foundational models, and AI-native application engines to industry-specific applications. It also integrates AI agent capabilities into SME digital transformation services, helping small and medium-sized enterprises achieve intelligent upgrades.

The Group is committed to industry-specific data accumulation, scenario-driven algorithm iteration, and domain model distillation. Its self-developed “Wen Series” Agent products have been deeply integrated with leading clients across industries such as government, finance, energy, power, steel, and pharmaceuticals – achieving innovative use cases in intelligent Q&A, document generation, auditing, and CV-based monitoring. In 2024, the Group rolled out its AI Data Analyst Agent, built on the AI-native application engine, integrating planning and reasoning, advanced analytics, and data security – improving data analysis efficiency and supporting enterprise management and decision-making. The Government AI Agent leverages a “unified ledger-style” digital resource management platform to dynamically mine the value of government data and support intelligent decision-making in scenarios such as policy execution and urban monitoring. The Financial Simulation Agent empowers financial institutions to significantly reduce operational costs and effectively control risks while maintaining high compliance standards.

III. FOCUSING ON CORE ERP SCENARIOS TO LEAD IN AI-DRIVEN DIGITAL TRANSFORMATION SERVICES

The Group is strategically focused on high-value areas such as ERP and digital transformation services. In alignment with domestic ERP localization and “Xinchuang” (IT innovation) requirements, the Group deeply engages with central and state-owned enterprise (SOE) leaders in industries such as energy and manufacturing, participating in management transformation and process reengineering. These efforts drive the reconstruction of next-generation AI-native ERP applications, enabling smooth and autonomous localization replacements, and supporting clients in achieving full-scale AI adoption and intelligent upgrades.

The Group has significantly increased its R&D investment and launched industry-specific editions of enterprise core operating systems. By developing industry solution plug-ins, blueprint libraries, and template libraries – and integrating AI and big data technologies – the Group offers intelligent analytics and decision-making support, enabling process automation and full compatibility with domestic hardware and software environments. This empowers enterprises to operate efficiently and accelerate digital transformation.

By introducing generative AI technologies, the Group has established the Agentic CDM Delivery Methodology, covering the full project lifecycle. It has also invested in setting up joint laboratories to accelerate R&D commercialization and provide end-to-end support – from technical validation to real-world deployment – fostering technological innovation in enterprise core systems. Through deep cooperation with state-owned digital technology companies, the Group became the first partner to provide consulting and implementation services for enterprise core operating systems.

IV. FULLY ADVANCING HARMONYOS ENABLEMENT TO BUILD AN AI-POWERED DEVICE-EDGE-CLOUD COLLABORATIVE PLATFORM

Under the “(1+1)× N” strategy (KaihongOS + Super Device Management Platform), the Group integrates HarmonyOS, Ascend computing power, and AI Agents to build an intelligent IoT foundation that enables coordination across device, edge, and cloud. It supports trusted and localized applications in key domestic scenarios such as water and agriculture, firefighting, transportation, and defense, creating a self-developed, software-hardware integrated platform that delivers fully localized solutions. The Group has developed more than 50 general-purpose AI algorithms and jointly released six industry-specific intelligent terminal products with ecosystem partners. By extending Agent capabilities to device and edge environments, the Group enables unmanned or low-human-intervention real-time monitoring in urban, transportation, river, reservoir, dam, and emergency scenarios, with successful deployments in Suzhou, Xi’an, Yunnan, and Xinjiang – demonstrating technological leadership in “software-defined complex systems.”

KaihongOS has become the first open-source HarmonyOS distribution to pass the Ministry of Public Security’s security certification, and the first to fully connect with the HarmonyOS Next ecosystem and StarFlash technology, securing its leading position in the open-source HarmonyOS domain. In cybersecurity, the Group developed the independently controllable, enhanced LiteOS-M security kernel, which became the first IoT OS kernel in China to receive the nationally recognized EAL5+ security certification issued by the China Cybersecurity Review Technology and Certification Center (CCRC). As at 31 December 2024, the Group and Shen Kaihong collectively hold 626 patents related to open-source HarmonyOS operating systems, IoT, intelligent terminals, and AI algorithms and applications.

In terminal-side intelligence, the Group actively develops HarmonyOS-based PCs, robots, drones, cameras, and other advanced endpoint devices, launching HarmonyOS-based intelligent products in collaboration with related manufacturers. The self-developed HarmonyOS PC virtual machine product is positioned to expand into the domestic IT innovation market and consumer (ToC) business opportunities, deepening the Group’s strategic layout for the “HarmonyOS + PC + AI” software ecosystem. On HarmonyOS-native applications and meta services, the Group provides development and migration services for single-framework mobile apps. It has formed partnerships with nearly 300 app vendors across smart mobility, lifestyle services, finance, e-government, healthcare, and cultural tourism sectors. The Group has become one of the first “HarmonyOS Native Application Development and Training Diamond Service Providers,” capturing over 70% of the single-framework HarmonyOS services market. In HarmonyOS southbound adaptation, the Group has enabled tens of millions of devices. Alongside Shen Kaihong, the Group has contributed more than 4.8 million lines of code to the OpenHarmony community main repository, ranking first among all ecosystem vendors outside of Huawei.

V. ACCELERATING THE CONSOLIDATION OF INDUSTRY AI SOLUTIONS TO DRIVE DOMAIN MODEL EVOLUTION AND VALUE REALIZATION

The Group has achieved significant business breakthroughs and market recognition across several key industries.

In the smart power and energy sector, the Group has collaborated closely with Huawei's Power Digitalization BU to jointly advance the construction of AI model training facilities and pre-integrated validation labs for power distribution solutions. Multiple AI solutions have been successfully deployed in the power industry, covering scenarios such as user load forecasting, renewable energy scheduling and prediction, and AI-based power safety monitoring. In the smart government sector, the Group developed the "AI Think Tank for Government" all-in-one solution, building a cluster of government-specific intelligent agents that support flexible localized deployment and scenario-based evolution. In smart finance, the Group secured AIGC-related projects from multiple major state-owned banks and leading urban commercial banks. It launched an intelligent bill risk control solution, showcasing the wide application value of Agentic AI in the financial sector and driving intelligent operations for financial institutions. In smart healthcare and social security, the Group developed the DeepSeek Medical Insurance Risk Control All-in-One Machine and the Social Security Fund Supervision Large Model All-in-One Machine, with deployments across several top-tier hospitals and more than 20 provincial-level HRSS (Human Resources and Social Security) departments across China. The Group also won the bid for Huawei Cloud's AI-Native Application Engine collaboration project, establishing a product-level partnership with Huawei in the field of large model applications.

VI. STEADY PROGRESS IN OVERSEAS STRATEGIC EXPANSION, BECOMING A LEADING PROVIDER OF ITS AND AIS SOLUTIONS IN HONG KONG

The Group has positioned Hong Kong as a strategic bridgehead for overseas markets, radiating into the Asia-Pacific, Middle East, and other regions. It has established R&D and delivery centers and successfully delivered a number of digital government, smart city, and smart venue projects.

In Hong Kong, the Group has achieved tangible results in key tracks such as smart city/campus projects and major Chinese-funded enterprises. Notably, the Group participated in the Hong Kong Kai Tak Sports Park project, a next-generation smart integrated facility that goes "beyond a stadium," which officially opened to the public and realized full-scenario visibility, controllability, and manageability across the entire park. During the reporting period, the Group also secured a HK\$410 million contract for the Hong Kong Police Force Central Digital Imaging Platform ("CDIP") project, establishing a benchmark for government-controlled IT systems.

The Group has identified Saudi Arabia as the strategic hub for its Middle East expansion and has established a joint venture, Joint Advanced Technologies (JAT), which successfully signed a cooperation agreement with Huawei Cloud. The Group also signed a memorandum of deeper collaboration with Huawei for the Middle East and Central Asia, and joined the "Middle East and Central Asia China Enterprise Alliance" and Huawei Cloud's "Fusion Intelligence Ecosystem Alliance" to jointly drive regional digital transformation. Leveraging data platform solutions, modernized cloud-native applications, and AIGC-based financial scenarios, the Group has supported the digital transformation of its financial clients and secured multiple important customer projects in Hong Kong and Southeast Asia.

VII. INTERNAL MANAGEMENT AI TRANSFORMATION: ENHANCING LEAN OPERATIONS AND DRIVING EFFICIENCY

The Group has independently developed an AI-powered recruitment system. Through the deployment of intelligent talent search and recommendation Agents, the Group has significantly improved the efficiency of talent acquisition and resource allocation, achieving end-to-end accuracy rates of up to 85%. The Group's self-developed AI tool, "Finance Q&A," enables automatic generation of business analysis reports, interactive intelligent analytics, and assisted decision-making support across various operational modules. AI-assisted operations have been applied across smart workflows, intelligent accounts receivable clearing, and smart contract review, driving optimizations in resource scheduling, cost control, and internal risk management. These innovations have significantly enhanced the Group's overall operational efficiency.

The Group will continue to disclose progress made in the domain of full-stack AI.

As we look back from the historic vantage point of 2025, the Group has always taken "root technology" as our foundation and "industry value" as our guiding star, remaining steadfast in our partnership with Huawei. Together, we are writing our chapter in the waves of cloud intelligence, the HarmonyOS ecosystem, and industrial digitalization. We have never wavered in our ambition to "claim one-tenth of the market." Every technological breakthrough, every real-world deployment, is another solid step forward on our path to becoming a leader in the AIS era.

Chen Yuhong

2025 Spring

Chinasoft is actively investing in and deploying a full-stack AI business and technology system, spanning from compute infrastructure to cloud-edge-device model deployment and applications. The Group is accelerating the AI-driven transformation of its “1+3” business matrix, building a comprehensive system of capabilities to fully unleash the amplification effect of AI as a core engine in practical applications.

In the AIGC business the Group upgraded its Model Factory and launched an Agent Factory. It developed the Agentic AI platform Lumi, the integrated training-inference platform Foundry, and the intelligent agent application development and integration platform JointPilot. Through lighthouse projects, the Group has co-developed AI solutions with leading clients in industries such as energy and utilities, government, finance, auditing, and healthcare. It also independently developed LMBSS, a multi-architecture, heterogeneous large model operation management system for AI compute centers, offering compute operations and resource scheduling services. The Group has built its own compute centers and established a series of joint labs to support innovation, solution adaptation, and integration verification.

In the ERP and digital transformation services business, the Group developed a new generation of AI-native, localized ERP industry editions and created Agentic CDM, a methodology system for delivering large-scale complex engineering projects using AI. It has partnered with original vendors to establish competency centers covering consulting, implementation, technical operations, project management, and business design, and has also invested in a joint lab for core enterprise operation systems. The EIMOS platform, built on the 4A architecture, enables full-lifecycle integration of BA (Business Architecture), DA (Data Architecture), and AA (Application Architecture).

In the HarmonyOS intelligent IoT and digital twin business, the Group has built a unified cloud-edge-device intelligent sensing infrastructure using KaihongOS, AI-native operating system. This enables the transformation of raw sensed data into generated value. The Group has collaborated with manufacturers of cameras, drones, and robots to launch HarmonyOS-based products, while also developing its own HarmonyOS PC and simulation platform. A total of 20 self-developed products have been successfully deployed across key industries such as water conservancy and environmental protection, emergency response and firefighting, gas, urban lifeline infrastructure, and transportation.

In the cloud intelligence business, the Group leveraged its close cooperation with Huawei Cloud across direct sales, distribution, and ongoing operations to reach a wide range of potential high-value DeepSeek clients. It has fully integrated AI-related products and services, expanded its CTSP (Cloud Transformation Service Provider) cloud service portfolio, and strengthened Ascend Cloud AI capabilities to establish a solid foundation for compute and model access.

The Group is also actively expanding globally, using Hong Kong as a strategic hub to reach markets across Asia-Pacific, the Middle East, and beyond. It has built R&D and delivery centers in multiple regions and ranks among the top-tier providers of intelligent solutions in markets such as digital governance, smart cities, and intelligent venues. This global expansion enables the scaled replication and commercialization of its self-developed products and service capabilities.

I. FULL-STACK AI PRODUCTS AND SERVICES

Chinasoft is actively building out a full-stack portfolio of AI products and services. By collaborating closely with strategic core clients on continuous joint innovation, the Group is diving deep into high-value, niche industry scenarios. Leveraging its long-standing strengths in foundational technologies and the comprehensive advantages of its product portfolio, Chinasoft is creating leading products and industry solutions that deeply integrate cutting-edge technology with real-world applications. This enables the advancement of enterprise-wide AI adoption and the development of symbiotic AI capabilities.

I. AIGC SERVICES

In the area of foundational computing power, the Group has established a Sci-Tech Innovation Center to fully integrate the DeepSeek large model. It is equipped with three innovative lab environments– AI Lab, Enterprise Core Operation System Lab, and IDS Lab– to promote the transformation and application of cutting-edge technological achievements. For computing power operations, the Group leverages Ascend-based infrastructure to provide clients with deep adaptation and deployment of the DeepSeek large model, supporting the optimized allocation of computing resources.

In the model platform domain, the Group has upgraded its Model Factory services to version 2.0. Adopting a service architecture of “Model Services + Agent Products,” it has introduced model training, deployment, and management functions based on the Ascend framework. Innovative use cases have been developed around intelligent Q&A, document generation, auditing, and CV-based monitoring. A complete system for data assetization and modular service delivery has been built, including data labeling services that provide high-quality, trustworthy data essential for large model implementation.

In the application services domain, the Group has launched AI platform suites ARK Lumi and Lumi ONE, along with continuous upgrades to the JointPilot (Lingxi) AI application platform. Low-code and no-code AI application development tools deeply integrated with DeepSeek have been introduced. The intelligent agent platform and related Agent products have undergone further upgrades. Industry-specific Agent products and solutions have been released for sectors such as government, finance, auditing, healthcare, manufacturing, and social security funds, forming a scenario-driven Agent matrix. The Group embraces Huawei Cloud’s AI-native application engine and collaborates with leading enterprises such as iFLYTEK and Huakun Zhenyu to accelerate the real-world implementation of large model applications.

1.1 AI Agent Factory

The Agent Factory includes the Agentic AI platforms Lumi and Lumi ONE, the integrated training-inference platform ARK Foundry, and the JointPilot (Lingxi) AI application platform. Together, these empower AI agents to autonomously collaborate and operate efficiently across complex business scenarios. By fully harnessing the high-performance and stable inference capabilities of large models, the platform suite helps enterprises significantly shorten the cycle from AI innovation ideation to implementation – making the development of complex agents and deployment of large models faster and more streamlined than ever before.

1.1.1 Agentic AI Platform – ARK Lumi Platform

During the reporting period, the Group developed the ARK Lumi and ARK Lumi ONE platform suite– Agentic AI platforms deeply integrated with DeepSeek– using a low-code/no-code approach. ARK Lumi is an enterprise-oriented Agentic AI platform featuring multiple leading-edge capabilities. Integrated with DeepSeek R1, the platform enables intelligent agents to collaborate autonomously and operate efficiently in complex business scenarios. It offers six core advantages: multi-agent collaboration, autonomous workflow construction, dynamic decision-making mechanisms, cross-system integration, real-time monitoring and analysis, and security and compliance assurance.

1.1.2 *ARK Lumi Localized Deployment Version – ARK Lumi ONE*

ARK Lumi ONE is the localized deployment version of ARK Lumi, providing a complete AI agent solution tailored for enterprises with a strong focus on data security and customization. Deployed within the enterprise's internal environment, it retains the powerful functional modules of the Lumi platform, including enterprise knowledge base with RAG (Retrieval-Augmented Generation), vector search engine, DeepSeek R1 distilled model, and secure, compliant local deployment. ARK Lumi ONE integrates the full-featured DeepSeek R1 and adopts an optimized distilled version of the DeepSeek R1 model, maximizing efficient and stable inference capabilities. The integration of enterprise knowledge base and RAG helps enterprises quickly build and manage knowledge systems, enhancing decision-making intelligence. It includes a high-performance vector database for more efficient semantic search and retrieval, further unlocking the value of unstructured data. All data is deployed locally, ensuring sensitive information remains in-house, fully meeting the high-standard compliance requirements of industries such as finance, government, and healthcare.

1.1.3 *DeepSeek R1 Training-Inference Integrated Platform – ARK Foundry*

During the reporting period, the Group developed the DeepSeek R1 training-inference integrated platform – ARK Foundry, which focuses on providing an industry-leading unified training and inference solution for DeepSeek R1. The platform supports various heterogeneous GPU cards and dynamic, efficient scheduling mechanisms, and seamlessly connects to the development and deployment of intelligent agents (Agents). As an end-to-end, one-stop AI platform, ARK Foundry enables secondary training of DeepSeek R1 based on domain-specific enterprise data, tailoring the model to better align with business scenario needs. Additionally, through advanced knowledge distillation techniques, ARK Foundry compresses the large-scale R1 model into smaller, more efficient versions. ARK Foundry offers full-process professional tooling support – from data preparation to model training, deployment, and application. Key features include intelligent data upload, automatic training time and cost estimation, one-click LLM training and inference task execution, and end-to-end AI training-inference integration. The platform also provides an application studio and a comprehensive development toolchain, enabling enterprises to build intelligent agent applications rapidly and efficiently. ARK Foundry is applied within the Lumi ONE platform, enabling seamless integration between model training and inference, while providing end-to-end Agent development and customization services tailored to enterprises' specific business requirements.

1.1.4 *JointPilot (Lingxi) AI Application Platform*

JointPilot (Lingxi) serves as an enterprise-grade AI agent application development and integration platform, deeply integrated with the DeepSeek large model. Leveraging the complex data analytics capabilities of the “Wenshu” Agent and the unstructured knowledge processing and precise retrieval capabilities of the “Wenzhi” Agent, the platform has built a Seek Series AI Agent matrix that covers both general-purpose and vertical-specific scenarios across government and enterprise domains. The platform has undergone comprehensive upgrades in the following dimensions: –Architectural Upgrade: Implements a multi-agent collaboration mechanism. Through dynamic model matching for task steps, it significantly enhances task planning accuracy and tool invocation autonomy. – Integration Innovation: Establishes a new foundation for “AI-powered integration,” creating an intelligent middleware layer that supports multimodal data fusion and strengthens standardized access to model APIs. – Security Architecture: Introduces a layered defense system that includes fine-grained access control, tenant-level enhanced isolation, and full-link protection mechanisms– building a secure barrier for large model applications. –Enhanced Reliability: To meet the low fault-tolerance demands of professional scenarios, the platform applies input-output constraint modeling based on knowledge graph technology, improving both result accuracy and controllability. It also launched the “Wenshu Large Model,” registered with the Cyberspace Administration of China, specifically designed for handling complex structured data. The Seek Series AI Agents have entered deep product-level collaboration with Huawei Cloud. Based on Huawei Cloud’s AI-native application engine, the Group has developed products such as “Lingxi Wenshu – AI Data Analyst,” which have been deployed in over 30 benchmark projects in smart manufacturing, urban governance, and healthcare across cities including Suzhou, Shenzhen, and Chengdu. To date, more than 60 scenario-based Agent assistants have been developed. As a core partner in the Ascend developer ecosystem, the Group has built a comprehensive Ascend AI application matrix covering multiple industries.

1.2 **AI Industry Solutions**

1.2.1 *Smart Power and Energy*

The Group has partnered with Huawei’s Power Digitalization Corps to jointly plan and develop applications for the domestic and international power industry, advancing deep collaboration in AI, IoT, and operational services. Together, they have built an AI model training ground for power scenarios, a pre-integration validation site for intelligent distribution solutions (IDS), and co-developed AI solutions tailored to the power sector. The Group, in collaboration with Huawei and other partners, has jointly released a Smart Power Distribution and Utilization Solution. The Group has also engaged in co-innovation projects with Huawei in various areas, including user load forecasting for a provincial power grid company, new energy power dispatch forecasting and analysis for a digital energy company, AI detection for power safety production, predictive maintenance of power production equipment, and AI-powered power inspection. On the international front, the Group has expanded its smart distribution grid business. Notable initiatives include a pilot project across 70 distribution zones with Hong Kong Electric, and a top-level digitalization consulting project for urban power distribution networks in South Africa.

In the energy sector, the Group has addressed the key pain points across coal mining operations— including extraction, excavation, machinery, transportation, and ventilation— by leveraging large models to comprehensively prevent and manage on-site safety risks involving personnel, equipment, and the environment. This approach helps achieve goals such as cost reduction, efficiency improvement, stable equipment operation, and enhanced project quality. In the oil and gas pipeline sector, the Group integrated industry expertise and data resources to provide comprehensive and efficient AI support across various business domains, affiliated enterprises, and research and innovation units within the industry. In the steel industry, the Group analyzed, forecasted, and monitored the full-process production flows of materials, energy, and information, offering strong support for collaborative production planning and management. In the oil and gas domain, the Group has partnered with PetroChina Coalbed Methane Co., Ltd. to promote innovative practices in smart oil and gas, successfully deploying an intelligent cost management platform and a full-lifecycle intelligent asset management system for coalbed methane operations.

In the mining sector, the Group, leveraging its capabilities in intelligent applications and services for underground mining, jointly released the “Integrated Mine Management” solution with Huawei’s Oil & Gas and Mining Corps. Built on Huawei’s MetaStudio digital foundation, the solution has been successfully implemented in several medium– and large-scale mines, including Tun Cheng, Dongyu, and Zhongmei Yufeng in Shanxi Province. Based on Huawei’s software and hardware infrastructure, the Group developed a Mine Safety All-in-One Machine, which has been deployed in a coal mine safety supervision and risk assessment platform project in Yiqi, Inner Mongolia. In the aluminum industry, the Group implemented a comprehensive intelligent mine anti-theft solution— developed using Huawei Cloud and Ascend computing power— for a major aluminum group in Guizhou. This solution enables full-space-time, all-angle patrol and monitoring of mining areas. The Group also collaborates with leading domestic industrial automation companies such as Inovance and Zhejiang SUPCON in areas including enterprise digital transformation, industrial automation/intelligence, and new energy. These efforts support clients in advancing the localization and high-quality development of industrial software, with the Group being elevated to the status of strategic-level supplier.

1.2.2 *Smart E-Government*

During the reporting period, the Group’s AIGC Research Institute developed an all-in-one solution tailored for smart governance and enterprise use cases— the “Government AI Think Tank.” Powered by the DeepSeek large model and built on the Group’s proprietary JointPilot (Lingxi) AI application platform, the solution was deeply optimized for Huawei’s Ascend AI hardware infrastructure. It enabled the construction of an intelligent agent cluster for government scenarios, supporting flexible localized deployment, scalable expansion, and scenario-driven evolution. The solution came pre-installed with DeepSeek-V3, the R1 series of large models, and distilled models, and utilized Ascend computing power as its technical foundation. Through core self-developed platform components— including the Knowledge Center, Integration Engine, and Intelligent Agent Builder— it established a matrix of over 60 standardized AI application scenarios. The governance-specific use cases covered areas such as public sentiment analysis, document generation, safety inspection, government services, industrial investment promotion, and regulatory compliance.

During the reporting period, the Group upgraded its end-to-end services with AI to significantly improve operational efficiency, increasing the speed of key services such as proposal review and acceptance audits by more than tenfold. A knowledge base comprising over 100,000 project rules and best practices was built on the JointPilot platform and integrated with the DeepSeek-R1 model to enhance reasoning capabilities. By combining the strengths of the “Wenzhi” and “Wenshu” agents from the Seek Series, the Group developed a compliance auditing agent, which has already been deployed in municipal and district-level clients in cities such as Shenzhen and Hengyang, continuously serving over 50 data bureaus across 9 provinces. The Group accelerated its collaboration with Huawei’s One-Stop Government Services Corps, jointly exploring AI-powered innovation scenarios focused on improving administrative efficiency and enabling refined governance, powered by DeepSeek and Ascend computing. Flagship AI projects were successfully implemented in cities including Shenzhen, Yancheng, and Tangshan, covering areas such as public hotline sentiment analysis, smart medical insurance policy advisory, and industrial economic analytics. Together with Huawei, the Group launched several joint solutions, including “Unified Urban Governance Platform” and the “Next-Generation IOC Unified Monitoring Dashboard.” The “AIGC Public Sentiment and Data Governance Platform” product also won Third Prize in the China Academy of Information and Communications Technology’s ‘Dingxin Cup’, and has since been promoted and replicated nationwide. The Group continued to collaborate with key municipal big data bureaus, delivering projects such as government data resource governance in a Yangtze River Delta city, data infrastructure governance for a municipal public security bureau, and a government data asset service platform for a northeastern city’s new district. These initiatives empowered smart governance and facilitated the circulation and exchange of public data assets.

1.2.3 Smart Finance

In the financial sector, the Group was awarded and participated in multiple AIGC projects with state-owned banks and leading city commercial banks. The enterprise-grade Agentic AI platform Lumi, integrated with DeepSeek R1, along with the Lumi ONE localized deployment solution, demonstrated broad application value in finance thanks to their powerful agent collaboration and decision-making capabilities. Across use cases such as credit risk management, fraud detection, intelligent customer service assistants, portfolio optimization, and automated claims processing, Lumi showcased the vast potential of Agentic AI to help financial institutions reduce costs, improve efficiency, manage risk, and enhance service quality—establishing a new benchmark for intelligent operations in the financial industry.

The Group launched an AI-powered intelligent bill risk control solution, providing a smart management and risk prevention tool for bill-related operations. The solution enabled automated compliance review of trade backgrounds and bill risk detection. The system adopted a modular design, allowing for seamless integration with existing bill processing systems, while also being adaptable for other business systems and use cases.

1.2.4 *Smart Audit*

During the reporting period, the Group developed the “DeepSeek Eco-Environmental Comprehensive Enforcement Large Model All-in-One Solution.” Powered by the DeepSeek large model and deeply integrated with Ascend computing power, the solution established an intelligent agent architecture for comprehensive environmental enforcement, covering the full spectrum of enforcement scenarios and forming a matrix of intelligent agents. In terms of application, the solution addressed areas including regulation interpretation, risk warning, enforcement assistance, and case adjudication. Through real-time analysis and accurate forecasting, it enabled proactive identification of potential environmental violations and provided effective decision support for enforcement agencies.

In the field of enterprise auditing, the Group’s audit team built a dedicated intelligent platform for audit operations– the Audit Agent Platform– based on the computing infrastructure of the Sci-Tech Innovation Center and the fully privatized, full-parameter DeepSeek models (including V3 and R1 671B dual engines), as well as the foundation of the Group’s intelligent auditing platform. This platform deeply integrated artificial intelligence technologies and planned 12 application scenarios and over 30 AI agents, embedded throughout the end-to-end audit process in the form of intelligent assistants. It significantly enhanced the audit system’s capabilities in issue detection and root cause analysis. In addition, the Group actively advanced fine-tuning and distillation R&D of vertical large audit models, and explored applications in government auditing, internal enterprise auditing, and financial auditing. During the reporting period, both the CNOOC intelligent audit project and the Shandong Energy digital audit platform project went live, and received Level 5 (the highest level) ratings in the audit data construction and utilization capability assessment by the China Academy of Information and Communications Technology– marking a leading industry standard. The Group also won the bid for Huaxia Bank’s audit analysis and monitoring platform project, introducing innovative monitoring scenarios and promoting the transformation of audit models. The Group’s intelligent auditing solution was officially listed as part of the Huawei Cloud Baseline Solution portfolio.

1.2.5 *Smart Healthcare and Social Security*

In the field of medical insurance fund supervision, the Group was awarded several key projects, including the Beijing Medical Insurance Bureau’s on-site inspection project in Jiangxi Province, the municipal-level medical insurance flight inspection project, the third-party on-site enforcement service project, and the third-party fund supervision project for the Kunshan Medical Insurance Bureau. Leveraging its extensive experience in medical insurance supervision, the Group developed a new Medical Insurance Compliance Agent solution, which was successfully implemented across several leading Class III Grade A hospitals. In collaboration with Huawei, the Group jointly launched the Hospital-Side Medical Insurance Risk Control All-in-One Solution, which was successfully deployed at institutions such as the Xiyuan Hospital of the China Academy of Chinese Medical Sciences, Beijing Friendship Hospital affiliated with Capital Medical University, and the Third Affiliated Hospital of Beijing University of Chinese Medicine, all part of the first batch of national regional medical centers. The Medical Insurance Risk Control All-in-One Solution also entered into partnership discussions with companies including Huakun, Hyperfusion, and Hanlinhui.

The Group developed the “DeepSeek Social Security Fund Supervision Large Model All-in-One Solution.” Based on the Ascend computing architecture and deeply integrated with the DeepSeek large model, the solution established four intelligent agent clusters for smart management, smart supervision, smart operations, and smart decision-making, enabling end-to-end intelligent oversight of the social security fund. Leveraging multi-source data fusion and large-model-driven intelligent analysis, the system constructed a risk profiling mechanism for the fund, enabling visualized tracking of fund flows, accurate identification of abnormal behaviors, and intelligent risk forecasting. This empowered regulatory authorities to shift from passive response to proactive prediction. Additionally, by incorporating policy simulation and intelligent decision support, the solution enhanced the fund’s risk resilience and improved regulatory efficiency, accelerating the transformation of social security fund supervision toward intelligent governance. The solution was deployed in the human resources and social security departments of over 20 provinces nationwide. Among them, the Hunan Provincial Social Security Fund Supervision System— as a key digital empowerment initiative— received high praise from the Ministry of Human Resources and Social Security and was recognized as a benchmark project in the industry.

1.2.6 *Smart Healthcare*

During the reporting period, the Group accelerated its entry into the healthcare sector through a “Healthcare + AI” approach and carried out in-depth collaboration with Huawei in this domain. Together, they developed a Smart Healthcare All-in-One Solution powered by DeepSeek, which effectively addressed key challenges in the industry. In the area of medical research, the Group co-developed a Medical Research Assistant product with Huawei, significantly improving the efficiency of rare genetic disease research, which was successfully deployed at a leading Class III Grade A hospital in Chengdu. The Group also engaged in industry-academia innovation partnerships with hospitals and affiliated medical universities to explore the development of digital patient teaching tools based on DeepSeek, achieving multi-level breakthroughs with public top-tier hospitals. In addition, the Group launched initiatives to participate in holistic smart transformation planning for Class III Grade A hospitals, assuming the role of an “AI-integrated service provider.” Using the JointPilot (Lingxi) platform as the foundation, the Group leveraged agent technology and knowledge weaving services to enable existing IT assets to seamlessly integrate with large models. Together with hospital clients, the Group co-developed AI innovation scenarios across medical services, education, research, management, and operations, supporting hospitals in low-cost, high-efficiency adoption of AI capabilities and driving their intelligent transformation.

1.2.7 Resilient City

In response to the policy opportunity presented by the “Guiding Opinions on Advancing New Urban Infrastructure Development to Build Resilient Cities”, Chinasoft has partnered with Shen Kaihong to leverage foundational technology leadership and ecosystem influence. Together with the Xi’an municipal government, the Group co-established an intelligent terminal industry chain and jointly launched the Xi’an Resilient City Lab to support the optimization of Xi’an’s integrated software-hardware intelligent terminal industry structure. This lab represents a multidimensional breakthrough in resilient urban infrastructure. In open-use cases such as low-disruption micro-upgrades at intersections, gas pipeline monitoring, emergency preparedness, and ecological conservation of the Qinling Mountains, the lab has deployed OpenHarmony-based IoT modules to retrofit legacy equipment and integrate new devices. Through the construction and modernization of intelligent urban infrastructure, the Group has significantly enhanced Xi’an’s resilience in city governance, laying a strong foundation for replicating HarmonyOS city-level deployments across other municipalities.

In the water conservancy and environmental protection sector, the Group developed China’s first water services solution based on foundational OpenHarmony technology. The solution is built upon the KaihongOS operating system, HarmonyOS IoT terminal hardware, and the Suiming Smart Perception Platform software. It integrates advanced technologies such as Harmony AIoT, Kunpeng/Ascend computing, and digital twin applications to form a complete edge-side loop encompassing high-efficiency data collection, remote control, logical coordination, and AI enablement for water-related physical infrastructure. The solution received the 2024 China Enterprise Digital Innovation Solution of the Year award. Strategic partnerships have been formed with the Northern Design Alliance, North China Municipal Design Institute, and China Municipal Engineering North Institute to co-develop “Northern OpenHarmony City” in Tianjin. In collaboration with the Nanjing Hydraulic Research Institute, Huawei, and other partners, the Group launched “Huiwan,” a universal digital twin hyper-converged platform focused on water conservancy digital twin development.

In the emergency firefighting sector, the Group partnered with the Shaanxi Provincial Fire Rescue Corps to co-develop the “Shaanxi Smart Firefighting Project,” which includes a data platform, technical standards framework, application systems for fire prevention and suppression, rescue operations, team management, and unified operations and maintenance. The system enables dynamic awareness, intelligent assessment, and precision control, transforming firefighting from a traditional to a digital model. Together with Huawei, the Group launched China’s first “Fire Harmony” solution, integrating big data analytics, HarmonyOS-based IoT technology, digital twins, and large AI models to drive intelligent transformation in the emergency services sector. As one of the first partners, the Group co-founded the HarmonyOS Emergency Industry Alliance and jointly released the alliance’s first innovation: the Ascend Large Model Integrated Appliance. This appliance, combined with a Harmony-based ubiquitous sensing network, has enabled smart emergency agents for use in earthquake early warning, fire rescue, emergency response, and meteorological monitoring.

In the urban lifeline sector, the Group worked with Shen Kaihong, Beijing Enterprises ZhiKe, Anke Xin, and Topology Technology to release China’s first OpenHarmony-based smart gas solution “RanHong.” Built on the RanHong OS, the solution integrates sensors, edge computing devices, the RanHong DAIoT platform, sector applications, and controllable environments to form a fully localized, intelligent, end-edge-cloud gas ecosystem.

1.2.8 *Smart Transportation*

During the reporting period, HarmonyOS-based intelligent control applications were successfully promoted in highway tunnel scenarios. Focusing on core customers in the Chengdu-Chongqing region and partnering with Shen Kaihong, the Group has expanded its market reach nationwide with a comprehensive portfolio of clients, solutions, and products under the “SuiHong” initiative. In the highway tunnel domain, the Group formed an exclusive partnership with China Merchants Huachida to provide HarmonyOS-based collection and transmission hardware integration. Their jointly developed “HarmonyOS Highway Tunnel Integrated Solution” has been deployed in multiple cities and projects across China, including the Wenzhou Avenue Tunnel, a major highway project in Gansu, a national highway in Sichuan, the Chongqing Bridge and Tunnel project, several expressway projects in Guizhou, and highway upgrades in the Beijing-Tianjin and Zhejiang regions. An integrated IoT platform and

1.5 *Sci-Tech Innovation Center*

During the reporting period, the Group, in collaboration with Beijing Changping Future Science City and Huawei's Power Digitalization Corps, jointly established the Digital Power Sci-Tech Innovation Center. Anchored in the Energy Valley of Changping Future Science City, the center fully leveraged the benefits of industrial clustering to create a comprehensive innovation platform that integrates practical innovation, solution adaptation, integration testing, collaborative exchange, and training demonstrations. The Digital Power Sci-Tech Innovation Center operated with 50P of intelligent computing power and was equipped with a Tier 3 data center. It was built on Huawei Cloud and core enterprise IT applications (including HIS, MRS, GaussDB, ROMA, DWS), providing a comprehensive resource platform for both AI innovation and business innovation. As of the reporting period, the platform offered access to three innovation lab environments– AI Lab, QiHeJing Lab, and IDS Lab– to support services in AI scenario innovation, domestically developed core enterprise systems, and integrated power application solutions. The platform also supported the Changping District Government and Data Bureau in deploying optimized full-parameter versions of DeepSeek-V3 and DeepSeek-R1 models.

2. ERP AND DIGITAL TRANSFORMATION SERVICES

The Group partnered with leading state-owned and central enterprises in sectors such as power and energy and manufacturing to jointly embark on a journey of intelligent digital transformation in the era of AI large models. The Group was deeply involved in organizational change and business process reengineering, with a focus on next-generation ERP application reconstruction as the core transformation scenario– helping clients lay a solid foundation for full-scale AI enablement. In response to real-world needs such as domestic system replacement and intelligent upgrades, the Group actively developed industry-specific enterprise core system distributions, delivering end-to-end services including: – Pre-research and prototyping of proprietary ERP systems, – Consulting and implementation of domestic ERP suites in finance, HR, procurement, supply chain, and project management, – Information system platform upgrades and customized application development for production and operations. These efforts enabled the Group to establish a distinctive value proposition in the ERP and digital transformation landscape.

2.1 *Industry Distributions of Enterprise Core Operation System*

During the reporting period, the Group increased its investment in developing industry-specific distributions of enterprise core operation systems, aimed at meeting the localization and intelligent transformation needs of leading enterprises. By aligning with high-value industry application scenarios, the Group built on standardized product modules to develop a suite of industry solution plugins, tools, preconfigured architecture blueprints, template libraries, and configuration catalogs, significantly shortening implementation cycles. Tailored to the characteristics of industries such as power and energy, the Group provided dedicated functional modules and business processes, embedded with industry best practices to ensure alignment between financial and operational data. The systems integrated cutting-edge technologies such as AI and big data to deliver intelligent analysis, forecasting, and decision-making support, enabling automation and intelligent operation of business processes. The solutions were fully compatible with domestic software and hardware environments, and supported future business expansion and technology upgrades through modular design, open architecture, and microservices. Through close collaboration with leading clients, the Group not only addressed the technical challenges of ERP localization but also provided strong support for digital transformation, becoming a key strategic partner for enterprises pursuing intelligent transformation in the AI large model era.

2.2 *ERP Consulting, Implementation Services, and Pilot Projects*

The Group assembled project teams capable of delivering large-scale R&D initiatives, established corresponding business and project management models, and formed deep partnerships with central enterprise digital technology companies in the area of self-developed ERP system integration. During the reporting period, the Group successfully delivered a prototype ERP system development project for a state-owned power enterprise, becoming the first partner to provide enterprise core system consulting and implementation services directly to the client. The Group participated in the core modules of an ERP implementation project for a central energy enterprise, supporting the client in enhancing strategic control and advancing ERP system optimization, business-finance integration, operational collaboration, and end-to-end value chain alignment— all based on unified data standards, process specifications, and technical architecture. For a state-owned oil and gas enterprise, the Group carried out supply chain data governance services, built a management data warehouse for overseas investment subsidiaries, and provided planning, design, and implementation services for a comprehensive business management reporting system. The Group continued to deepen its work with major central and state-owned clients in the energy and power sector, including PetroChina, State Grid, China Energy Investment Corporation, and China Southern Power Grid, and expanded to new projects such as PetroChina Planning Institute’s Integrated Scheduling Platform and China Coal Technology & Engineering Group’s ERP Management Platform.

To meet the localization needs of ERP systems for central and state-owned enterprises in critical infrastructure industries, the Group launched its “Pilot Project” service. This service involved system evolution planning, feasibility studies for self-developed solutions, pre-research, and prototype system development and validation. The Group conducted comprehensive evaluations of clients’ existing ERP systems, analyzing their system architecture, business processes, and data assets. It then formulated localization transition roadmaps, assessed the feasibility and necessity of developing self-owned ERP systems based on the specific business characteristics of each enterprise, and provided technical selection advice along with clear phased goals and implementation pathways. Based on a domestic technology stack, the Group developed ERP system prototypes, validating key functions and performance metrics. Through rapid iteration and testing, the Group ensured that the prototype systems met clients’ core business requirements and facilitated a smooth migration from legacy ERP systems to localized ERP platforms. This service also addressed customized needs in digital transformation, ensuring system stability, security, and sustainability. As of the reporting period, the service had helped multiple central enterprises define clear replacement roadmaps and derive tangible benefits.

2.3 *Agentic CDM Delivery Methodology*

During the reporting period, the Group increased its investment in building a delivery methodology system for large and complex engineering projects, powered by generative AI technologies. The system established a supporting structure of organization, methodology, and systems for delivering enterprise core operation systems, achieving knowledge generalization and ensuring efficient implementation and high-quality delivery. Agentic CDM (Agentic Chinasoft International Delivery Methods) is an intelligent delivery methodology that covers the entire project lifecycle. Its core goal is to leverage AI technologies and automation tools to enable end-to-end, high-efficiency delivery— from requirement analysis to system go-live. This methodology integrates three modes: package-driven, platform-based custom development, and platform integration. Through practical feedback and continuous iteration, it has formed a standardized, reusable delivery framework that covers the full cycle of value creation, including current-state assessment, deconstruction analysis, high-level design, low-level design, system implementation, testing and validation, deployment and transition, and batch rollout.

Agentic CDM incorporated end-to-end AI enablement, including the use of Natural Language Processing (NLP) to automatically analyze client documentation and interview transcripts, generating current-state analysis reports; application of machine learning models to provide intelligent diagnostics and optimization suggestions for business processes; AI-based code framework and configuration template generation; and the use of AI to produce test-case-driven automated testing tools and deployment utilities. The system also evaluated cutover risks and formulated contingency plans, and applied AI models to analyze implementation data and optimize rollout strategies. Through the Agentic CDM delivery methodology, the Group not only improved the efficiency and quality of project delivery, but also provided enterprises with a standardized and intelligent delivery framework, becoming a critical enabler of digital and intelligent transformation in the era of large AI models. The Group will continue to explore best practices for AI-powered delivery of large-scale, complex engineering projects to help enterprises achieve digital transformation and high-quality development.

2.4 *Capability Centers and Joint Laboratories*

The Group established a series of specialized capability centers for consulting, implementation, operations, and maintenance. These centers serve as core platforms for the Group's service delivery capabilities, aiming to enhance project delivery efficiency and quality through standardized and professional capability development, while also facilitating the accumulation and reuse of institutional knowledge. The capability centers were built around the following core objectives: –Streamlining the entire service chain across consulting, implementation, and operations to ensure seamless capability integration. –Extracting best practices, methodologies, templates, and tools to form standardized intellectual property assets and solidify industry expertise. –Cultivating “golden seed” teams, leveraging R&D best practices to rapidly scale high-quality resources and establish replicable, scalable professional capabilities in consulting, implementation, and development. Through the development of these specialized centers, the Group established a standardized, reusable service framework that significantly improved both the efficiency and quality of project delivery.

The Group also invested in the establishment of the Yangfan R/7 Enterprise Core Operation System Joint Laboratory, which provided essential environments and supporting services for development testing, training and certification, decoupling analysis, and validation optimization. The laboratory was built on domestically produced foundational software and hardware, accelerating the transformation of R&D outcomes. It was dedicated to creating an ecosystem for integration testing, technology incubation, and industry innovation, offering end-to-end support from technical validation to application deployment. It became a key vehicle for technological innovation in the Group's enterprise core operation system industry solutions.

3. HARMONYOS SMART IOT AND DIGITAL TWIN

Aligned with the “(1+1)× N” strategy, the Group built a secure digital foundation based on the combination of KaihongOS and the KaihongOS Meta Super Device Management Platform, focusing on the development of a self-controlled intelligent IoT infrastructure and delivering integrated end-edge-cloud-network-application hardware-software solutions. The Group continued to build AI-native operating systems and introduced on-device AI services to drive deep industry transformation. During the reporting period, the Group strengthened a fused operational model that integrated industry solution expansion and productized delivery onto a unified platform. Technological advancement was driven by the Shen Kaihong “1+1” secure IoT foundation, leveraging the core of OpenHarmony and AI-integrated hardware-software product solutions. This effort was supported by a centralized delivery hub, reinforcing the “Spearhead-Troop-Basecamp” alliance model to boost synergy and tactical capabilities. The Group made significant breakthroughs in sectors such as water conservancy, road transportation, and fire safety, modernized legacy industries like rail transit and airports/ports, and penetrated new industries including environmental protection and emergency management. Seizing the opportunity presented by resilient city development, the Group engaged deeply in scenario planning for urban HarmonyOS applications and launched a new operational model known as “Urban Hong” in line with city-level projects—continuously expanding its presence in markets defined by national-level infrastructure and innovative urban initiatives. By leveraging its AI + HarmonyOS technological advantages, the Group also developed flagship solutions for the cultural tourism sector, establishing benchmark cases for HarmonyOS ecosystem services.

3.1 *HarmonyOS AI-Native Operating System*

KaihongOS adopted a multi-kernel hybrid deployment architecture, achieving real-time performance (interrupt latency + task switching latency) of $\leq 3\mu$ s. This met the demands of rich human-machine interaction scenarios while also fulfilling the hard real-time requirements of domains such as industrial control and aerospace. KaihongOS became the first to achieve full ecosystem compatibility with HarmonyOS Next and support for StarFlash connectivity. It resolved the extreme low-latency challenges of OpenHarmony in complex environments through a kernel-level hard real-time engine. In terms of native kernel security, KaihongOS passed Level-3 Security Certification under the Ministry of Public Security's "Cybersecurity Special Product Security Testing Certificate." Its enhanced LiteOS-M secure kernel received EAL5+ security certification from the China Cybersecurity Review Technology and Certification Center (CCRC), making it the first OpenHarmony distribution to obtain this certification—reinforcing its position as the most secure, stable, and application-valuable OpenHarmony OS in the industry. Through the "1+1" integrated solution of KaihongOS and KaihongOS Meta, the Group successfully built an edge-device intelligent sensing product system and the Suiming Intelligent Sensing Platform, forming an integrated cloud-edge-device digital foundation that enabled seamless data generation from real-world sensing.

The Group co-developed the Kaihong Smart All-Scenario Experimental Kit with Shen Kaihong. Built on the OpenHarmony-based KaihongOS and incorporating L0/L2 development boards and multiple IoT sensor modules, it supported soft-bus networking, scenario-based interaction, and the experience of 30+ IoT capabilities. With KaihongOS Meta's unified and open AI framework, a variety of professional algorithm models and educational datasets were integrated to empower software-defined spatial intelligence, merging humans, AI digital agents, and the environment into a unified experience. The KaihongOS drone swarm collaboration mode was piloted in Zhaoqing, using OpenHarmony's distributed soft-bus technology to enable interconnected operation and control across air and ground equipment, providing a complete and efficient solution for practical low-altitude economy applications. In the OpenHarmony ecosystem, the Group, in partnership with Shen Kaihong, contributed over 4.85 million lines of code to the main community repository—ranking first among all contributors aside from Huawei. The Group was awarded the titles of "Class A Donor for OpenHarmony Project," "Top 100 Code Contributor," and "OpenHarmony Special Committee Member."

3.2 *Harmony AI Smart End Terminal*

In the area of OpenHarmony hardware-software integrated products, the Group, leveraging KaihongOS, successfully developed an integrated AI hardware-software solution spanning device-edge-cloud-application. Through edge-side intelligent devices and the Suiming Intelligent Sensing Platform, the solution completed data collection, remote control, logic-based interactivity, and AI enablement to close the loop at the edge. During the reporting period, the Group launched 20 self-developed products. In the water conservancy sector, it developed specialized integrated hardware such as radar-visual flow measurement units, hydraulic actuated water push systems, and flow-control gates. In the highway transportation sector, to address rapid integration of multiple edge devices and coordinated control, the Group introduced the MAH300 “Yi-Wang” distributed controller, which became the first industrial-grade distributed controller in the OpenHarmony ecosystem. In the rail transit sector, the Group co-developed an OpenHarmony-based metro gate control system. In the urban lifeline sector, the Group focused on urban pipeline networks, water supply safety, drainage and flood prevention, gas safety, and heating safety, and successively launched edge-side devices such as fixed-point laser methane gas detectors, water supply network flow meters, thermal pipeline pressure gauges, wireless single-channel pressure monitors, and water level observation spheres. In the emergency and firefighting sector, the Group developed OpenHarmony + BeiDou-based intelligent monitoring solutions for social-side firefighting equipment such as fire hydrants, water cannons, pump stations, and elevated water tanks— including a fire hydrant pressure monitoring cap and an elevated tank water level sensor. All of the above products passed community compatibility assessments conducted by the OpenAtom Open Source Foundation.

In the area of intellectual property, the Group obtained 12 new patents, further enhancing product capabilities. It achieved support for BeiDou two-way communication, enabling air-space-ground integrated connectivity in emergency scenarios. By combining high-performance computing with industry-specific AI algorithms, the Group enabled unmanned or minimally manned real-time monitoring across scenarios such as urban areas, transportation networks, rivers, reservoirs, dams, and emergency response. As of the reporting period, the Group had developed more than 50 general-purpose AI algorithms, with 8 of them deeply optimized for practical deployment. The related integrated hardware-software products were successfully deployed in Suzhou, Xi’an, Yunnan, and Xinjiang, and saw widespread application across industries including water conservancy, transportation, and urban lifelines.

3.3 *AI + Edge-Side Industry Applications*

During the reporting period, the Group's innovative "Industry Hong" product solutions achieved significant breakthroughs in water conservancy and environmental protection, emergency firefighting, gas services, urban lifelines, and transportation, empowering the development of resilient cities. The Group signed a strategic cooperation agreement with the People's Government of Guangming District, Shenzhen, to jointly build a domestically developed, self-controlled HarmonyOS-based digital foundation and HarmonyOS-compatible edge devices for smart cities. This initiative targeted core urban management scenarios such as water resources, transportation, education, firefighting, and emergency response in Guangming District and launched AI + HarmonyOS innovation pilot demonstrations. In addition, by leveraging the Model Training Lab and CLAP Platform (CSI LLM & AI Agent Platform), the Group supported the development and operation of Guangming District's computing infrastructure and industry-specific applications. The Group also deepened its collaboration with Xi'an, working with Shen Kaihong to support the city's deployment and optimization of integrated smart terminal industries, serving resilient city construction needs and actively participating in local enterprise ERP localization and self-developed technology initiatives.

3.4 *HarmonyOS North-South Ecosystem Services*

During the reporting period, the Group deeply integrated into the Huawei HarmonyOS ecosystem, working closely with Huawei Devices and Huawei Cloud teams to deliver Harmony-native application and meta-service migration for over 500 apps across 400+ enterprises. With over 50,000 certified HarmonyOS engineers, the Group ranked #1 in the ecosystem, solidifying its leadership and expertise. Through its AI + HarmonyOS strategy, it collaborated with cultural tourism partners to launch over

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

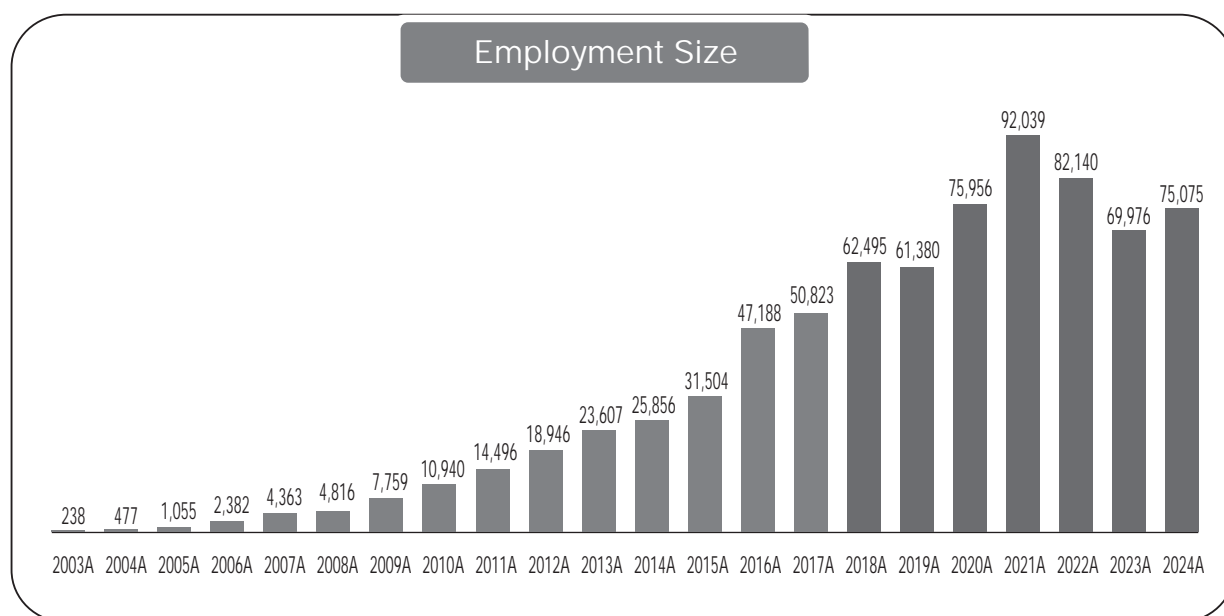
During the reporting period, the Group focused on key industries, including power, finance, government affairs, transportation, public utilities, and enterprise manufacturing, developing and deploying HarmonyOS and AI-driven industry solutions. In the domestic market, the Group concentrated on economically 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	(13,209,231)	(77.9%)	(81.0%)	(13,113,818)	(76.6%)	(78.8%)
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	(72,107)	(0.4%)	(0.4%)	(30,028)	(0.2%)	(0.2%)
Profit before taxation	568,096	3.4%	3.5%	733,947	4.3%	4.4%
Income tax expense	(56,951)	(0.3%)	(0.3%)	(21,280)	(0.1%)	(0.1%)
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	650,240	3.8%	4.0%	626,350	3.7%	3.8%

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 RMB'000	Weight	2023 RMB'000	Weight	Growth rate
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 RMB'000	2023 RMB'000
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)
Amortisation 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 investment 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 RMB'000	2023 RMB'000	Growth Rate	2024 RMB'000	2023 RMB'000	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 placees 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
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.

A. 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:

Code Provision C.1.6

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”).

Code Provision C.2.1

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.

Code Provision F.2.2

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.

B. 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.

C. BOARD OF DIRECTORS

1. Composition of the Board of Directors

During the year in review and up to the date of this report, the board of directors of the Company (the "Board") comprises:

Executive directors:

Dr. Chen Yuhong (*Chairman and Chief Executive Officer*)

Dr. He Ning (*Vice Chairman*)

Dr. Tang Zhenming

Non-executive directors:

Dr. Zhang Yaqin

Mr. Gao Liangyu

Independent non-executive directors:

Dr. Lai Guanrong

Professor Mo Lai Lan

Mr. Yeung Tak Bun J.P.

Details of backgrounds and qualifications of the chairman of the Company and the other Directors are set out in the section headed "Biographical Details of Directors and Senior Management" in this Annual Report. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director are suitably qualified for his position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

To the best knowledge of the Company, there are no financial, business and family relationships among members of the Board.

2. Meetings and Board Practices

Pursuant to the code provision C.5.1 of the CG Code, at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through other electronic means of communication.

During the year ended 31 December 2024, the Board held four regular board meetings for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. The attendance records of the board meetings and general meetings held are set out below:

	Attended/ Number of regular board meetings held	Attended/ Number of general meetings held during the year
Executive Directors		
Dr. Chen Yuhong	4/4	0/1
Dr. He Ning	4/4	0/1
Dr. Tang Zhenming	4/4	0/1
Non-executive Directors		
Dr. Zhang Yaqin	4/4	0/1
Mr. Gao Liangyu	4/4	0/1
Independent Non-executive Directors		
Dr. Lai Guanrong	4/4	0/1
Professor Mo Lai Lan	4/4	1/1
Mr. Yeung Tak Bun J.P.	4/4	0/1

The Directors will receive details of agenda items for decision and detailed documents in advance of each Board meeting. The Company Secretary is responsible for distributing detailed documents to the Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings.

3. Functions of the Board of Directors

The Board is accountable to the shareholders for managing the Company in a responsible and effective manner. Also, the Board decides on overall strategies and monitors the Group's performance.

The Board is responsible for the oversight of the Company's business and affairs with the objective of enhancing shareholder value. The Board also makes decisions on matters such as approving the annual results and interim results, notifiable and connected transactions, material acquisitions, disposal or investments, appointment and re-appointment of Directors, declaring dividends and reviewing the effectiveness of the internal control system, etc.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the Executive Directors and the management. When the Board delegates aspects of its management and administration functions to the management, it has given clear directions as to the powers of the management, in particular, with respect to the circumstances where the management shall report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company.

4. Independent Non-executive Directors

During the year ended 31 December 2024, the Board had met the requirements of the Listing Rule 3.10(1) and Rule 3.10A relating to the appointment of at least three independent non-executive Directors, the number of which must represent at least one-third of the Board.

The independent non-executive Directors appointed by the Company have appropriate and sufficient experience and qualification to carry out their duties so as to protect the interests of shareholders, of whom Professor Mo Lai Lan has appropriate professional qualifications in accounting or relevant financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director gives an annual confirmation of his/her independence to the Company, and the Company considers these Directors to be independent under Rule 3.13 of the Listing Rules.

5. Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer 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.

6. Terms of Appointment of Non-executive Directors

Each of the non-executive Directors of the Company is appointed for a specific term of three years and is subject to re-nomination and re-election by the Company in general meetings unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director's service contract.

7. Appointment, Re-election and Removal of Directors

According to the articles of association of the Company, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years.

Prior to the convening of the annual general meeting of the Company in May 2025, the board of Directors resolved that Dr. Tang Zhenming, Dr. Zhang Yaqin and Professor Mo Lai Lan should retire and stand for re-election at the annual general meeting in accordance with the requirements under the articles of association of the Company.

8. Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the reporting year and as at the date of this report, the Board comprises seven male directors (representing 87.5% of the Board) and one female director (representing 12.5% of the Board). All eight board members are Chinese. They have expertise in IT, asset management, finance, accounting and auditing. There are three senior management members of the Company, two of whom are male (representing 66.7% of the senior management) and one is a female (representing 33.3% of the senior management). The Company will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board of Directors and senior management, to ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation. Based on the business model of the Company, the gender diversity in respect of the current composition of the Board is satisfactory.

9. Directors' Training

According to the code provision C.1.4 of the CG Code, all directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company encourages all Directors to attend relevant training courses and continuously updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

During the year ended 31 December 2024, all Directors namely Dr. Chen Yuhong, Dr. He Ning, Dr. Tang Zhenming, Dr. Zhang Yaqin, Mr. Gao Liangyu, Dr. Lai Guanrong, Professor Mo Lai Lan and Mr. Yeung Tak Bun J.P. have participated in continuous professional development, including attending seminars or training sessions and reading newspapers, journals and updates relating to economy, general business or directors' duties and responsibilities etc.. The Company also encouraged all Directors to participate relevant courses which enable them to develop and refresh their knowledge and skills for better fulfillment of the directors' duties.

10. Indemnity of Directors

Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, losses, damages and expenses which any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices. During the reporting year, the Company arranged appropriate directors' liability insurance for its Directors and senior management to cover their responsibilities arising from the legal actions against the Directors and senior management in relation to corporate activities.

11. Company Secretary

Ms. Leong Leung Chai, Florence has been the Company Secretary of the Company since 30 August 2013. Ms. Leong is a full-time employee of the Company and assists the Chairman in preparing the agenda of the Board meetings and ensures all relevant rules and regulations of the procedures of such meeting are complied with. The Company Secretary files for and maintains the detailed minutes of each Board meeting, and makes such minutes available and accessible for all Directors.

According to Rule 3.29 of the Listing Rules, Ms. Leong has taken not less than 15 hours of relevant professional training for the year ended 31 December 2024.

D. BOARD COMMITTEES

1. Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) was established on 28 June 2005 and amended its written terms of reference on 28 March 2012 to comply with the requirement in the CG Code. The terms of reference of the Remuneration 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 role and function of the remuneration committee included the determination of the specific remuneration packages of all executive Directors and senior management of the Company, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the board of Directors for the remuneration of non-executive Directors. The Remuneration Committee will consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management of the Company, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

During the reporting year and as at the date of this report, the Remuneration Committee comprised four Directors, namely Dr. Lai Guanrong as the Chairman of the Remuneration Committee and Dr. Chen Yuhong, Professor Mo Lai Lan and Mr. Yeung Tak Bun J.P. as the members of the Remuneration Committee. Dr. Chen Yuhong is an executive Director, and the remaining members are independent non-executive Directors.

Details of attendance of the meeting of the Remuneration Committee are set out as follows:

Name of Director	Number of attendance
Dr. Lai Guanrong (<i>Chairman</i>)	1/1
Dr. Chen Yuhong	1/1
Professor Mo Lai Lan	1/1
Mr. Yeung Tak Bun J.P.	1/1

The board of Directors considered that the existing terms of appointment and levels of remuneration of the Directors and senior management of the Company are fair and reasonable, and resolved that a review be carried out again in the year ending 31 December 2025.

The Company adopted a new share option scheme on 20 May 2013 which was expired on 20 May 2023 (“2013 Share Option Scheme”). The provisions of the 2013 Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its expiry or otherwise as may be required in accordance with the rules of the 2013 Share Option Scheme. All outstanding options granted under the 2013 Share Option Scheme were expired during the reporting year. The Company also adopted a share award scheme on 10 December 2018 which is valid and effective for a period of 10 years commencing on 10 December 2018 which serves as an incentive to attract, retain and motivate talented eligible staff, including the Directors. Details of the share option scheme and share award scheme are set out in note 41 to the financial statements. The grant of the share options and awarded shares to the Directors has been approved by the Remuneration Committee and the Board (except for the relevant Director who has abstained from voting in relation to the grant of share options or awarded shares to himself/herself). The grant of the share options or awarded shares to the Directors also forms part of their remuneration packages under their respective service contracts with the Company, and is therefore exempt from the reporting, announcement and independent shareholders’ approval requirements under Rule 14A.73(6) and Rule 14A.95 of the Listing Rules. The emolument payable to Directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Remuneration Committee. Details of the Directors’ remuneration and five highest paid individuals are set out in note 11 to the financial statements.

2. **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 report, 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.

The Audit Committee reports to the Board and is delegated by the Board to assess matters related to the financial statements. Under its terms of reference, the Audit Committee has, amongst others, the following duties:

- making recommendation to the Board on appointment, re-appointment and removal of external auditor of the Group and considering the remuneration and terms of engagement of that external auditor;
- reviewing and monitoring the external auditor's independence and effectiveness of the audit process in accordance with applicable standard;
- reviewing the Group's financial controls, internal control and risk management system;
- reviewing the Group's financial and accounting policies and practices;
- ensuring that management has fulfilled its duty to establish and maintain an effective internal control and risk management systems;
- ensuring compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board;
- reviewing and monitoring the integrity of the Groups' financial statements, annual reports, accounts and interim report;
- reviewing and monitoring the Company's policies and practices on corporate governance and the relevant legal and regulatory requirements and their compliances.

During the year under review, two meetings were held by the Audit Committee. Details of attendance of the Audit Committee meetings are set out as follows:

Name of member	Number of attendance
Professor Mo Lai Lan (<i>Chairman</i>)	2/2
Dr. Lai Guanrong	2/2
Mr. Yeung Tak Bun J.P.	2/2

3. Nomination Committee

The Company established a nomination committee (the “Nomination Committee”) on 28 March 2012 and amended its written terms of reference on 9 January 2019 to comply with the requirement in the CG Code. The terms of reference of the Nomination Committee, a copy of which is posted on the website of the Company and the Stock Exchange, in line with the provisions of the CG Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and select and make recommendations to the Board on the appointment of Directors and senior management.

During the reporting year and as at the date of this report, the Nomination Committee comprised four Directors, namely Dr. Lai Guanrong as the Chairman of the Nomination Committee and Dr. Chen Yuhong, Professor Mo Lai Lan and Mr. Yeung Tak Bun J.P. as the members of the Nomination Committee. Dr. Chen Yuhong as an executive Director, and the remaining members are independent non-executive Directors.

Details of attendance of the meeting of the Nomination Committee are set out as follows:

Name of Director	Number of attendance
Dr. Lai Guanrong (<i>Chairman</i>)	1/1
Dr. Chen Yuhong	1/1
Professor Mo Lai Lan	1/1
Mr. Yeung Tak Bun J.P.	1/1

The Nomination Committee carries out the process of selecting and recommending candidates for directorships by making reference to the balance of expertise, skills, experience, gender, age, cultural, educational background, professional knowledge, personal integrity and time commitments of such individuals, the requirements of the business of the Group and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

4. Corporate Governance Functions

The Board was responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code. During the year, the Board has reviewed the Company’s policies and practice on corporate governance and legal and regulatory compliance, training and continuous professional development participations of the Directors, as well as the Company’s compliance with the CG Code.

E. ACCOUNTABILITY AND AUDIT

1. Director's Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements. The Company's consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies have been adopted and applied consistently, and that judgments and estimates made are prudent and reasonable.

The Directors acknowledges their responsibility for preparing the consolidated financial statements of the Group. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

2. Internal Control

The Board acknowledges that it has the overall responsibility of the internal control system to enhance the awareness of risk management and assets protection. The internal control system is designed to provide reasonable policies and procedures to manage business risk and to avoid misstatement of the performance of the Group. The Company has a clearly defined organisation chart by functions, an effective filing system to maintain proper records for accounting and business transactions, well established procedures in approving payments and safeguarding the appropriate use of assets. The Company periodically conducted reviews of its financial, operational and risk management control activities to ensure the Group's compliance with applicable laws and regulations. The Company also reviews its internal control system periodically and report to the senior management of the Company quarterly and to the Audit Committee annually thereafter, taking effective actions on recommendation, if any, to improve its system.

3. Auditor's Remuneration

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the fees paid or payable to Deloitte Touche Tohmatsu for their professional services provided to the Group are as follows:

	2024 RMB'000
2024 annual audit	7,108
Non-audit related professional services	490
	7,598

F. RISK MANAGEMENT AND INTERNAL CONTROL

1. Accountability

The Board understands that its responsibility is to assess and determine the nature and level of risks that the Group is willing to accept in order to achieve its strategic objectives, and to ensure the Group establishes an appropriate and effective risk management and internal control system. This system is aimed at managing but not eliminating the risk of not reaching business targets, and will provide reasonable but not absolute guarantee that major misrepresentations or business losses will not occur.

2. Structure of Risk Management and Internal Control Governance

The Board is responsible for the assessment and determination of significant risks and the effectiveness of risk management monitoring for the year; it is responsible for the maintenance of an appropriate and effective risk management and internal control system; it is responsible to make conclusions as to the effectiveness of the risk management and internal control system, after considering the work and review results of the Audit Committee every year.

The Audit Committee is responsible for assisting the Board in the assessment and monitoring of the risks encountered by the Group, and the design and performance of the relevant risk management and internal control system. It reports to the Board after properly reviewing the Group's effectiveness of annual risk management and the internal control system.

The management is responsible for the proper design, implementation and monitoring of the Group's risk management and internal control system as authorised by the Board, and the confirmation provided to the Board as to the effectiveness of the system.

The risk assessment team is responsible for the coordination of risk identification and assessment procedure, preparation of risk assessment reports, bringing identified risks to the attention of the Audit Committee, and reporting the actions taken in relation to the management of such risks.

The internal audit team is responsible for assisting the Audit Committee to review the effectiveness of the Group's risk management and internal control system, and to conduct independent assessments of the established risk management and internal control system in accordance with the internal audit procedures.

Business divisions and functional department are responsible, in accordance with their duties and the scope of their respective business and functional areas to carry out risk management procedures and internal control measures.

3. Risk Management

The Group is committed to continuously optimising and improving its risk management system with the aim of ensuring the long-term growth and sustainable development of the Group's business by enhancing its risk management capabilities.

3.1 Risk Management Objectives

The objective of corporate risk management is to manage significant risks that the Company is faced with, and take specific responsive and monitoring actions on significant risks, through the establishment of a proper management model and organizational system. The specific objectives are as follows:

- Identify, assess, quantify, respond and manage all current and future significant risks, and contain them at all times at a level and in a scope acceptable to management;
- Establish a consistent and effective monitoring and reporting system for all significant risks;
- Provide reasonable assurance that the Company will comply with the requirements of relevant laws and regulations of external monitoring authorities, and that various departments comply with relevant internal rules and regulations;
- Provide reasonable assurance that significant measures to achieve the Company's targets are properly implemented.

3.2 Major Processes of Risk Management

Risk management mainly includes four major areas: risks identification, risks assessment, risks mitigation and risk monitoring and reporting.

Risk identification: each business and functional department conducts, at least once in a year, an identification of potential internal and external risks in its respective operation processes. During risks identification, references are mainly made to the impact the risks have on the Company's objectives, and major problems or risk incidents in the business activities for the past year. Risks identified are summarised and categorised to establish a risk data base.

Risk assessment: according to the risks assessment standards, each business and functional department reviews the risks identified, and assesses the possibilities of occurrence and the extents of impacts in order to screen out the significant risks. The Group adopts a combination of bottom-up and top-down risk assessment procedures to fully identify all of the Group's significant risks, which are then given rankings. Significant risks are then reported to the appropriate management level, Audit Committee and the Board. A final list of significant risks is confirmed after thorough communication and discussion.

Risks mitigation: the responsible department of the identified risks formulates a risk response plan by properly applying methods such as risk avoidance, risk reduction, risk sharing and risk retention, with consideration of the Group's level of risk tolerance. This allows the Group to properly allocate resources for risks response or improvements on risks response measures, with an aim to reduce the overall risk of the Group to an acceptable level.

Risk monitoring and reporting: risk monitoring and reporting are carried out by integrating the use of risk warning indicators, internal auditing and periodic summarised risk reports.

3.3 Significant Risks

In accordance with the corporate risk management framework, the Group conducted an overall risk audit and assessment in 2024. The following lists the risks of the Group and its major affiliates, the changes in the nature and level of these risks, and the relevant responds measures to prevent or mitigate these significant risks.

Risk Type	Risk Item (Key Risks)	Response Mitigation Plan	Risk Trend
Policies and Regulatory Risk	<p><u>Risk relating to violation of policies, regulations and regulatory requirements</u></p> <p>With the expansion of the Company's business scale and the continued development of its overseas business, and under the complex and changing external environment, the accurate interpretation of and compliance with domestic and foreign markets' regulatory policies, laws and regulations and industrial practices have become a major challenge for the Company. Failing to respond to external regulatory and environmental changes and timely review its compliance with policies will restrict the long-term stable business development of the Company.</p>	<p>The Company has taken practical actions and through continuous resource investment and with the guidance of compliance policy, the Company has established an independent compliance management organizational structure, and constantly strengthens the construction of the compliance management system, as well as enhances the professional capabilities of compliance management.</p> <p>The Company keeps monitoring external regulatory compliance, rules changes for investment in overseas markets and environmental changes, deeply interprets external regulatory changes and requirements based on different business scenarios, decomposes and incorporates them into its business activities and processes to realise compliance management and supervision of all parts of its business operations and provide strong support for its overseas investment and operation.</p> <p>The Company carries out active communication and cooperation with major customers, business partners and other stakeholders to discuss compliance concepts and practices control measures and enhance mutual trust in compliance and collaborative governance.</p>	No change

Risk Type	Risk Item (Key Risks)	Risk Response Plan	Risk Trend
Risk Relating to Market Competition	<p><u>Risk relating to intensifying market competition</u></p> <p>With the development of new technologies and new forms of business such as cloud technology, big data and digitalization and the continuous entry of competitors and the pressure of iterative upgrade of technology acceleration, our customers' requirement of our products and services quality will continue to rise. An enterprise that is lacking innovation capability, unable to fully understand and grasp leading-edge knowledge, timely optimise business layout and timely update of products and services to meet market demands, will not be well recognised by the customers and the society.</p>	<p>With the commitment of improving customer experience as well as technological innovations, the Company has constantly explore and practice new technologies and methods while striving to provide high quality products and services to its customers. It actively advocates a spirit of innovation, fosters a culture of creativity, applying the concept of Zero Distance Innovation down to the business divisions with a commitment to achieving rapid upgrading of products and services cycles.</p> <p>At the same time, the Company focuses on integrating business innovation activities with risk management, continuously strengthening supply chain management's efficacy and cost control, promoting high-quality development of the Company's business and building a "healthy and win-win" ecosystem with its partners.</p>	Increasing
Risk Relating to Business Continuity	<p><u>Risk relating to the disruption of business due to emergencies</u></p> <p>With the deepening of international division of labor and collaboration, it is inevitable that a certain degree of dependence or a high degree of synergy will be established between the Company and its major customers and business partners. In the event of calamities such as natural disasters, public health emergency social security and network information issues in the regions in which the Company or any business with its major customers and business partners operates, the Company's operations may be partially or completely disrupted, which may have a significant adverse impact on the Company.</p>	<p>By highly emphasizing on the risk management relating to business continuity, the Company has established the BCM organization structure with top-down distributed management structure, and committed to the continuous optimisation and improvement of the system. Emergency and business recovery plans under significant risk scenarios are developed and constantly reviewed and updated, so as to improve the Company's abilities of risks prevention and continuous operation, and ensure the continuity of key businesses and services.</p> <p>Also, the Company continues to deepen the business continuity management and coordination with major customers. It also constantly carries out investigation, analysis and assessment of business continuity risks on the part of supply chain partners and improves the ability to jointly respond to emergencies.</p>	Reducing

Risk Type	Risk Item (Key Risks)	Response Mitigation Plan	Risk Trend
Risk Relating to Social Responsibility	<p><u>Risk relating to inadequate implementation of corporate social responsibility</u></p> <p>Corporate social responsibility is subject to the close attention of investors, regulatory authorities and public opinions. A deficiency in corporate social responsibility will damage the brand reputation of an enterprise, but also restrict the sustainable development of the enterprise.</p>	<p>The Company adheres to the SA8000 Standards and is committed to strengthening the construction of its key CSR modules. To advance its system of social responsibility in terms of cultural values, ideology and labour systems, creating sustained momentum for the long-term development and providing inexhaustible international competitiveness of the Company.</p> <p>In daily operation, the Company proactively performs its social responsibility, fulfills a green and innovative environmental protection concept, and pays attention to the environment and resources by reducing energy consumption. It also actively promotes and practices outstanding corporate citizenship, pays attention to the demands and expectations of stakeholders, and effectively implements social responsibility communication and management.</p>	No change
Risk Relating to Human Resources	<p><u>Risk relating to the market's competition for talents</u></p> <p>To maintain the superb technical and management capabilities of the Company, it relies on a team of high-quality personnel. Under the backdrop of the Company's accelerated business development and the increasingly fierce competition for talents in the industry, it can only attract talents and develop their potentials by investing more in human resources to recruit and retain key talents. All these present a bigger challenge to the construction of the human resources management and system.</p>	<p>The Company continuously optimises its management systems of value creation, value assessment and value distribution, so as to promote the employees' sense of responsibility and mission, with respect, trust, opportunities, honors and rewards. The organization's vitality is maintained through attracting talented personnel and retaining key talents. The Company is committed to achieve the common development of the Company and the employees, through the creation of a human resources performance management system that promotes fair, open and energetic competition among the employees and the continuous improvement of process management structure.</p>	No change

Risk Type	Risk Item (Key Risks)	Response Mitigation Plan	Risk Trend
Risk Relating to Network and Information Security	<p><u>Risk of improper maintenance of information security</u></p> <p>The Company values the protection of its own and the customers' privacy information and trade secrets, as it understands that the leakage, loss or theft of its own or customers' sensitive information will have a major impact on itself and its customers.</p>	<p>The Company continues to strengthen its information security management mechanism and system construction, puts a lot of focus on key customers' businesses and major risks. Risk factors in business operation pertaining to the threat of information security, network security and privacy are identified with compliance as bottom line. Control measures are put in place to ensure solutions or contingency plans are formulated with 100% coverage. In addition to maintaining the validity of ISO27001 information security certification, the Company has also introduced ISO27701 personal privacy protection certification, ensuring information security, network security and privacy protection awareness are fully popularized and deepened all employees.</p>	No change

Risk Type	Risk Item (Key Risks)	Response Mitigation Plan	Risk Trend
Risks of Artificial Intelligence	<p><u>Risks of the Industrial Revolution Brought by Artificial Intelligence Technology</u></p> <p>The industrial revolution driven by artificial intelligence technology is reshaping the landscape of the software outsourcing industry at an unprecedented pace. Business models are shifting towards intelligence and diversification, while technical capabilities are advancing comprehensively in automation and intelligence. Market competition dynamics may adjust accordingly due to the rise of emerging enterprises and industry consolidation, with continuous optimization of costs and efficiency. If the Company fails to keep up with technological and market changes, it may face several risks. In terms of business, customers will be easily lost, market share will be seized, and business expansion will be limited. In terms of technology, there will be a lag and disconnection, making it difficult to cope with complex challenges. In the competition of the industry, competitiveness will be reduced or even face elimination. The operating costs will rise, profit margins will be compressed, and development will be in a difficult situation.</p>	<p>The Company remains highly attentive to developments in artificial intelligence technology and changing customer demands. It continues to invest heavily in the AI sector, establishing specialized research institutions such as the AIGC Research Institute. By attracting top technical talent and collaborating with leading industry partners, the company provides full-stack, all-scenario AI services in areas such as model factories, computing power operations, and AI agent application services. This enables seamless integration of large model applications and research and development, working together with customers to create a new landscape of AI-driven productivity. By driving the practical implementation of AI innovation, the company is accelerating its transformation from traditional IT services to high-value AI services and solutions. This demonstrates its outstanding technological innovation capabilities, further solidifies its industry leadership, and effectively mitigates various risks arising from AI-driven industrial transformation.</p>	Increasing

4. Internal Control

4.1 Internal Control Objectives

The Board acknowledges its responsibility to supervise the effectiveness of the Company's internal control system, and a sound and effective internal control system is achieved through a management structure with explicit authorization and internal control accountability. The objectives are:

- to reasonably assure that the enterprise is operated and managed in compliance with the laws and regulations, its assets are safe, and its financial reports and related information are true and complete;
- to enhance operating efficiency and performance;
- to promote the achievement of the enterprise's development strategies.

4.2 Internal control

The Group has referred to the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework, and incorporated the Group's business management characteristics in the design of its internal control system, and has established an internal audit team to take responsibility of the internal control function. As at the year ended 31 December 2024, the Group completed risk-oriented internal review and assessments on day-to-day fund management, financial reporting management, procurement and inventory, asset management, and business and debt collection procedures, and periodically followed-up with the rectifications of the problems identified by internal control assessment. Management and Audit Committee reviewed the internal control assessment reports, and assessed the effectiveness of the Group's risk management and internal control systems. The scope of the review included the Group's major control and risk management functions, such as financial control, operations control and compliance control.

The Board considered that, as at 31 December 2024, the Group had carried out internal control's "plan, review, report and follow-up" processes of the close-loop management system, that the Group's risk management and internal control systems were effective and adequate, that the Company's procedures on financial reporting and the compliance of the provisions under the Listing Rules were effective and adequate and that no significant areas of concern that might affect the Group's financial control, operations control, compliance control and risk management functions had been uncovered.

In the process of the review, the Board considered that the resources, qualifications, experience of staff of the Group's accounting and financial reporting, as well as their training and budget were adequate.

4.3 Inside information

The Company is aware of and strictly comply with the requirements of the currently applicable laws, regulations and guidelines, including the obligations to disclose inside information under the Securities and Futures Ordinance and the Listing Rules, and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission, at the time when the relevant businesses are transacted. The Group has established the authority and accountability, as well as the handling and dissemination procedures in relation to inside information, and has communicated to all relevant personnel and provided them with specific trainings in respect of the implementation of the continuous disclosure policy.

The Board considers that the Company's handling and dissemination procedures and measures in relation to inside information are effective.

G. INVESTORS AND SHAREHOLDERS RELATIONS

The Company commits to promoting transparency and maintaining effective communication with investors, analysts

Details of share awards granted under the Share Award Scheme during the year ended 31 December 2024 are as follows:

Name or Category of Grantees	Date of Grant	Unvested Awards Outstanding as at 1 January 2024	Vesting Period	Awards Granted During the Year	Awards Vested During the Year	Purchase Price	Weighted Average Closing Price of the Shares Immediately before the Date of Vesting (For Awards Vested During the Year)	Awards Cancelled During the Year	Awards Lapsed During the Year	Unvested Awards Outstanding as at 31 December 2024
Chen Yuhong (Executive Director)	1/6/2020	3,850,000	1/6/2020-31/5/2025	-	(2,200,000)	Nil	HK\$4.7972	-	-	1,650,000
Tang Zhenming (Executive Director)	1/6/2020	3,888,000	1/6/2020-31/5/2027	-	(1,008,000)	Nil	HK\$4.7972	-	-	2,880,000
Five highest paid employees (excluding director)	1/6/2020	5,600,000	1/6/2020-31/5/2027	-	(5,200,000)	Nil	HK\$4.7972	-	-	400,000
Other Employees	1/6/2020	69,633,000	1/6/2020-31/5/2027	-	(17,623,000)	Nil	HK\$4.7972	-	-	52,010,000
Total		82,971,000		-	(26,031,000)*			-	-	56,940,000
Chen Yuhong (Executive Director)	30/8/2023	9,996,000	30/8/2023-29/8/2030	-	-	Nil	N/A	-	-	9,996,000
He Ning (Executive Director)	30/8/2023	5,000,000	30/8/2023-29/8/2030	-	(660,000)	Nil	HK\$5.1252	-	-	4,340,000
Tang Zhenming (Executive Director)	30/8/2023	5,000,000	30/8/2023-29/8/2030	-	-	Nil	N/A	-	-	5,000,000
Yeung Tak Bun (Independent Non-Executive Director)	30/8/2023	1,000,000	30/8/2023-29/8/2030	-	(200,000)	Nil	HK\$5.1252	-	-	800,000
Five highest paid employees (excluding director)	30/8/2023	-	30/8/2023-29/8/2030	-	-	Nil	N/A	-	-	-
Other Employees	30/8/2023	124,464,000	30/8/2023-29/8/2030	-	(2,220,000)	Nil	HK\$5.1252	-	-	122,244,000
Total		145,460,000		-	(3,080,000)**			-	-	142,380,000

* 3,420,452 awarded shares vested during the year were transferred to the selected employee after the year end.

** 2,220,000 awarded shares vested during the year were transferred to the selected employee after the year end.

Details of share awards granted to the five highest paid individuals (including Directors) under the Share Award Scheme during the year ended 31 December 2024 are as follows:

Date of Grant	Unvested Awards Outstanding as at 1 January 2024	Vesting Period	Awards Granted During the Year	Awards Vested During the Year	Purchase Price	Weighted Average Closing Price of the Shares Immediately before the Date of Vesting (For Awards Vested During the Year)	Awards Cancelled During the Year	Awards Lapsed During the Year	Unvested Awards Outstanding as at 31 December 2024
1/6/2020	13,338,000	1/6/2020-31/5/2027	-	(8,408,000)	Nil	HK\$4.7972	-	-	4,930,000
30/8/2023	19,996,000	30/8/2023-29/8/2030	-	(660,000)	Nil	HK\$5.1252	-	-	19,336,000
	<u>33,334,000</u>		<u>-</u>	<u>(9,068,000)</u>			<u>-</u>	<u>-</u>	<u>24,266,000</u>

Each of the awards represents a conditional right to receive one awarded share subject to certain terms and conditions of the grant of such awards. The awarded shares will be settled by way of existing issued shares of the Company held by the independent trustee of the Share Award Scheme of the Company. During the year ended 31 December 2024, no any consideration (2023: HK\$751,404,000) has been used to acquire any shares (2023: 143,184,000 shares) of the Company from open market by the independent trustee of the Company. As at 31 December 2024, 239,846,214 shares (2023: 263,316,762 shares) of the Company were held by the independent trustee of the Company, representing 8.78% (2023: 8.95%) of the total issued ordinary share capital of the Company as at 31 December 2024.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2024.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. None of the Directors, or their spouses or children under 18 years of age, had any rights to subscribe for the shares of the Company, or had exercised any such rights during the period.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company, any of its subsidiary, its holding company or any subsidiary of its holding company was a party and in which a Director or entities connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

CONNECTED TRANSACTIONS

During the year, the Group had conducted “continuing connected transactions” which constituted fully exempted transactions under Chapter 14A of the Listing Rules. These connected transactions have been entered into under normal commercial terms and in the ordinary and usual course of business, and the terms are fair and reasonable and in the interests of the shareholders of the Company as a whole. Since the highest applicable percentage ratios involved in these transactions are less than 0.1%, these transactions are fully exempt from shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group during the year are set out in note 44 to the consolidated financial statements. The Company has complied with the applicable requirements under the Listing Rules for those related party transactions which constituted non exempt connected transactions/continuing connected transactions.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate turnover attributable to the Group’s five largest customers accounted for approximately 55.34% (2023: 60.01%) of the Group’s total turnover and the Group’s largest customer accounted for approximately 40.85% (2023: 45.16%) of the Group’s total turnover.

The aggregate purchases during the year attributable to the Group’s five largest suppliers was approximately 31.05% (2023: 43.00%) of the Group’s total purchases and the Group’s largest supplier accounted for approximately 8.54% (2023: 13.31%) of the Group’s total purchases.

None of the Directors, their associates, or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) has any interest in any of the five largest suppliers or customers of the Group.

SUBSTANTIAL SHAREHOLDERS

So far as was known to the Directors, as at 31 December 2024, the interest of the persons (not being a Director or chief executive of the Company) in the shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares

Name	Nature of interest	Approximate number of Shares	Approximate percentage of total issued ordinary share of the Company
Dan Capital Tangkula Limited Partnership (<i>Note 1</i>)	Interest of other parties to an agreement required to be disclosed under S.317 of the SFO	340,138,144	12.45%
Bank of Communications Trustee Limited (<i>Note 2</i>)	Trustee	239,846,214	8.78%
UBS Group AG (<i>Note 3</i>)	Interest of controlled corporations	169,219,731	6.19%

Notes:

- (1) Pursuant to the concert party agreement entered by Dr. Chen Yuhong, Dan Capital Kunlun Limited Partnership (the "Kunlun") and Dan Capital Management Limited (the "Dan Capital") on 16 June 2022, Dr. Chen was deemed to be interested in 24,649,283 underlying shares of the Company held by Kunlun for the purposes of section 317 of the SFO. Please refer to Form 2 – Corporate Substantial Shareholder Notice dated 16 June 2022 for further details of the shareholding structure.
- (2) On 10 December 2018, the Company entered into a trust deed to appoint Bank of Communications Trustee Limited as trustee of the trust and to manage the trust fund and to administer the Share Award Scheme of the Company.
- (3) UBS Asset Management (Hong Kong) Ltd., UBS Asset Management (Shanghai) Limited, UBS Asset Management (Singapore) Ltd., UBS Fund Management (Europe) S.A., UBS Fund Management (Switzerland) AG, UBS Asset Management (UK) Limited, UBS AG, UBS Switzerland AG, are the wholly-owned subsidiaries of UBS Group AG. Accordingly, UBS Group AG is deemed to be interested in the long positions of 169,219,731 shares in the Company held by these companies as disclosed above. Please refer to Form 2 – Corporate Substantial Shareholder Notice dated 5 December 2024 for further details of the shareholding structure.

Save as disclosed above, as at 31 December 2024, no other interest or short position in the Shares or underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO.

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	Purchase Price per Share		Total Purchase Price HK\$
		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
	211,220,000			926,726,800

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme and share award scheme as an incentive to the Directors and eligible employees, details of the scheme is set out in note 41 to the consolidated financial statements.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of Directors (on a named basis) and the five highest-paid employees (including the senior management of the Group) are set out in note 11 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float 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.

AUDITOR

There was no change in auditor of the Company in any of the preceding three years. A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Dr. Chen Yuhong

Chairman & Chief Executive Officer

Beijing, 28 March 2025

INTRODUCTION TO THE REPORT

As an industry-leading global software and information technology services company, Chinasoft International understands that the sound development of an enterprise is closely connected to good environmental, social and governance (hereinafter referred to as “ESG”) performance. The Group attaches great importance to ESG work and actively practices corporate social responsibility in various dimensions, including product responsibility, social responsibility, green innovation and employee care, so as to build a solid foundation for the long-term development of the enterprise, power its international competitiveness, and contribute indispensable corporate strength to economic prosperity, social progress and environmental protection. This report is guided by the relevant policies, philosophies and objectives of the Group, and provides a comprehensive account of the Group’s key initiatives, significant events and outstanding performance in environmental, social and governance aspects in 2024.

SCOPE OF THE REPORT

This report covers the period from 1 January 2024 to 31 December 2024 (hereinafter referred to as the “Reporting Period”), and some contents may exceed the abovementioned period due to explanation needs. This report covers the headquarters and affiliated companies of Chinasoft International Group (hereinafter referred to as the “Group” or “Chinasoft International”).

BASIS OF PREPARATION

This report has been prepared in compliance with the Environmental, Social and Governance Reporting Code (the “ESG Code”) as set out in Appendix C2 of the Listing Rules of the Hong Kong Stock Exchange, with reference to the Global Reporting Initiative (the “GRI”) issued by the Global Sustainability Standards Board (GSSB). The governance of the Group is set out in the Corporate Governance Report section of the annual report.

DATA DESCRIPTION

The financial data in this report is derived from this annual report of the Group, and other statistics include the headquarters and affiliated companies of Chinasoft International Group unless otherwise stated. Currency amounts in this report are denominated in RMB unless otherwise stated.

REPORTING PRINCIPLES

- **Materiality:** The materiality of the Group’s ESG issues is determined by the Board and the process of stakeholder communication and identification of material issues and the materiality matrix are disclosed in this report.
- **Quantitative:** The statistical criteria, methods, assumptions and/or calculation tools for the quantitative KPIs in this report, as well as the sources of the conversion factors, are described in the report explanatory notes
- **Balance:** This report presents the Group’s performance for the Reporting Period in an unbiased manner so as to avoid statements that may unduly influence the decisions or judgements of the readers of the report.
- **Consistency:** The statistical methods used to disclose data in this report are consistent

ESG GOVERNANCE STATEMENT FROM THE BOARD

The Group and the Board have always complied with the requirements of the Code of Corporate Governance for Listed Companies of the China Securities Regulatory Commission and the Environmental, Social and Governance Reporting Code of the Stock Exchange of Hong Kong, and continuously promote the improvement of the Group's environmental, social and corporate governance (hereinafter referred to as "ESG") management system. The Group and the Board of Directors are committed to deeply integrating ESG factors into the Company's major decision-making and business practices and constantly strengthen the supervision and participation of the Board of Directors in the ESG affairs of the Group.

The Board of Directors of the Group continues to have the highest authority over ESG-related matters and assumes full responsibility for the Group's ESG strategy, reporting and supervision, and is responsible for guiding and reviewing the Company's overall ESG goals, implementation plan, ESG risk assessment and countermeasures. The ESG Working Committee under the Board of Directors is responsible for supervising the commitment and performance of key ESG issues, ensuring the in-depth integration of ESG concept and corporate strategies, and reporting to the Board of Directors on a regular basis. The ESG Working Committee is chaired by the Chairman of the Board of Directors and CEO of Chinasoft International, with the presidents of the business units and the persons in charge of the functional departments of the Group's head office as members, and is responsible for the coordination and management of the Group's ESG work.

The ESG Working Committee comprehensively integrates ESG management requirements into the end-to-end process from business planning to business lifecycle management by focusing on the three aspects of environment, society and governance, and integrating them with the Company's technology service business attributes to intensively make ESG a reality. In addition, the ESG Working Committee actively expands its influence, focuses on leading issues, pays close attention to the trend of the global sustainable development, and intensively participates in the discussion and practice of the world's leading issues, as well as strengthens its internal management and supervision. The Committee also strengthens its internal management and supervision. By taking into account changes in the external economic environment, macro policies and the Company's development strategy, the Committee accurately identifies the Group's ESG risks, regularly reviews important ESG issues, defines the Company's ESG governance priorities, and achieves synergistic development between the Company's operations and ESG.

During the Reporting Period, the Board of Directors focused on promoting the further optimisation and refinement of the Group's ESG concepts and strategies, continuously exploring the path of low-carbon development, conducting in-depth reviews of the performance of the Group's ESG-related environmental targets, actively addressing climate change and supporting the protection of biodiversity. This report discloses in detail the progress and formulation of Chinasoft International Group's ESG work and targets for 2024, which have been approved by the Board of Directors.

TOPIC: DIGITALISATION EMPOWERS NEW QUALITY PRODUCTIVE FORCES AND BROADENS NEW WAYS FOR HIGH-QUALITY INDUSTRIAL DEVELOPMENT

Chinasoft International closely follows the national policy direction of “accelerating the cultivation and development of new quality productive forces, promoting the deep integration of the Internet, big data, artificial intelligence and the real economy, upgrading the modernisation level of the industrial chain, and promoting the high-quality development of the economy”, and leveraging the 20-year accumulation of the software industry and the cutting-edge digital technological innovation and service system, Chinasoft International has explored the potential of the “service+ platform+ ecology” model, and unleashed the effect of digital empowerment in an all-rounded way. We will create tailor-made solutions for the high-quality development of various industries, including intelligent energy management, green supply chain digitisation and other diversified and adapted solutions, and promote the in-depth transformation of enterprises to reduce carbon emissions and increase efficiency. At the same time, with the concept of open cooperation, we will join hands with our ecological partners to focus on the application of digital technology in new energy development and utilisation, green manufacturing optimisation and other fields, and jointly explore new paths of digital transformation and upgrading, so as to inject a strong impetus into the development of the green economy.

Chinasoft International Smart City Solution Opens New Era of Regional Digital Intelligence Transformation

In the wave of digital transformation, cities, as the front line of change, are experiencing unprecedented changes. Chinasoft International is deeply committed to the international market, leveraging the Group’s expertise in core smart city solutions to promote regional digitalisation and intelligent development, and contributing to the construction of smart cities around the world.

Case: Chinasoft International and SMA join hands to build an Integrated Operation Centre platform (IOC)

Sarawak, the largest state in Malaysia by area, is actively embracing the digital revolution. The Sarawak Multimedia Authority (SMA) is actively promoting digital economy programmes and projects under the state government's Smart City and Digital Economy initiatives.

Chinasoft International and SMA have joined hands to create an "Integrated Operation Centre (IOC)" platform for managers, with intelligent hardware as the foundation, digital platforms as the carrier and intelligent operation as the means, adhering to the concept of "IOC-as-a-service". The platform integrates one-stop services such as intelligent security, intelligent traffic, big data analysis, announcement release, event handling, weather monitoring and news notification. Meanwhile, through the collaboration with the mobile APP, the platform provides citizens with convenient services such as intelligent travelling, one-click payment, one-click reporting, one-click complaint, etc., and ultimately realises "one-screen general management, one-click notification, and one-machine travelling".

The implementation of this solution has significantly optimised the regulatory efficiency of the administrators, enhanced citizens' satisfaction with government management, filled the gap in the field of smart city construction in Sarawak, and laid a solid foundation for the digital transformation of Sarawak.



Unblocking the "last kilometre" of mine digital operation, escorting the mine safety production

As mining deposits continue to be discovered, the diversity of geological conditions and the complexity of production equipment have led to pain points in mine operations and safety management, such as lack of implementation, difficulty in identifying problems, incomplete rectification, and lack of applications. Chinasoft International has launched an intelligent mine work safety management solution based on Huawei's ISDP on-site operation software platform, which focuses on safety management, connects the management of mining enterprises, business sections and work teams, and realises the three-screen linkage of "management-operation-work" to ensure that there is no dead corner in safety management. Through the application of comprehensive safety management, it realises intelligent classification and control of risks and investigation and management of hidden dangers; through the application of on-site work management, the platform realises the digitization of standard operation, and comprehensively improves the efficiency of mine safety production management and operation.

Case: Empowering the Safety Management System of an Iron Mine in Liaoning Province

The iron ore mine in Liaoning in the case is one of the large iron ore mines under the key management of a large state-owned iron and steel company's mining company. Due to the lack of timely and effective information management tools, its daily management relied on manual work, risk classification and control relied on offline paper documents, and hidden danger rectification notices were transmitted by WeChat for record, making it difficult to obtain safety business data in a timely manner, and it was impossible to carry out forward-looking analyses based on the data.

With its technological advantages, Chinasoft International created a comprehensive solution for the mine. Through the dual prevention management capability, it realised online dead cycle management of risks and hidden dangers; carried out online management of performance lists, automatically issued tasks and assessed real-time performance; took the initiative to dock with security, equipment, personnel positioning and other systems, and comprehensively utilised the data to proactively push out security decisions.

With the digital empowerment of Chinasoft International, the hidden danger rectification process is fully online, and the problems are 100% manageable and verifiable; business data is automatically recorded and can have a real-time view in the back stage without delay; business information is automatically archived, which is convenient for supervision and retrospection; safety assessment data is generated in real time with 100% accuracy rate; the equipment data is linked with point inspection, and the point inspection saves an average of 5 minutes for each single order. This cooperation significantly improved the safety management level of the iron ore mine and set a model for the digital transformation of the mining industry.



Promoting modernisation of basin water governance with a portfolio of intelligent water solutions

Under the wave of digitisation and intelligence, the construction of intelligent water conservancy has become an inevitable trend, which is related to the efficient use of water resources and sustainable development of the region. Chinasoft International, with its innovative service concept, technology and experience accumulation, joins hands with industry partners to promote the construction of digital twin water conservancy, optimise intelligent water conservancy solutions, and promote the development of new quality productive forces of water conservancy with the empowerment of science and technology.

Case: all-round display of intelligent water solutions portfolio appearing in the Taihu Lake Basin Water Management Achievements and Advanced Technology Exhibition

On November 13, the Taihu International Conference on Water Management, themed “Practicing the New Development Concept and Promoting Modernisation of Basin Water Governance”, opened in Wuxi, Jiangsu Province, and Chinasoft International made a spectacular appearance together with Huawei.

Intelligent Water Solutions Portfolio

At the exhibition, Chinasoft International comprehensively displayed part of its intelligent water solutions portfolio built on its localised operating system KaihongOS.

- Measurement, control and calculation integrated gate solution: integrating “sense, intelligence and control” system, with edge computing capability and built-in hydraulic algorithms. It is applicable to key water conservation scenarios such as farmland irrigation and water resource scheduling, and promotes unattended and automatic operation of gates and pumping stations, and realises anomaly detection, alarm and closed-loop management.
- Modernised Harmony Hydrological Station Solution: Adopting the “End-Edge-Cloud” AI architecture and integrating high-precision AI algorithms, it not only realises precise applications, but also supports scenario-based customisation.
- Water conservancy “digital man” solution: based on water conservancy large model knowledge management, using big data and AI technology to realise intelligent management of water conservancy knowledge and help the digital transformation of the water conservancy industry.

Digital Twin Hyper-Converged All-in-One Machine “Huiwan”

The product “Huiwan”, which means the Bay of Taihu Lake where technology and innovation converge, focuses on the construction of digital twin water conservancy and consists of five core components:

- Data aggregation service: Provide “three lines of defence” public data service, access to “sky, air, earth, water and engineering” all-round perception data, and support multi-scenario “four pre” applications.
- Hydrological Professional Model Platform: Carrying the hydrological, hydrodynamic and water quality general model algorithms independently developed by NHRI, providing customised services.
- Water conservancy visualisation platform: to achieve rapid generation and release of L1-L3 level baseboards, to meet high-performance rendering needs, and to dynamically map and update water conservancy information.
- Multi-scenario business application system: covering water project forecasting and scheduling, urban water environment joint control, digital twin reservoirs/lakes/canals and urban flooding early warning, etc., forming the “Four Pre” application solution.
- Hardware and software support environment: supports multi-way rendering, adapts to localised Kunpeng CPU and Kirin system, and meets the requirements of information technology application innovation.

The release of “Huiwan” marks a new starting point for the construction of digital twin water conservancy. Through the application and promotion of “Huiwan” and other innovative products, it will provide more solid support for the integrated development of the Yangtze River Economic Belt and the Yangtze River Delta, and help the continuous prosperity and development of the region’s economy and society.



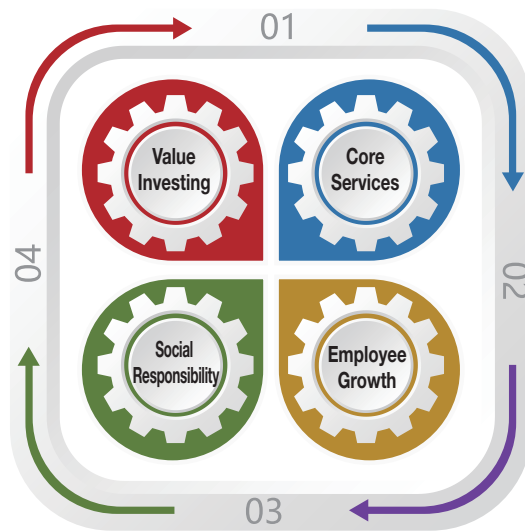
1. RESPONSIBILITY MANAGEMENT

1.1 ESG MANAGEMENT

ESG Philosophy

Chinasoft International is committed to becoming a leading sustainable enterprise in the world by adhering to the ESG management policy of “Lawful Management, Sustainable Innovation, Green Development and Harmonious Integration”. The Group integrates value creation, core services, employee development and social responsibility into all aspects of its operations, and continues to build an organisation with long-term value and strong competitiveness to build a better future together with all stakeholders.

- Concentrate resources on areas that will contribute to the leapfrog development of domestic software service industry for value creation
- Adhere to low-carbon operation and green office internally; leverage its “digital environmental protection” business capabilities for customers to build a green production and lifestyle



- In terms of business layout, become the strategic supplier and professional consultant of customers with the support of technical officers with an extensive understanding of existing technology prospects, business processes and practice
- Share, create and grow together with employees to allow them to develop with dignity

Chinasoft International's ESG Philosophy

- Value Investing: The company focuses on cloud intelligence services, AI, AIOT and Harmony eco-services, EAS and consulting as the core strategy for future development, and continues to serve the industries of public utilities, transport, finance, energy and power, government, manufacturing and other industries, and to help the domestic software service industry leapfrog in the direction of investment with centralized resources. Through precise investment, it creates long-term and stable value for enterprises and stakeholders, and promotes the innovation and progress of the industry.

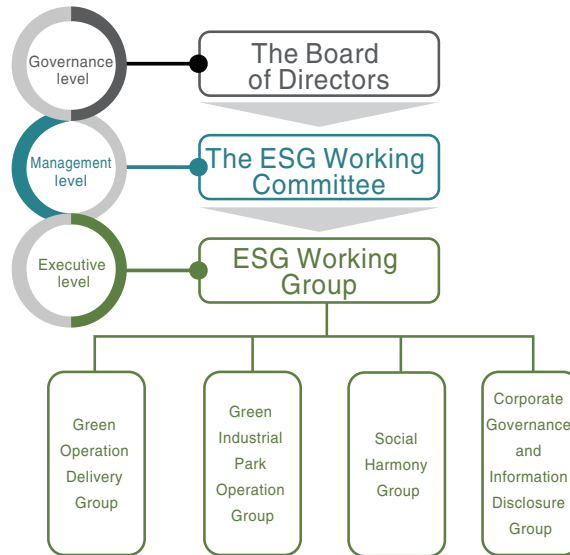
- **Core services:** With deep insights into emerging technology trends and business processes, as well as rich practical experience, we are committed to becoming our clients' strategic partners and professional consultants. In terms of business layout, we help our clients achieve lean and intelligent upgrading of outsourcing business, integrate advanced technical means to meet their rapid demand for high-quality talents and enhance talent satisfaction; in terms of digital transformation, we implement customised middle-office strategies, comprehensively build "cloud-pipe-edge-end" technology stack in cloud services, and fully integrating the scenarios of business domain (B domain), operation domain (O domain), and management domain (M domain), connecting the whole cycle process of "consulting-design-development-operation-maintenance"; at the same time, we provide customers with a full-stack of technical services based on the cloud, combined with the advanced technologies accumulation of Harmony, Meta ERP, AICG, etc.
- **Employee Development:** Adhering to the values of "sharing, creating and growing together", we continuously optimise our human resource management system to build a talent development ecosystem that includes "position as the cornerstone, cadre selection and cultivation, professional certification and competency enhancement, introduction of outstanding talents, and improvement of incentive mechanism". We promote the personal growth and progress of employees, and at the same time help enterprises to enhance team cohesion, centripetal force and stability, and create a positive working atmosphere.
- **Social Responsibility:** We actively practice low-carbon operations and green office concepts, leverage our expertise in "digital environmental protection" and other areas, integrate the industry's advanced IT toolset, scale software engineering concepts and practical experience to provide customers with intelligent and green solutions, empowering the digital transformation of enterprises, and jointly creating a green and low-carbon production and lifestyle. In addition, we pay attention to the hot issues in the society and actively participate in public welfare undertakings, such as education support, community development, environmental protection, etc., contributing to the harmonious development of the society.

The Group will consistently implement the ESG philosophy of integrating value creation, core services, employee development and social responsibility, strengthen close cooperation with customers and various stakeholders, and realise synergistic growth in economic, social and environmental benefits, thereby setting an example for the promotion of sustainable development in the industry.

ESG GOVERNANCE FRAMEWORK

The Group attaches great importance to ESG work and has established a more comprehensive and clearly defined three-tier ESG governance structure centred on the governance, management and executive levels, with clear responsibilities and synergistic operations at each level to jointly promote the sound development of the Group’s ESG work.

The Board of Directors of the Group is fully responsible for the Group’s ESG strategy and governance. The Sustainability Committee under the Board of Directors is responsible for formulating ESG strategy decisions, comprehensively monitoring the achievement of ESG objectives and performance, analysing ESG risks and opportunities, and scientifically guiding the future direction of the work. The ESG Working Committee coordinates ESG-related management work, is responsible for overseeing and managing the commitment to and performance of key ESG issues, ensures that ESG concepts are integrated with the Company’s strategies, and regularly reports to the Board of Directors on the ESG implementation results and major plans. Under the ESG Working Committee, there are four groups, including the Green Operation Delivery Group, the Green Industrial Park Operation Group, the Social Harmony Group, and the Corporate Governance and Information Disclosure Group, which are responsible for incorporating ESG into the areas of strategic planning, business delivery, park operation, internal control, risk management, employee development, compensation and welfare, and process development under the leadership of the ESG Working Committee, and promoting the implementation of ESG-related work. The division of labour at all levels, from strategy formulation, management coordination to concrete implementation, ensures the effective promotion of the Group’s ESG work in an all-round manner and builds a solid foundation for the Group’s sustainable development.



The ESG Governance Framework of Chinasoft International

ESG Governance Framework

STAKEHOLDER COMMUNICATION

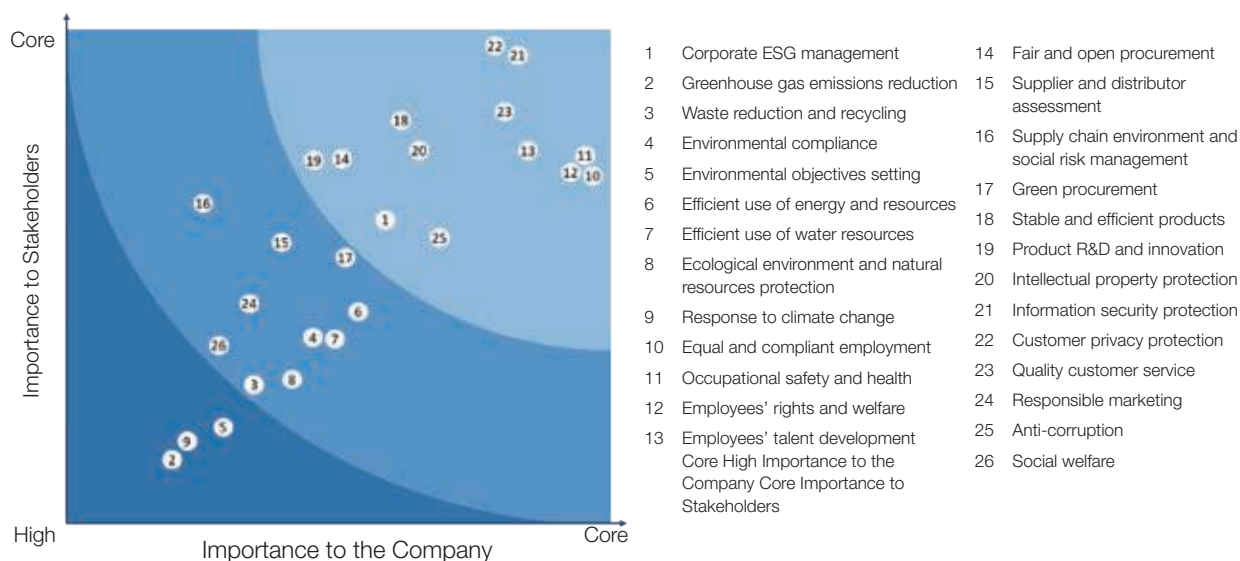
The Group has always believed that maintaining close communication with stakeholders and actively responding to stakeholders' requests are important cornerstones of ESG management. We have established multiple communication channels to identify the feedback and expectations of various stakeholders on the Group, respond to the views of various parties in a timely and effective manner and enhance the Group's ESG performance in a targeted manner. During the year, the Group conducted surveys and statistics on stakeholders' issues of concern at different levels through various channels to identify the Group's environmental, social and governance priorities, and collated and formed a stakeholder communication table, which provided the foundation for the Group's identification of material issues.

Stakeholders	Expectations	Communication channels
Government and regulatory bodies	<ul style="list-style-type: none"> - Compliance with laws and regulations and the Listing Rules - Integrity in the business - Payment of taxes according to the law - Assured product safety - To drive forward the technological progress 	<ul style="list-style-type: none"> - Study of policy and guidance documents - Participation in meetings and trainings organised by relevant authorities and associations - Work closely together with relevant authorities during review and inspections - Telephone, email and face-to-face communication
Shareholders and Investors	<ul style="list-style-type: none"> - Continuous improvement of business performance - Compliance operations - Sound corporate governance - Timely and full disclosure of information - Considerable investment return 	<ul style="list-style-type: none"> - Convene shareholders' and investors' meetings - Publish financial reports, announcements and other information - Publish news and information via company's websites - Telephone, email and face-to-face communication with investors
Customers	<ul style="list-style-type: none"> - To assure product and service quality - To ensure delivery on schedule and to perform product responsibility - To ensure the security of customer information - To meet the diverse needs of customers 	<ul style="list-style-type: none"> - Carry out surveys on customers' requirements - Carry out customer service satisfaction questionnaire - Telephone, email and face-to-face communication with customers

Stakeholders	Expectations	Communication channels
Employees	<ul style="list-style-type: none"> - To protect the interests of employees - Caring for occupational health of employees - To ensure workplace safety - To provide training and development opportunities - To offer fair and reasonable remuneration packages 	<ul style="list-style-type: none"> - Conduct questionnaire surveys on organizational ambiance - Organise regular meetings and employee discussion forums - Organise parties and interactive activities for employees and their families - Establish online communication and Q&A platforms - Telephone, email and face-to-face communication with employees
Suppliers	<ul style="list-style-type: none"> - Open, equitable and fair procurement - Fulfilment of contracts, creation of mutual benefits and win-win situations - Stable demand and common development 	<ul style="list-style-type: none"> - Conduct assessments and interviews through on-site visits - Telephone, email and face-to-face communication with suppliers
Community	<ul style="list-style-type: none"> - To protect the social environment - To support community development - Equal opportunity employment and protection of human rights 	<ul style="list-style-type: none"> - Maintain networking and dialogue with the community - Participate in community activities - Make charitable donations
Public and media	<ul style="list-style-type: none"> - Full and transparent disclosure of information - Timely feedback to external inquiries - Sustainable business development 	<ul style="list-style-type: none"> - Publish financial reports, announcements and other information - Publish news and information via company's websites and social media - Establish communication channels such as telephone, email and Internet communication platform

SUBSTANTIVE ISSUE IDENTIFICATION

In accordance with Appendix C2 “the Environmental, Social and Governance Reporting Code” of the Listing Rules of the Stock Exchange of Hong Kong and international standards, based on the results of the stakeholder communication questionnaire and the actual situation of the Group, the Group assessed the materiality of the ESG issues that are related to the Group’s business and important to the Group in terms of the two analysing dimensions of “materiality to the stakeholders” and “materiality to the Group”, and then screened them in order of priority. A matrix of material issues was formed to serve as the focus of the Group’s ESG work and report.



Chinasoft International Material Issues Matrix and List

1.2 INTEGRITY MANAGEMENT

The Group conducts its business activities in strict compliance with the Criminal Law of the People's Republic of China, the Law of the People's Republic of China Against Unfair Competition, the Company Law of the People's Republic of China, the Auditing Law of the People's Republic of China, etc. The Group attaches great importance to the observance of business ethics and the construction of clean management, and has always held a zero-tolerance attitude towards the violation of business ethics, and has been implementing the corporate culture of integrity and compliance in accordance with the highest standards.

The Group has established an organisational management system under which the Board of Directors is responsible for the risk management, internal control and compliance system at the overall level of the Group. The Group has formulated the "Business Conduct Guidelines for Managements", the "Code of Conduct for Employees", the "Employee Handbook" and other internal management systems to regulate the business ethical requirements of its employees, and has also made the necessary revisions to them in a timely manner based on changes in the national laws, norms and relevant regulations.

In terms of internal staff management, the Group has established the Cadre Integrity Documentation System to accurately grasp the situation of cadre integrity, urge cadres to perform their duties in a clean manner, strictly control cadre integrity, and prevent cadres from "being promoted with corruption problem"; and require management cadres to sign the "Cadre Integrity Commitment Letter" to clearly define the behavioural standards of management cadres, further enhance the awareness of integrity and self-discipline, and build up a strong ideological line of defense against corruption from the source. In addition, the Group attaches importance to the management of conflict of interest and requires management cadres at certain levels to declare their relatives and affiliates to prevent cadres from making use of their authority or influence in their positions to transfer benefits to specific relations or affiliates and to prevent various types of conflict of interest incidents from occurring.

In respect of supplier management, the Group has deepened integrity co-building with suppliers by setting up integrity clauses and corresponding penalties for non-compliance in procurement contracts, promoting the signing of integrity cooperation agreements with suppliers, etc., and joining hands with suppliers to build up a integrity defense line, and urging both parties to comply with the law and discipline at all times in their business dealings.

During the year, the Group received a total of 301 reports of information and fraud leads, with 21 valid reports, 5 confirmed fraud cases from internal investigations, all of which were handled appropriately; 3 cases were under investigation by the public security authorities, and 2 cases completed the judicial process with judgements handed down by the courts.

- **Strengthening Supervision and Management**

The Group has established the Integrity Monitoring Department, which is responsible for the construction of the integrity supervision system of the Company, and has formulated the “Management Measures for Integrity Monitoring Reporting and Investigation of Cases”, “Internal Audit Management Measures of Chinasoft International” and other systems, which clearly stipulate the process of preventing, detecting and combating irregularities such as corruption, malpractices and bribery, so as to ensure that the Group’s various internal control rules and regulations can be effectively implemented and to assist in the fulfillment of the Company’s strategies. With regard to the implementation of relevant policies and other internal control systems, the Integrity Supervision Department conducts all-round inspections of various businesses and employees through the execution of special audits, exit audits, case investigations and other means to prevent ethical and compliance risks.

During the Reporting Period, the Group carried out a number of internal audits, which included the dimensions of employees’ professional ethics risk and integrity in practice in the scope of audit evaluation, conducted continuous monitoring of possible corruption risks, focused inspections on high-risk business areas, identified and communicated business risks and management loopholes, and effectively explored fraud clues.

- **Open up reporting and complaint channels**

The Group provides a smooth integrity reporting channel and continuously strengthens the publicity of reporting channels to encourage all employees, business partners and other parties to report on the Group’s employees for corruption, malpractice and other irregularities. We encourage real-name reporting, and give certain rewards for valid reports that are substantiated, and strictly implement the confidentiality requirements for whistleblowers. Whistleblowers can report irregularities through the reporting mailbox (lianzheng@chinasofti.com), letter address, Chinasoft International Integrity Monitoring WeChat official account, and internal WeLink Integrity Reporting Platform. The Integrity Monitoring Department collects all kinds of reports, audits and referrals from other departments, etc., to find out the clues of malpractice, and conducts independent investigations in a timely manner.

- **Building a Culture of Integrity**

The Group continues to promote the culture of integrity. Every year, the Group promotes employees' awareness of integrity through internal periodicals, internal case warnings, holiday integrity tips and cultural activities:

- Released 26 issues of internal periodicals in the Sunshine Integrity Community with the theme of integrity publicity and education. Periodicals centered around the hot news, anti-corruption policy, discipline inspection columns, alarm bells ringing and other modules, to create an atmosphere of integrity within the company and build a platform for the construction of integrity culture.
- In order to play the role of case warning and education, the Integrity Supervision Department of internally briefing on two cases of fraud, corruption and illegal cases, titled "case of discipline, case of regulation", combined with the case situation for analysis, so as to warn the company's cadres and employees to take the case as an example, to have an introspection, and to further build up the awareness of rules and the sense of integrity, and resolutely guard the ideological and moral line of defence to prevent corruption and moral degeneration.
- The Group's WeChat official account regularly publishes integrity-themed holiday push, and continuously pushes "integrity holiday" reminder information to employees to strictly prevent holiday corruption and keep integrity.
- Held two anti-corruption publicity and education activities: the online quiz activity of "Sailing with Integrity and Discipline" in conjunction with the 7-1 Party's Day; and the activity of "Honouring Integrity and Rejecting Corruption, You and I Walk Together" in conjunction with the 12-9 International Anti-corruption Day, to promote the staff to know, respect, honour and practise integrity, and to actively create a good atmosphere of cleanliness and righteousness.



Anti-Corruption Day themed activity

- **Enhancing integrity training**

The Group incorporates integrity training into the mandatory training for new employees, and new employees are required to complete the study and pass the examination before entering the probationary period for the regularization process, and the integrity training for new employees during the Reporting Period has achieved 100% coverage. The Group continues to conduct specialized education through online and offline training, and launches targeted integrity knowledge popularization and publicity for employees and cadres, enhancing the awareness of integrity among employees and convey the necessity of strict anti-corruption.

During the Reporting Period, the Group organised and conducted 6 thematic seminars on integrity, covering over 10,000 people, of which cadres participated in 3 seminars, covering over 200 people, to guide the Company's employees' ideological awareness of "not daring to, not being able to, and not wanting to become corrupt", to strengthen legal awareness, to deepen the employees' knowledge and understanding of the fight against corruption and to improve the staff's moral qualities by means of case analyses, interpretation of the law and handling of irregularities, etc., and to enhance employees' awareness of cleanliness, self-discipline and compliance.

Indicator		Data for 2024
Employee Anti-Corruption Training	Number of training sessions conducted	6
	Number of people covered	10,000+
	Hours of training	6
Board/Management Anti-Corruption Training	Number of training sessions conducted	3
	Number of people covered	200+
	Hours of training	3

2. WORKING WITH SUPPLY CHAIN PARTNERS

2.1 PRODUCT LIABILITY

With the brand positioning of "Digital Transformation Service Expert", the Group has been operating in a prudent and compliant manner and strictly abiding by the relevant national laws. During the year under review, the Group continued to strengthen product quality control, drive innovative research and development, and improve the intellectual property protection system. At the same time, the Group attached great importance to the protection of customers' information security, and built a stringent data security management mechanism, in order to provide high-quality and high-value digital services for customers, and to strive to become a reliable partner of customers.

During the Reporting Period, the Group has been ranked among the Top 100 in the “Global IT Services Market Share Ranking” published by Gartner for five consecutive years, with the latest ranking of 73rd for the current year. The honours and awards received by the Group include but are not limited to the following:

Awards

Selected as one of the top 100 enterprises by software and information technology service competitiveness in 2024 and ranked in the top 15

Awarded “40 Years of Contribution to China’s Software Industry” and “2023 Software Industry Application Leader”.

Digital Audit Platform 3.0 selected as “Typical Product of China’s Software Industry in 40 Years”.

AI Agent Scenario Case of “Ask” Series Awarded as “2023 Typical Exemplary Cases in Software Industry”

“Harmony Intelligent Water Conservancy Solution for Coordination of Flood Prevention, Drainage and Self-flowing Water” won the “2024 Digital Innovation Solution for Chinese Enterprises” award.

Harmony Eco-Tunnel Intelligent Solution Won the 2024 Road Tunnel “Four New Technologies” Key Promotion Achievement Award

Awarded “Outstanding Contributor to OpenHarmony Community” plaque

Awarded Huawei’s “HarmonyOS Development Service Provider” Pioneer Programme

Honoured with “2024 Harmony Eco-Development Service Provider Excellence Award

In China’s banking industry IT solutions in the payment and clearing field for many consecutive years to sit in the runner-up seat, channel management and risk management in third place, digital business class solutions, digital credit, open banking followed in fourth place.

Certified by International Software Testing Maturity Model Integration TMMi5.

During the Reporting Period, the Group had not been subject to any litigation against the Group’s products or material fines.

- **Strict control of product quality**

The Group strictly complies with the “Product Quality Law of the People’s Republic of China” and other relevant laws and regulations, systematically combs and optimises the business delivery process, focuses on solving the weak links in project delivery, and is committed to becoming an efficient supplier of quality resources, a guarantor of stable and high-quality deliveries, a co-creator and a strong defender of the entire product life cycle, an excellent controller of comprehensive costs, and a firm practitioner of internal control management. At present, the Group has successfully obtained ISO 9001 quality management system certification, CMMI2.0 L5 certification and the highest level of qualification for information system construction and service capability assessment – CS5 (the first batch), and its product development and project management capabilities are in the advanced echelon of the industry. During the year, the Group continued to improve the Managed Service

In the field of privacy protection, the Group has formulated the “Notice on the Establishment of the Working Group on Information and Network Security and Privacy Protection of the Company”, “Regulations on the Management of Information Confidentiality of Chinasoft International”, “General Outline of the Policy on the Protection of Personal Data/Privacy of Chinasoft International”, “Regulations on the Management of Emergency Response to the Incident of Personal Data Leakage of Chinasoft International” and “Regulations on the Rewards and Penalties for Information and Network Security and Privacy Protection of Chinasoft International” in order to specify the requirements for the confidentiality of the privacy of personal or customer data, continue to optimise the mechanism for handling data leakage, information security rewards and penalties for non-compliance, etc., and minimize the collection and retention of data.

<p>Notice on the Establishment of the Working Group on Information and Network Security and Privacy Protection of the Company</p>	<ul style="list-style-type: none"> – The Executive Committee is the highest decision-making body for information security, network security and personal privacy protection; – The Information and Network Security and Privacy Protection Working Group has been identified as the day-to-day support organization to support the Executive Committee in decision-making.
<p>Regulations on the Management of Information Confidentiality of Chinasoft International</p>	<ul style="list-style-type: none"> – Clarify the requirements for information confidentiality management, regulate the use of company, customer and related party information by employees, strengthen the protection of critical information assets, and promote the efficient flow and sharing of non-critical information assets.
<p>Regulations on Rewards and Penalties for Information and Network Security and Privacy Protection of Chinasoft International</p>	<ul style="list-style-type: none"> – Clarify the operational strategy for rewarding outstanding contributions and imposing penalties for non-compliance in the areas of information security, cybersecurity and privacy protection and strengthen enforcement.
<p>General Outline of the Policy on the Protection of Personal Data/Privacy of Chinasoft International</p>	<ul style="list-style-type: none"> – Specify the scope of data protection to include customers’ personal data/privacy, employees’ personal data/privacy, and specifically the full range of data and privacy information generated by or involved in all business processes; – Specify the Company’s authority to provide individuals with control over data, including notification of data subjects, data subjects’ choice and consent, data collection/use/retention and disposal, disclosure to third parties, cross-border transfers of personal data, and data subjects’ right of access; – Provide for regulatory requirements that minimize data collection and retention in all scenarios, while clarifying the tiered review and approval process.

Regulations on the Management of Emergency Response to the Incidents of Chinasoft International's Personal Data Leakage	<ul style="list-style-type: none"> – Emergency drills: Carry out emergency response training and exercise at least once a year, and organise the participation of relevant internal personnel to ensure that they are familiar with their job responsibilities and master emergency response strategies and procedures; – Response measures: Upon learning of a personal data/privacy protection violation, the Group will promptly organize an internal investigation, assess the severity of the incident, take remedial measures, and notify the regulator and stakeholders within the statutory timeframe upon completion of the process.
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During the Reporting Period, the Group was not imposed of any penalty by regulatory authorities as a result of breaching of the laws and regulations related to personal data and privacy protection. There was no significant event in relation to information security leaks and network security. The Group adopted a number of measures to protect the information security and privacy of customers, including:

- **Improvement of systems:** Continuously improve the information security, network security and privacy protection process system, and pass ISO 27001 certification (including external audit of information security system and system software) and ISO 22301 certification (including information security type business continuity management content).
- **Clarify responsibilities:** Integrate the information security management responsibilities of each functional department and business group line, continuously expand the information security system to the grass-roots information security organisations, and unimpeded the circulation of the information security system.
- **Strengthening information security awareness:** The course “Information Security Network Security and Privacy Protection” is a mandatory test for all employees, and employees are required to sign the “Information Security Internal Control Compliance and Zero Violation Commitment”.
- **Iterative system:** Continuously iterate the industry's data security software system and self-developed information security control tools, and gradually extend the mature technical solutions to finance, personnel, operations, human resources, recruitment, the Executive Committee Office and other departments, so as to achieve all-around and refined control of key information assets, key nodes of activities and key personnel.
- **Risk identification:** With compliance as the bottom line, identify information security, network security, and privacy protection risks in business activities, and formulate control measures and solutions/emergency plans.

- **Access control:** Establish access control and personal/sensitive data protection mechanism to restrict information access from business process and authority; relocate external mapping servers to DMZ server area, grant minimized access policy on demand, and improve server security; continuously strengthen network isolation, operating system configuration and security control, encryption policy and key management, password management, etc.
- **Reinforce IT network:** Enhance the ability to locate and trace network security problems, track network security risk dynamics and conduct network security attack and defense drills; reinforce security isolation of office network, prohibit inter-access between network segments, and prevent the expansion of horizontal attacks.
- **Regular security checks:** special inspections of networks and office environments are carried out to avoid loopholes in process approvals caused by cross-duty or non-separation of duties; gateway equipment in various places is cross-audited to see if it is configured in accordance with the security baseline, and timely corrections are made in response to problems identified by the audits, so as to ensure that the requirements of the security baseline are met; and external auditors are hired annually to carry out information security audits.

More than 80% of the enterprises within the business scope of the Group's entities have obtained ISO27001 information security management system certification; domestic and overseas business development entities have obtained ISO27701 privacy information security management system certification, PIPA personal information protection management system certification, DCMM data management capability maturity-party b robust level certification, and quantitative management level certification of data management service provider capability maturity.

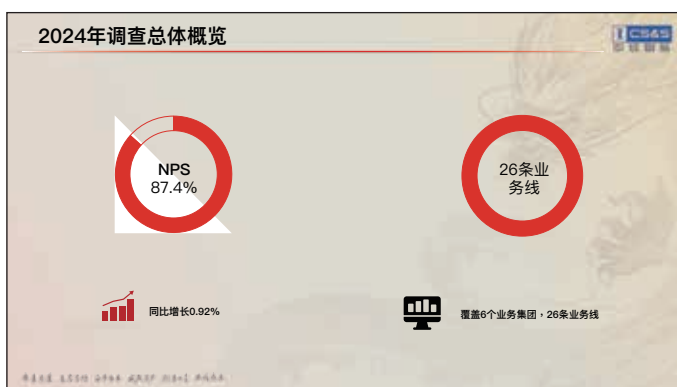
- **Optimising customer service**

The company has always regarded the enhancement of customer satisfaction as the core objective of customer service, and is committed to responding to and solving customers' problems promptly. In order to better grasp the needs of our customers and strengthen communication between both parties, we have taken the following measures:

- **Continuous opening of the official consultation platform:** Through the official consulting telephone number, we continue to accept customer business consulting and complaint matters to enhance customer satisfaction.
- **Strengthening daily visits and communication:** Adopting a two-pronged approach of "daily visits + centralised customer satisfaction surveys" to complement each other and ensure comprehensive coverage.

- **Optimise the complaint handling mechanism:** accurately identify risky customers based on customer profiling, and continuously optimise the problem response and complaint handling mechanism to ensure that customer problems are resolved in a timely and effective manner, and to avoid the backlog or deterioration of problems.
- **Optimise the VOC management function of the PIMS system:** achieve end-to-end management from problem entry, review and handling to problem closure and secondary assessment, ensuring that problems or claims during and after product or service delivery can be responded to quickly and handled properly.
- **Optimise the communication mechanism and customer satisfaction application management mechanism:** Define a hierarchical communication mechanism, implement a personalised service plan of “one customer, one strategy”, and solidify key workflows; strengthen the importance of management at all levels to customer voice management, ensure that supervisors at all levels continue to pay attention to customer feedback and respond to it efficiently, so as to comprehensively improve the efficiency of customer satisfaction management.

During the year, the NPS net recommendation value was 87.4%, an increase of 0.92% year-on-year, and the NPS net recommendation value has tended to be relatively stable. In the past three years, the proportion of recommenders has been rising year by year, the proportion of passives has been decreasing year by year, and the depreciators are mostly caused by the dissatisfaction of the customer in the process triggered by individual problems. In the recycling sample set, other customer groups accounted for only 21.6%, and the proportion is gradually expanding, up 32.2% year-on-year.



Indicator	Data for 2024
Customer Suggestions (cases)	197
Handling Rate of Customer Suggestion (%)	90

- **Encouragement of R&D innovation**

The Group continues to encourage innovation in research and development. With the guidance of “incentivising for job duties and awarding for project results”, the Group has established a project manager job contribution award incentive system to guide project managers to follow the Group’s standardised operating procedures strictly, to fully mobilise their motivation and initiative, to inspire them to lead their teams to pursue outstanding project delivery results, and to achieve personal career growth and enhancement of their capabilities while creating higher business value. During the Reporting Period, the preliminary draft of the Company’s R&D Management Measures was prepared to further standardise the R&D processes and standards. Meanwhile, the Company continued to increase its investment in R&D, with an investment of RMB906.27 million in R&D funds, and encouraged all staff to use AI and improve work efficiency through AI. A total of 9 project managers received the AI Practice Innovation Award.

The Group actively encourages members of the project team to engage in project delivery in key areas such as energy, water treatment and environmental protection, to enhance energy utilisation efficiency with the help of advanced IT technologies, and to explore and create new economic growth points. During the Reporting Period, the Group successfully integrated clean technology innovation in the energy and environment industry with information system innovation, launching a low-carbon smart park solution to help it realise precise control of carbon emissions through digital technology and promote green development of the park.

- **Building a strong barrier to intellectual property protection**

The Group regards the protection of intellectual property rights as an important cornerstone of enterprise development. In accordance with the Copyright Law of the People’s Republic of China, Patent Law of the People’s Republic of China, Trademark Law of the People’s Republic of China, Advertising Law of the People’s Republic of China and other laws and regulations, the Group improves the enterprise qualification management system, focuses on the enhancement of the system management capacity and industry expansion, promotes intellectual property innovation, strengthens the protection measures, and builds a full-process protection to facilitate the innovative development of enterprises. During the Reporting Period, the Group mainly carried out the following initiatives to enhance employees’ awareness of intellectual property protection and strengthen the intellectual property management process:

- Optimise the process of qualification management, make full use of qualification application IT, improve the efficiency of qualification work and enhance the effectiveness of qualification.
- Enhance industry system management capabilities by gaining a deeper understanding of the business area and following industry management system standards.
- Develop and teach courses on intellectual property protection to strengthen employees’ awareness of intellectual property protection and enhance their motivation for invention and creation.

During the Reporting Period, the Group received a total of 304 copyright certificates for computer software from the National Copyright Administration of China, as well as 7 invention patents, 9 trademarks and 31 enterprise qualification certificates.

2.2 SUSTAINABLE SUPPLY CHAIN

The Group strictly complies with the “Bidding Law of the People’s Republic of China” in carrying out procurement activities. Through the “Measures for the Management of Procurement and Tendering of the Company”, the Group has clearly defined the management requirements for the access of suppliers, the management of the procurement process, the assessment of suppliers, and the withdrawal of suppliers to ensure that the procurement process is lawful, compliant and reasonable. Clear and strict management specifications have been formulated for key aspects such as supplier admission, procurement process control, supplier assessment and supplier withdrawal mechanism to ensure that the entire procurement process is in strict compliance with laws and regulations.

In addition, the Group takes into full consideration the elements of energy conservation and environmental protection from the perspective of the entire life cycle of products, actively promotes the concept of green procurement, works closely with upstream and downstream partners, and jointly undertakes social responsibilities such as environmental protection, energy conservation and emission reduction, to build a highly efficient and environmentally friendly green supply chain system, and to promote the sustainable development of the industry.

- **Supplier Management**

The Group establishes and continuously improves the whole life cycle management process of suppliers:

Supplier access	<ul style="list-style-type: none"> – The Group conducts a comprehensive assessment of suppliers in terms of corporate credentials, business reputation, quality assurance and contract fulfillment capability before the suppliers are admitted to the Group. – In accordance with the relevant provisions of the “Regulations Governing Purchases and Tenders of the Company”, the Group selects suppliers by means of bidding (invitation), competitive negotiation, price comparison and single-source negotiation according to different types and amounts of purchases.
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Supplier Assessment	– The Procurement Department, in collaboration with relevant departments, annually evaluates the partners of the supplier database in terms of quality, delivery time, price and service; for suppliers with a total score of less than 80 (excluding 80) in the annual assessment, the Procurement Department will conduct tracking and evaluation of their improvement effects, and re-assessment if necessary, and cancel the qualification of their supplier qualification in the event of slow improvement or non-improvement.
Supplier withdrawal	– If the supplier's quality score is less than 25 points, the Procurement Department will put the supplier on the black list and record the reasons for elimination for review.

Supplier Data Disclosure

Indicator	Data for 2024
Total number of suppliers	618
Number of suppliers by region – North China	227
Number of suppliers by region – South China	130
Number of suppliers by region – Eastern China	98
Number of suppliers by region – Northwest China	69
Number of suppliers by region – Central China	55
Number of suppliers by region – Overseas	20
Number of suppliers by region – Southwest China	19

- **Supply Chain Environmental and Social Risk Management**

The Group attaches great importance to the fulfilment of the environmental and social responsibilities of its suppliers, optimises the supply chain sustainability governance structure, continuously improves the sustainable supply chain policy, strictly controls the significant environmental and social risks of its suppliers, actively practices sustainable supply chain management initiatives, and constructs a multi-disciplinary and eco-friendly digital financial system through the infiltration and propagation of environmental protection concepts.

Supply Chain Sustainability Governance Framework

The Group has set up a Supply Chain Sustainability Management Team under the Procurement Department to screen and develop ESG-compliant supplier resources, assess the environmental impact of suppliers' production processes, pay attention to suppliers' social performance such as employee rights and interests protection and community participation, monitor labour compliance, promote community-friendly cooperation, and proactively provide suppliers with professional advice on improvement.

Improving sustainable supply chain policies

<p>Environmental aspects</p>	<p>For suppliers, they are required to set a clear carbon reduction path, actively promote the use of clean energy, strictly supervise the waste disposal process, and are encouraged to carry out waste recycling projects, and for those with outstanding results, priority to cooperation opportunities will be given.</p> <p>For channel partners, the adoption of electric vehicles or low-emission transport means is advocated in the logistics and distribution chain, and the Group assists in optimising distribution routes to reduce energy consumption.</p> <p>In the area of warehousing, we promote energy-saving renovation of warehouse facilities to ensure that the energy consumption per unit of storage area decreases year by year.</p>
<p>social level</p>	<p>For suppliers, they are required to strictly comply with local labour laws and regulations, and actively provide skills training to promote the career development of their employees. At the same time, we have established a complaint channel for suppliers' employees, and the company makes regular visits to ensure that labour disputes can be resolved in a timely and appropriate manner.</p> <p>For channel partners, attention is paid to their social influence in the end market. Partners are required to follow the principle of fair competition in the process of sales promotion and to put an end to false propaganda, commercial fraud and other undesirable behaviours.</p>

Supply Chain ESG Risk Identification and Control

The Group is subdivided into supply chain segments and conducts a comprehensive sorting of each node, including raw material procurement, production and processing, product transportation, warehousing and distribution. For each node, we identify possible significant environmental and social risks through data collection, field research and communication with suppliers, and require selected suppliers to sign a corporate social responsibility commitment, and strengthen regular management to achieve whole-process monitoring.

Through the establishment of a risk information database, we use a combination of qualitative and quantitative methods to assess the impact of suppliers' ESG risks on the company's business operations, update the risk dynamics of each node in real time, and regularly compare with industry benchmarks to check for deficiencies and ensure that the risk identification is comprehensive and timely.

In order to strengthen the qualification audit, the Group encourages suppliers to obtain internationally recognised environmental management system certifications such as ISO 14001 (environmental management system certification), OHSAS 18001 or ISO 45001 (occupational health and safety management system certification), ISO 14025 Type III Environmental Labelling Certification, CQC Quality and Environmental Protection Product Certification, and so on, and gives priority to newly introduced suppliers. For newly introduced suppliers, priority will be given to enterprises that have been certified or are in the process of certification.

Raw material procurement node	Promote sustainable sourcing programmes in cooperation with suppliers, giving preference to raw materials from reliable and environmentally friendly sources, such as certified renewable materials.
process node	Once a year, we organise a field inspection team to inspect the operation of environmental protection facilities, labour intensity and safety of the factory based on the pre-established ESG audit checklist; we assist suppliers in implementing energy-saving and emission reduction technological transformation, and jointly set up environmental protection targets and evaluate them on a regular basis.
Product transport node	Pay attention to the carbon emissions of transport means and the potential disruption to communities caused by transport route planning, promote the use of new energy transport means to reduce carbon emissions, and pay attention to the work intensity and rest protection of transport personnel to ensure compliance with labour regulations.

- **Selection of Environmental Products and Services**

When selecting suppliers, the Group actively tilts its procurement budget towards environmentally friendly products, gives priority to suppliers of energy-saving and environmentally friendly products with official certifications, and regularly verifies and validates the environmental qualifications and green attributes of the suppliers' products to ensure that the environmental declarations provided by them are true and reliable. When signing procurement contracts with suppliers, environmental protection clauses are embedded to specify the environmental performance requirements of the products, such as stipulating the upper limit of energy consumption and the emission limit of hazardous substances during the use cycle of the products, etc. Suppliers are required to provide environmental protection test reports on a regular basis, and in the event of environmental protection failing to meet the targets, the Company has the right to take measures such as refusing to accept the goods, deducting the payment for the goods and terminating the co-operation. In addition, the Group continues to promote the "Digital Environmental Protection" policy by adopting online tendering as far as possible to reduce carbon emissions generated during travelling and to practice the concept of smart travelling.

3. ENVIRONMENTAL PROTECTION

The Group has always set environmental management targets in strict accordance with a series of laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the

As at the end of the Reporting Period, the Group had a total of 75,075 employees, distributed throughout the country and in various countries around the world; ethnic minority employees totalled 3,741, accounting for approximately 5% of the total number of employees; 458 employees with disabilities were employed, accounting for approximately 0.61% of the total number of employees; and 4,818 fresh graduates were absorbed during the year.

Disclosure of Employment Data

Indicator	Data for 2024
Total number of employees (persons)	75,075
Number of full-time employees (persons)	74,989
Number of part-time employees (persons)	86
Number of male employees (persons)	53,323
Number of female employees (persons)	21,752
Number of employees aged ≤30 (persons)	41,105
Number of employees aged 30 < age ≤ 50 (persons)	33,743
Number of employees aged >50 (persons)	227
Number of employees in Xi'an (persons)	13,815
Number of employees in Shenzhen (persons)	11,194
Number of employees in Shanghai (persons)	5,955
Number of employees in Nanjing (persons)	6,427
Number of employees in Beijing (persons)	7,165
Number of employees in Chengdu (persons)	3,423
Number of employees in Hangzhou (persons)	3,080
Number of employees in Wuhan (persons)	3,346
Number of employees in Dongguan (persons)	5,186
Number of employees in other areas (persons)	15,484
Employee turnover rate (%)	34
Male employee turnover (%)	34
Female employee turnover rate (%)	33
Turnover rate of employees aged ≤ 30 (%)	32
Turnover rate of employees aged 30 < age ≤ 50 years (%)	22
Turnover rate of employees aged >50 (%)	35
Employee turnover rate in Xi'an (%)	30
Employee turnover rate in Shenzhen (%)	36
Employee turnover rate in Shanghai (%)	32
Employee turnover rate in Nanjing (%)	30
Employee turnover rate in Beijing (%)	38
Employee turnover rate in Chengdu (%)	31
Employee turnover rate in Hangzhou (%)	46
Employee turnover rate in Wuhan (%)	29
Employee turnover rate in Dongguan (%)	24
Employee turnover rate in other areas (%)	36

Safeguarding legitimate rights and interests and improving employee cohesion

The Group has always regarded the protection of employees' rights and interests as a key element of corporate development, and has strictly complied with relevant provisions of the "Articles of Association of the Workers' Congress of Chinasoft International", and continues to improve internal systems such as the "Talent Incentive Management Outline", the "Remuneration Framework Management Measures" and the "Performance Management White Paper", to comprehensively safeguard the lawful rights and interests of its employees in terms of remuneration and benefits, labour rights and interests, and to build up a good working environment and corporate atmosphere.

To promote the organic integration of the personal growth of employees and the overall development of the Group, and to realise the synergy and common development of the Group and its employees. The Group has adopted various measures to protect the rights and interests of employees, including:

- Remuneration incentives
 - Optimise and improve the remuneration framework, improve the grading rules and harmonise the salary fixing criteria;
 - We formulate short-term and medium- and long-term incentive plans, design refined and differentiated remuneration structures based on factors such as job value evaluation, contribution to performance output, individual capabilities and special skills, ensure that remuneration packages match individual contributions, and fully mobilise the enthusiasm and creativity of all types of talents;
 - Establish a mechanism for recognising staff excellence and conduct annual merit assessment to recognise and motivate individuals and teams that have made outstanding contributions.
- Performance appraisal
 - Optimise and improve performance management, refine the performance evaluation process and rules, and clarify the specific impact of organisational performance results on the proportional distribution of cadre and employee performance;
 - Establish a mechanism for routine performance disclosure and strengthen performance communication and performance process management;
 - Continuously optimise the talent incentive and performance management work calendar, and promote the institutionalisation, process and calendarisation of pay and performance management.

- Time management
 - Flexible working system is implemented, with flexible office hours based on regional and business characteristics;
 - The use of time and attendance billboards to present staff attendance analysis data facilitates the business department to grasp the staff's working hours in a timely manner, and then scientifically and reasonably co-ordinate the staff's work tasks and rest periods to enhance the overall work efficiency;
 - It further strengthens the data interaction capability with the client's system and realises the synchronisation of employees' attendance data from the client's system to the Group's system, effectively simplifying the attendance management process.
- Holiday management
 - Improve the overtime compensation system and provide a convenient and efficient channel for holiday settlement;
 - Formulate and publish detailed annual leave arrangement notices in advance, accurately reach employees through multi-channels, and remind employees to reasonably arrange their leave;
 - Strictly implement the "Parental Leave" policy to ensure that employees are entitled to the relevant welfare leave in accordance with the law.

Chinasoft International "Annual Award of Excellence"

The Group strives to build a diversified and systematic incentive system, which is closely integrated with the existing remuneration system to achieve synergy and encourage all employees to "believe in their own power" and realise the "glory and dreams" of the Company and each employee. In terms of management mode, based on the organic combination of strategy-budget-performance at all levels of the organisation, we will further improve the end-to-end management mechanism. Focusing on the two major themes of "scale growth and continuous improvement of business quality", the Company recognised and incentivised outstanding teams and individuals who made outstanding contributions to key aspects of the Company in FY2024. This year's evaluation of excellence resulted in the selection of one CEO Special Award, four "Teams of Winning Battles", 5 "Warriors", 13 "Gold Medal Teams", 15 "Gold Medal Individuals", 400 "Outstanding Individuals" and 32 "Outstanding Teams", and multi-dimensional rewards such as cash, shares and prizes.

Emphasis on human rights protection and adherence to labour norms

The Group respects and protects the human rights of its employees and has established the “Child Labor and Underage Worker Control Procedures” to oppose any form of discrimination and harassment. The Group has set up procedural documents such as the “Control Procedures for Child and Underage Workers” and the “Prevention of Forced Labor Control Procedures” to prevent the use of child and forced labour. We have established channels for reporting and complaining about sexual harassment, including an official email address, our regional EHS officer, a reporting phone number and a geek platform, and we strictly keep the information of the parties concerned confidential to ensure a safe and healthy working environment for our employees. During the Reporting Period, the Group did not have any incidents of child labour and forced labour violations.

4.2 Support for staff development

The Group adheres to the people-oriented philosophy, establishes various career development channels for employees, and configures clear qualification systems and rich learning resources for each channel to support employees to give full play to their strengths and abilities, grow and achieve career goals in their own suitable career paths, accelerate the growth of talents, and provide a broad platform for the realisation of employees’ self-worth and the expansion of their careers.

This year, we have established a multi-channel job grade system for employee development, which includes 3 groups, namely management, professional and administrative, totalling more than 50 sub-channels and 15 promotion grades. In terms of management ability development, we carry out competency development programmes for managers at different levels from multiple perspectives and in a systematic manner, to enhance management concepts and skills, and to build a management team that is in line with the culture and values of Chinasoft International, and is capable of sustained leadership and development. In terms of professional competency development, we build learning maps, develop learning resources, and organise various learning methods such as lectures by experts, exchanges of journals, and training activities according to employees’ professional development paths and the competency requirements of their positions and grades, so as to promote the growth of employees’ professional competency. In terms of general ability cultivation, we organise activities such as professionalism, general vocational skills, learning enhancement and new employee training in accordance with the company’s development needs and employee ability growth requirements.

Management/leadership development training

Tactical training team	To help “new promotion”, “new entry” and “new post” three groups of new members to integrate quickly, cadres and members to achieve “faith, trust, trustworthiness”; as well as center around the “1 + 3 + base camp” business and %10 binding “training” to improve the members, and “war” to complete the rganizational tasks, to build up the “sharp knife - legion - base camp”structure.
EHS Training for Basic Supervisors	EHS management empowerment for HR system personnel and grassroots supervisors, sharing and guidance on EHS incident handling methods for specific cases; holding exams for key points, strengthening EHS risk management awareness and guidance on handling methods, and improving EHS incident handling ability.

Job-specific development training programmes

2024HR Rooted Engine Programme	Taking the qualification of HR sequence as the starting point, the talent development project is designed and built around the qualification requirements and the short board of competence identified in the post certification, aiming at improving the job competence of HR through systematic training, becoming the enabler of business and the promoter of strategy implementation by downward rooting, and becoming the engine of talent development and the facilitator of management change by upward growth.
Pre-sales special competence enhancement	The training, which was conducted in batches for all delivery cadres and sales, helped employees quickly understand the business related to Huawei’s 10% strategy, understand the urgency of the demand for new technologies and the Group’s strengths, and respond to customer scenarios to gain a head start in cooperation. Through a combination of special training and certification, the training greatly improved the pre-sales capabilities of cadres and sales staff in Harmony, data, AI, and other areas, and achieved key results in the real-world process, winning customer recognition in the direction of Harmony business.
Thousands of model engineers trained	Together with the industry’s top AI experts and scientists, combined with a wealth of industry cases and practices, the programme provides participants with systematic learning of big model theory, guidance on experimental operations and practical project development experience. Through this programme, the Group is committed to building a team of professional engineers who are highly skilled, innovative and able to respond quickly to the changing needs of the market. Up to now 102 employees have successfully obtained the authoritative HCCDP-AI certification, laying a solid foundation for participation in AI projects.

MetaERP Professional Competence Development	Through the five-day empowerment training, improve system familiarity and configuration proficiency, precipitate MetaERP “people, money, things, items” modules based on proofing scenarios to sort out the whole process of operation manuals and course materials, organise the project in the gold seeds of the team to carry out empowerment training to promote the growth of the professional ability of the staff.
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New Employee Training

In order to strengthen the foundation of talent development, the Group conducts new employee training for all new employees to help them understand the organisation, adapt to the environment and familiarise themselves with their positions in a shorter period of time, so as to enter their roles more quickly. The new employee training mainly includes departmental introduction, strategy introduction, main business introduction, as well as daily work-related systems and tools training, etc. It effectively guides new employees to deeply understand the organisational structure, strategic direction and business layout, and urges all employees to reach a high degree of consistency in organisational awareness, strategic objectives and business understanding, which helps employees enter the workplace in a better and faster manner, and truly realise synergy and advancement, thus bringing together a powerful force to promote the Group’s development. Gathering a strong synergy to promote the development of the Group.

Degree Education Programme

Through the formulation of scientific and reasonable degree education programmes, provision of policy support, organisation of implementation and evaluation of feedback, the Group has been gradually upgrading the knowledge structure of its cadres, broadening their mindset, enhancing their potential for management decision-making and strategic development, effectively upgrading the overall quality and professional competence of its cadres, and reserving for the Company human resources that are competitive in the marketplace and suitable for the Company’s strategic development.



2024 Commencement Degree Conferment Ceremony

Disclosure of Development and Training Data

Indicator	Data for 2024
Total training hours of employees (hours)	124,708
Average training hours of employees (hours/person)	1.7
Total training hours of male employees (hours)	88,575
Average training hours of male employees (hours/person)	1.7
Total training hours of female employees (hours)	36,132
Average training hours of female employees (hours/person)	1.7
Average training hours completed by senior management (hours/person)	1.6
Average training hours completed by intermediate management (hours/person)	1.8
Proportion of male employees trained (%)	95
Proportion of female employees trained (%)	95
Percentage of senior management trained (%)	100
Percentage of intermediate management trained (%)	100

4.3 Employee Care and Wellness

The Group upholds a high degree of concern for the occupational health and safety of its employees, strictly abides by “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”, the “Social Insurance Law of the People’s Republic of China” and other laws and regulations, pays attention to the occupational health and safety of its employees, and continues to strengthen the capability of corporate health management. In order to provide a healthy and safe office environment for its employees, the Group provided its employees with all-round care and protection, and actively carried out occupational health training to continuously enhance their sense of well-being and sense of belonging. During the Reporting Period, the Group further improved its internal management processes and the certification of ISO 45001 Occupational Health and Safety Management System continued to be effective.

Focusing on health and safety and improving the working environment

The Group always puts the physical and mental health and life safety of its employees in the first place, and continuously deepens the construction of its environment, health and safety (EHS) management system. Through systematic sorting and optimisation, a safe and healthy office environment has been created for employees. During the Reporting Period, the Group implemented various initiatives to safeguard the occupational health and safety of its employees:

- EHS Management: Achieve full coverage of EHS digital system, realise the four major functions of EHS information management, EHS risk control, EHS event control, EHS case database management, improve the management efficiency of EHS events and reduce safety risks; establish EHS risk personnel accounts, pay continuous attention to and cyclically manage the physical and mental health of relevant personnel.

- EHS training: set up an EHS empowerment theme month to carry out EHS empowerment training; invite psychologists to carry out mental health lectures, analyse the root causes of stress in the workplace, explain specific stress-relief techniques, and illustrate employees' mastery of psychological stress-relief skills through interactions, games, and other means.
- Physical Examination: In cooperation with a large physical examination centre, we offer preferential entry physical examination packages to new employees; we regularly organise free physical examinations for in-service employees to conduct a comprehensive "scanning" of their health status, and 747 employees in special positions have participated in occupational health check-ups on time; we offer preferential physical examination packages for family members of our employees to extend health benefits to the families of our employees to enhance the employees' sense of belonging and well-being in a comprehensive manner.
- Insurance: Make contribution to five insurances and one fund for current employees in accordance with the law; purchase supplementary medical, maternity, critical illness, accidental injury and other commercial insurance for employees who have served the Company for three years or more and have been confirmed by the department to have good performance, benefiting over 30,000 employees. Purchase customized supplementary commercial insurance for certain employees in special positions; provide preferential online purchase channels for supplemental commercial insurance to employees with less than three years of service experience, benefiting over 2,000 employees; provided employees with preferential purchase channels for children's commercial supplemental insurance, benefiting over 5,000 employees' children; and continued to optimize the online self-assisted claim and self-service insurance system for commercial insurance.
- Employee Psychological Assistance: In cooperation with a third party, we continuously operate the Employee Psychological Assistance Programme (EAP) care system, covering nearly 50,000 employees of the company, to understand the state of employees' mental health and enhance their sense of well-being by means of psychological assessment, a 24-hour psychological assistance hotline, psychological counselling, psychological training, long-term business trip assessment, outbound business trip assessment, and psychological assuring articles.
- Sunshine Heart Examination Activity: Evaluate the psychological quality, emotional stability, stress response, sleep quality and other parameters of in-service employees, identify potential psychological problems, improve the level of employees' mental health and work efficiency, and promote personal growth. Carrying out self-awareness and identification assessment of employees' mental health, employees can obtain a mental health examination report after completion, so as to understand their own psychological condition and make self-improvement in a timely manner.
- Health and Safety Month Activities: To create a harmonious and caring organisational atmosphere, enhance health and safety awareness, popularise safety knowledge and skills, and create a good environment for employees to work safely and healthily. At the same time, to create a learning lecture theatre, to consolidate the ability of grass-roots supervisors, standard actions to do standard, and to carry out health and safety month co-construction activities.

- Office environment and site safety and security: Regularly carry out site power and fire inspections, strictly verify the fire compliance of the office space, and ensure that the fire extinguishing facilities are intact and effective; pay close attention to the facilities and environmental hygiene of the office space, ensure the normal operation of the power, property, and office equipment, enhance the risk prevention and control capacity of site management, and create a comfortable office environment to meet the office needs of the staff.

Health and Safety Data Disclosure

Indicator	2022	2023	2024
No. of work-related fatalities (persons)	1	1	1
Ratio of work-related fatalities (%)	0.001	0.001	0.001
No. of working days lost due to work-related injuries (days)	840	1,055	1,494

Focus on employee care and enhance employee happiness

The Group continues to focus on the well-being of its employees, and actively creates a vibrant working atmosphere and strengthens the care and support for its employees in all aspects. The Group organised a variety of employee activities to enhance the sense of belonging and happiness of employees and to build a solid foundation of talents for the sound development of the enterprise. During the Reporting Period, the Group carried out the following initiatives to promote employee care:

- **Organisation Climate Survey:** In order to understand employees' satisfaction with the company and to enhance employees' dedication and team cohesion, the Group organises climate surveys and outputs survey reports, with an overall total of 386 teams and 35,272 participants in this year's survey.
- **Smooth employee voice management:** The Group is committed to tracing the root causes of problems and solving employee issues at the source. Through the establishment of diversified communication channels, such as the company's microblog, HRM mailboxes, executive mailboxes and other channels, we responded to the voices of employees in a timely manner. During the year, a total of four voice analysis reports were outputted to understand the background in a targeted manner and give suggestions for solutions; in order to further encourage the active participation of employees in the management of the company, we set up the "Punishment and Complaint Control Procedures" to give full play to the subjective initiative of the employees to promote the company's continuous progress together.
- **Holiday sympathy:** attach great importance to the humanistic care of employees, show care and condolences to employees in important festivals, improve employee cohesion and sense of belonging, and create a warm and harmonious corporate atmosphere.

Case: Festival activity series

The Group organised a series of activities for the Dragon Boat Festival, such as the “Hundred Barges Strive for Flow – Breaking Waves and Sprinting” and the “War Drums Sounding for Sprinting, Bright Moon Shining on the Journey”, and other colourful festive activities. The Group invited its employees to participate in the creation of slogans and posters around the themes of the Mid-Year Sprint, admiration of the traditional culture and praise of the team spirit, and distributed festive benefits to the employees.



Case: Summer daycare & yoga classes

In order to effectively play the role of trade unions as “servers of the employees”, solve the problems of “urgency, difficulty, worry and hope” of employees, and do a good job of caring as the employees’ “mother’s family”, the Nanjing Trade Union of Chinasoft International, in conjunction with the park’s trade unions, opened the 2024 summer employees’ children’s daycare class, which hosted more than 30 children of the employees, and also opened the Yoga class on every Wednesday night, which was participated in by more than 40 employees.



Case: Sending coolness in summer and warmth in winter

The Group launched the “Summer Cooling” campaign in August 2024 to serve frontline staff in Nanjing and other places to stimulate staff motivation, care for staff life and enhance the Group’s cohesion and centripetal force.



Case: The Chinese Valentine's Day dating event

In order to enrich the leisure time of single youths and build a civilised, healthy and harmonious dating platform, on the occasion of the Chinese traditional Valentine's Day, the trade union of Chinasoft International in Nanjing, together with the trade unions of several other enterprises and institutions, carried out the "Hand-in-Hand Friendship" Youth Friendship Activity, which was participated by more than 160 young single employees, who exchanged views with each other, made friends and made a connection in the activity.

On the day of the event, the atmosphere was warm and the participants were enthusiastic. The organisers carefully designed a number of interactive sessions, including activities such as "Meeting Love Around the Corner", "The Magic of Love Goes Round and Round", "Porters Searching for Love", and "If You Are the One", to promote exchanges and understandings among young singles, and to allow participants to show themselves and discover each other's sparkling points in a relaxing environment, which demonstrated the company's concern and support for the issue of young people's love and marriage.



Case: Helping the needy employees

The Group provides warmth and care to employees in difficulties, helps employees in difficulties to solve their problems and provides timely emergency assistance to employees with sudden and temporary difficulties. In December 2024, the Group actively raised funds for the sick employees of FBG's North China business line, and a total of RMB60,000 was donated by the Group's employees.

5. COMMUNITY INVESTMENT

The Group has continued to fulfil its corporate social responsibility by actively responding to the diversified needs of the society and encouraging its employees to participate in voluntary service activities, so as to contribute to the realisation of common prosperity and the building of a better society. During the Reporting Period, the Group planned and organised a series of public welfare activities in a rich variety of forms, including blood donation, community care services for the elderly and children, visiting party members in difficulty and environmental beautification, etc. These voluntary activities conveyed love to all corners of the society, demonstrated the spirit of commitment of the employees of the Company, and promoted the concept of voluntary service.

Case: Voluntary Action of Caring the Elderly and Children

In January 2024, in Xi'an we carried out the activity of "Volunteering Enterprises, Sending Warmth in Winter", organising Party members to visit the people in difficulty in Qinzhong Village, Qindu Street, Xi'an City, sending them living materials and supplies to keep out the cold, talking with them attentively, carrying out cold and freezing prevention propaganda, reminding them to take good care of themselves, paying attention to travel safety as well as keeping out the cold, and encouraging them to be positive and optimistic in facing the difficulties. In Chengdu, we organised Party members to visit Chengdu Children's Welfare Institution to show their sympathy and care for the children, so that the children in the institution are well protected in four aspects: raising, teaching, treatment and recreation.



Case: helping to beautify the environment

In March 2024, we organised party volunteers in Nanjing to participate in the environmental improvement of the scenic areas. We used our weekend break to carry out a “rectification” to the scenic area and the surrounding environment, remove the rubbish from the road surface and in the flower beds, placing the indiscriminately parked shared bicycles and electric vehicles one by one in the prescribed area, stopping uncivilised behaviour in a timely

KEY AUDIT MATTERS – CONTINUED

Key audit matter

Goodwill impairment assessment

We have identified goodwill impairment assessment as a key audit matter because determining the recoverable amount of the relevant cash-generating units (or group of cash-generating units) to which goodwill has been allocated, requires a significant degree of management judgement and may be subject to management bias.

The determination of whether goodwill is impaired requires management to make significant estimates such as the discount rates, forecasts of future revenue growth rates and gross margins based on management's view of future business prospects.

Details of goodwill and the corresponding key estimation uncertainty on its impairment assessment are disclosed in notes 17 and 4 to the consolidated financial statements, respectively.

How our audit addressed the key audit matter

Our procedures in relation to goodwill impairment assessment included:

- Assessing the valuation methodology;
- Challenging the appropriateness of the significant estimates used, including specifically future revenue growth rates and gross margins used in the impairment testing model based on our knowledge on the business and industry;
- Performing retrospective review on significant estimates used; and
- Performing an independent assessment of the discount rates used in the impairment testing model, including developing a range of independent estimates and comparing those to the discount rates selected by management, with the assistance of our internal specialists.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is To Kim Lai, Ricky.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 March 2025

152 Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	5	16,950,733	17,116,894
Cost of sales and services		(13,209,231)	(13,113,818)
Gross profit		3,741,502	4,003,076
Other income	6	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	7	(273,855)	(117,313)
Impairment loss on investment accounted for using the equity method	18	(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	8	(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	9	(56,951)	(21,280)
Profit for the year	10	511,145	712,667

Consolidated Statement of Profit or Loss and Other Comprehensive Income 153

For the year ended 31 December 2024

	NOTE	2024 RMB'000	2023 RMB'000
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	13	RMB0.2001	RMB0.2588
Diluted		RMB0.1923	RMB0.2506

154 Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	14	1,341,755	1,150,858
Right-of-use assets	15	722,936	320,273
Intangible assets	16	377,431	336,136
Goodwill	17	843,654	843,654
Investments accounted for using the equity method	18	445,327	428,906
Financial assets at fair value	19	503,553	282,686
Derivative financial assets	39	–	28,988
Other receivables	21	5,584	6,562
Term deposits	26	1,384,000	704,000
Pledged bank deposits	26	15,655	17,970
Deferred tax assets	30	2,166	2,308
		5,642,061	4,122,341
Current assets			
Inventories	20	61,297	96,182
Trade and other receivables	21	6,458,917	6,091,897
Bills receivable	23	73,205	74,545
Contract assets	24	2,292,057	2,091,903
Financial assets at fair value	19	401,007	100,000
Derivative financial assets	39	5,441	11,325
Amounts due from related companies	25	150,845	112,806
Term deposits	26	129,240	556,641
Pledged bank deposits	26	87,258	21,920
Bank balances and cash	26	3,130,989	3,788,110
		12,790,256	12,945,329
Current liabilities			
Trade and other payables	27	1,976,013	1,662,706
Bills payable	23	52,233	3,364
Lease liabilities	28	103,713	114,663
Contract liabilities	29	136,119	254,421
Amounts due to related companies	25	29,791	29,464
Taxation payable		164,543	162,819
Borrowings	31	3,640,752	734,773
		6,103,164	2,962,210
Net current assets		6,687,092	9,983,119
Total assets less current liabilities		12,329,153	14,105,460

Consolidated Statement of Financial Position 155

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities	30	25,482	10,667
Lease liabilities	28	62,005	41,021
Borrowings	31	775,345	2,282,044
Derivative financial liabilities	39	27,827	4,968
		890,659	2,338,700
		11,438,494	11,766,760
Capital and reserves			
Share capital	32	123,434	133,029
Share premium	33	4,435,962	5,474,719
Treasury shares	41	(991,060)	(1,114,363)
Reserves	33	7,847,639	7,249,076
Equity attributable to owners of the Company		11,415,975	11,742,461
Non-controlling interests		22,519	24,299
Total equity		11,438,494	11,766,760

The consolidated financial statements on pages 152 to 251 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Dr. Chen Yuhong
DIRECTOR

Dr. Tang Zhenming
DIRECTOR

Attributable to the owners of the Company

	Share capital RMB'000	Share premium RMB'000 (note 33)	Treasury shares RMB'000	Other reserves RMB'000 (note 33)	Fair value through other comprehensive income reserve RMB'000	Translation reserve RMB'000	Equity-settled share-based payment reserve RMB'000	General reserve fund RMB'000 (note 33)	Statutory enterprise expansion fund RMB'000 (note 33)	Statutory surplus reserve fund RMB'000 (note 33)	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	136,837	6,013,911	(538,555)	(122,769)	(13,834)	(17,956)	262,839	15,733	26,749	314,075	6,032,675	12,109,765	25,026	12,134,791
Profit for the year	-	-	-	-	-	-	-	-	-	-	713,394	713,394	(727)	712,667
Other comprehensive expense for the year	-	-	-	-	-	(6,181)	-	-	-	-	-	(6,181)	-	(6,181)
Total comprehensive income (expense) for the year	-	-	-	-	-	(6,181)	-	-	-	-	713,394	707,213	(727)	706,486
Issue of ordinary shares upon exercise of share options	31	4,713	-	-	-	-	(1,180)	-	-	-	-	3,564	-	3,564
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	118,688	-	-	-	-	118,688	-	118,688
Repurchase of shares	-	-	(388,737)	-	-	-	-	-	-	-	-	(388,737)	-	(388,737)
Cancellation of shares repurchased	(3,639)	(394,888)	388,737	-	-	-	-	-	-	-	-	-	-	-
Share options expired	-	-	-	-	-	-	(38,630)	-	-	-	38,630	-	-	-
Vesting of award shares	-	(10,671)	83,888	-	-	-	(73,217)	-	-	-	(41,620)	-	-	-
Appropriations	-	-	-	-	-	-	-	-	41,620	-	-	(138,336)	-	(138,336)
Dividends paid to ordinary shareholders (Note 12)	-	(138,336)	-	-	-	-	-	-	-	-	-	(138,336)	-	(138,336)
Purchase of shares under share award scheme	-	-	(659,696)	-	-	-	-	-	-	-	-	(659,696)	-	(659,696)
At 31 December 2023	133,029	5,474,719	(1,114,366)	(122,769)	(13,834)	(24,137)	269,500	15,733	26,749	355,685	6,743,079	11,742,461	24,299	11,766,760
Profit for the year	-	-	-	-	-	-	-	-	-	-	512,925	512,925	(1,780)	511,145
Other comprehensive expense for the year	-	-	-	-	-	(8,472)	-	-	-	-	-	(8,472)	-	(8,472)
Total comprehensive income (expense) for the year	-	-	-	-	-	(8,472)	-	-	-	-	512,925	504,453	(1,780)	502,673
Recognition of equity-settled share-based payment expenses	-	-	-	-	-	-	203,865	-	-	-	-	203,865	-	203,865
Repurchase of shares	(9,595)	(834,526)	844,121	-	-	-	-	-	-	-	-	(844,121)	-	(844,121)
Cancellation of shares repurchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share options expired	-	-	-	-	-	-	(59,171)	-	-	-	59,171	-	-	-
Vesting of award shares	-	(13,548)	123,303	-	-	-	(103,755)	-	-	-	(41,426)	-	-	-
Appropriations	-	-	-	-	-	-	-	-	41,426	-	-	(190,683)	-	(190,683)
Dividends paid to ordinary shareholders (Note 12)	-	(190,683)	-	-	-	-	-	-	-	-	-	(190,683)	-	(190,683)
At 31 December 2024	123,454	4,435,962	(981,060)	(122,769)	(13,834)	(32,609)	300,439	15,733	26,749	397,121	7,273,749	11,766,760	-	11,766,760

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 – continued

(i) Significant increase in credit risk – continued

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). This definition of default is selected as it is consistent with the Group's internal credit risk management purposes that cover both quantitative and qualitative information.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 – continued

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 – continued

(v) Measurement and recognition of ECL – continued

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the ‘other gains or losses’ line item as part of the net foreign exchange gains/(losses);
- For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the ‘other gains or losses’ line item as part of the gain/(loss) from changes in fair value of financial assets.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

When the shares of the Company are purchased and held under the Company’s share award scheme, the consideration paid by the Company, including any directly attributable incremental costs, is deducted from equity as treasury shares until the shares are cancelled or reissued.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity – continued

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 Business Combinations applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bills payable, amounts due to related companies, and borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – CONTINUED

3.2 Material accounting policy information – continued

Foreign currencies

35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Liquidity tables

	Weighted average interest rate %	On demand or less than 6 months RMB'000	Over 6 months but not more than 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2024 RMB'000
2024							
Non-derivative financial liabilities							
Trade and other payables		975,003	–	–	–	975,003	975,003
Bills payable		52,233	–	–	–	52,233	52,233
Amounts due to related companies		29,276	–	–	–	29,276	29,276
Borrowings	0.55-2.60/ HIBOR+1.3%	2,315,479	1,421,025	20,248	851,447	4,608,199	4,416,097
Leases liabilities	4.14	56,864	48,139	48,457	20,136	173,596	165,718
		<u>3,428,855</u>	<u>1,469,164</u>	<u>68,705</u>	<u>871,583</u>	<u>5,838,307</u>	<u>5,638,327</u>
Derivative financial liabilities							
Redemption obligation		–	–	37,083	–	37,083	27,827
		<u>–</u>	<u>–</u>	<u>37,083</u>	<u>–</u>	<u>37,083</u>	<u>27,827</u>

35. FINANCIAL INSTRUMENTS – CONTINUED

Financial risk management objectives and policies – continued

Liquidity tables – continued

	Weighted average interest rate %	On demand or less than 6 months RMB'000	Over 6 months but not more than 1 year RMB'000	1-2 years RMB'000	Over 2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2023 RMB'000
2023							
Non-derivative financial liabilities							
Trade and other payables		687,560	–	–	–	687,560	687,560
Bills payable		3,364	–	–	–	3,364	3,364
Amounts due to related companies		29,464	–	–	–	29,464	29,464
Borrowings	2.19-2.55/ HIBOR+1.3%	398,333	388,894	2,380,404	–	3,167,631	3,016,817
Leases liabilities	4.22	67,323	49,256	37,437	8,083	162,099	155,684
		1,186,044	438,150	2,417,841	8,083	4,050,118	3,892,889

Interest rate benchmark reform

While the Hong Kong Dollar Overnight Index Average (“HONIA”) has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist. The Group’s bank loans linked to HIBOR will continue till maturity and hence, not subject to transition.

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) **Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)
	2024 RMB'000	2023 RMB'000			
Financial assets					
Wealth management products issued by banks classified as financial assets at FVTPL	–	100,000	Level 2	Discounted cash flow method, future cash flows are estimated based on contractual terms of the wealth management products and discounted at a rate that reflects the credit risk of the counterparties	N/A
Investment in the fund linked notes classified as financial assets at FVTPL	401,007	–	Level 2	Net asset value of the financial product determined by net value of its underlying listed investments	N/A
Unlisted investment funds at FVTPL	198,788	134,051	Level 3	Net asset value of the fund, principally determined by net asset value of its underlying private investments	Net asset value (Note a)
Unlisted equity investments at FVTPL	81,576	58,635	Level 2	Recent transaction price	N/A
Unlisted equity investments at FVTPL	95,000	–	Level 3	Recent transaction price and back-solve method	Excepted volatility (Note b)

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – CONTINUED

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis – continued

	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key input(s)	Significant unobservable input(s)
	2024 RMB'000	2023 RMB'000			
Financial assets – continued					
Investment in shares with preferential rights at FVTPL	5,189	90,000	Level 2	Recent transaction price	N/A
	123,000	–	Level 3	Market approach valuation	DLOM (Note c)
Derivative financial assets	5,441	40,313	Level 2	Discounted cash flow method, future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Financial liabilities					
Derivative financial liabilities	–	4,968	Level 3	Black Scholes Merton model	Expected volatility (Note d)
Derivative financial liabilities	27,827	–	Level 3	Probability weighted valuation approach	Probability of certain event (Note e)

Notes:

- a. The significant unobservable input is the net assets value of the underlying private investments made by the unlisted funds. The higher the net assets value of the underlying investments, the higher the fair value of the financial assets at FVTPL will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variables constant, would increase/decrease the carrying amounts of these investments by RMB9,939,000 at 31 December 2024 (31 December 2023: RMB6,703,000).

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – CONTINUED

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis – continued

Notes: – continued

- b. A slight increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the unlisted equity investments, and vice versa. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the unlisted equity investments by RMB1,000,000 at 31 December 2024.
- c. A slight increase in the expected DLOM used in isolation would result in a decrease in the fair value measurement of the investment in shares with preferential rights, and vice versa. A 5% increase in the expected DLOM holding all other variables constant would decrease the carrying amount of the unlisted equity investments by RMB7,000,000 at 31 December 2024.
- d. A slight increase in the expected volatility used in isolation would result in an increase in the fair value measurement of the derivative financial liabilities, and vice versa. A 5% increase in the expected volatility holding all other variables constant would increase the carrying amount of the derivative financial liabilities by nil at 31 December 2024 (31 December 2023: RMB643,000).
- e. A slight increase in the probability of certain event to happen used in isolation would result in an increase in the fair value measurement of the derivative financial liabilities, and vice versa. A 5% increase in the probability of certain event to happen holding all other variables constant would increase the carrying amount of the derivative financial liabilities by RMB2,318,000 at 31 December 2024.

36. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – CONTINUED

(ii) Reconciliation of level 3 fair value measurements:

	Unlisted investment funds at FVTPL RMB'000	Investment in shares with preferential rights RMB'000	Unlisted equity investments RMB'000
At 1 January 2023	111,360	–	–
Addition	20,000	–	–
Changes in fair value	2,691	–	–
Balance at 31 December 2023	134,051	–	–
Capital contribution	43,154	20,000	80,000
Transfer from Level 2	–	90,000	–
Changes in fair value	21,583	13,000	15,000
Balance at December 31, 2024	198,788	123,000	95,000

	Financial liabilities at fair value RMB'000
At 1 January 2023	19,992
Changes in fair value	1,257
Settlement	(16,281)
Balance at 31 December 2023	4,968
Changes in fair value	27,827
Settlement	(4,968)
Balance at 31 December 2024	27,827

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost recognised in the consolidated financial statements approximate their fair values.

37. DISPOSAL OF A SUBSIDIARY/BUSINESS

In June 2023, the Group entered into a sale agreement to dispose of its 100% equity interest in Chinasoft Interfusion Inc. (“CSIUS”). The purpose of the disposal is to release resources for the expansion of the Group’s other businesses. The disposal was completed on 30 June 2023, on which date the Group lost control of CSIUS. The net assets of CSIUS at the date of disposal were as follows:

Consideration received:

	RMB'000
Cash received	126
Deferred cash consideration	<u>2,403</u>
Total consideration	<u>2,529</u>

Analysis of assets and liabilities over which control was lost:

Trade and other receivables	36,587
Bank balances and cash	28,128
Right-of-use assets	1,687
Property, plant and equipment	670
Trade and other payables	(61,479)
Other liabilities	<u>(3,057)</u>
Net assets disposed of	<u>2,536</u>

37. DISPOSAL OF A SUBSIDIARY/BUSINESS – CONTINUED**Gain on disposal of a subsidiary:**

	RMB'000
Consideration received and receivable	2,529
Net assets disposed of	(2,536)
Reclassification of cumulative translation reserve upon disposal of CSIUS to profit or loss	<u>1,051</u>
Gain on disposal (included in other gains or losses)	<u>1,044</u>

Net cash outflow arising on disposal:

Cash consideration	126
Less: bank balances and cash disposed of	<u>(28,128)</u>
	<u>(28,002)</u>

In addition, in December 2023, the Group entered into a sale agreement to dispose part of its intelligent park business (as disclosed in note 19). The disposal was completed on 15 December 2023, on which date the Group lost control of such business. This transaction has resulted in the recognition of a gain on disposal of a business of RMB70,000,000, and is included in other gains or losses.

38. PLEDGE OF OR RESTRICTIONS ON ASSETS

At the end of 2024 and 2023, the Group pledged certain bank deposits and bills receivable to secure trade and loan facilities granted to the Group (see notes 26 and 31).

In addition, lease liabilities of RMB165,718,000 (2023: RMB155,684,000) are recognised with related right-of-use assets of RMB164,277,000 (2023: RMB150,273,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors and the relevant leased assets may not be used as security for borrowing purposes.

39. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	Current		Non-current	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Derivative financial assets				
Foreign currency forward contract (Note (i))	–	11,325	–	28,988
Cross currency swap contracts (Note (ii))	5,441	–	–	–

	Current		Non-current	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Derivative financial liabilities				
Written put option within the foreign currency forward transaction (Note (i))	–	–	–	4,968
Redemption obligation (Note (iii))	–	–	27,827	–

Note:

- (i) Foreign currency forward and written put option within the foreign currency forward transaction

In 2023, the Group entered into a foreign currency forward agreement with a bank. It includes five foreign exchange transactions to settle an aggregate notional amount of HK\$1,350,000,000 with specified strike rate on settlement date in RMB, of which notional amount of HK\$540,000,000 is with a written put option that the bank has the right not to settle with the specified strike rate if the expiry reference rate is greater than the strike rate. As at 31 December 2024, the Group had early terminated the foreign currency forward agreement and written put option.

31 December 2023

Notional amount	Maturity	Exchange rates
Buy HK\$67,500,000	14/06/2024	HK\$1: RMB0.8395
Buy HK\$135,000,000	16/12/2024	HK\$1: RMB0.8395
Buy HK\$202,500,000	16/06/2025	HK\$1: RMB0.8395
Buy HK\$405,000,000	12/12/2025	HK\$1: RMB0.8395
Buy HK\$540,000,000	12/12/2025	HK\$1: RMB0.8395

39. DERIVATIVE FINANCIAL ASSETS/LIABILITIES – CONTINUED

Note: – continued

- (ii) Cross currency swap contract

The major terms of the outstanding cross currency swap contracts at the end of the reporting period are as follows:

31 December 2024

Notional amounts	Commencement Date	Maturity	Contracted swap rate	Interest rates
Buy HK\$400,000,000	27/03/2024	15/12/2025	HK\$: RMB1:0.9179 HK\$ against RMB	From 3.04% per annum to 6.12% per annum

- (iii) Redemption obligation

In 2021, Chinasoft Beijing, a subsidiary of the Group, and other founding shareholders of its associate, pursuant to an agreement entered into with its associate and the new investors of the associate, agreed to redeem the interests of the new investors if the associate has not completed a qualified initial public offering on or prior to 31 December 2026. The redemption price shall be the sum of issuance price paid by the new investors plus accrued interest at simple rate of 8% per annum. The redemption obligation has been accounted for as a derivative financial liability measured at fair value.

40. CAPITAL COMMITMENTS

	2024 RMB'000	2023 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
– acquisition of property, plant and equipment	17,058	1,296
– construction of property, plant and equipment	438,150	540,795
	455,208	542,091

In addition, as at 31 December 2024, the Group committed to contribute further capital amounting to RMB269,767,000 (2023: RMB276,408,000) under the relevant agreements for its investments in entities accounted for using the equity method or measured at fair value.

41. SHARE-BASED PAYMENTS

Share option schemes

Pursuant to a resolution passed on 20 May 2013, the Company's first share option scheme which would be expired on 1 June 2013 was terminated and a new share option scheme (the "Share Option Scheme") was adopted.

Under the Share Option Scheme, the board of directors may grant options to eligible participants including the directors, full-time and part-time employees of the Company or any of its subsidiaries or associates, suppliers and customers of the Company or any of its subsidiaries or associates to subscribe for shares in the Company in accordance with the terms of the Share Option Scheme. An offer for the grant of options must be accepted within one month from the date of offer, and a consideration of HK\$1.00 is payable by each of the participants on acceptance of the grant of options.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not more than ten years after the date on which an offer of the grant of an option is accepted. The subscription price for shares under the Share Option Scheme will be a price determined by the board of directors and notified to each grantee and will be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer and; (iii) the nominal value of a share.

The Company may grant options under the Share Option Scheme and any other share option schemes of the Company entitling the grantees to exercise up to an aggregate of 10% of the total number of shares in issue as at the date of adoption of the Share Option Scheme unless otherwise approved by the shareholders. However, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK\$5,000,000 must be approved by the Company's shareholders.

41. SHARE-BASED PAYMENTS – CONTINUED

Share option schemes – continued

The movements of the share options granted to the directors, other employees and suppliers of the Group during the year ended 31 December 2024 are as follows:

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of share options					
					Outstanding at 1.1.2024	Granted during the year	Exercised during the year	Expired during the year	Outstanding at 31.12.2024	
Non-executive directors:										
Zhang Yaqin	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	(400,000)	-	
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	(300,000)	-	
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	(300,000)	-	
Gao Liangyu	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	(400,000)	-	
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	(300,000)	-	
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	(300,000)	-	
					2,000,000	-	-	(2,000,000)	-	
Independent non-executive directors:										
Lai Guanrong	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	(320,000)	-	
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	(240,000)	-	
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	(240,000)	-	
Mo Lai Lan	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	(320,000)	-	
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	(240,000)	-	
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	(240,000)	-	
					1,600,000	-	-	(1,600,000)	-	
Retired independent non-executive director:										
Zeng Zhijie	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	(320,000)	-	
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	(240,000)	-	
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	(240,000)	-	
					800,000	-	-	(800,000)	-	

41. SHARE-BASED PAYMENTS – CONTINUED

Share option schemes – continued

The movements of the share options granted to the directors, other employees and suppliers of the Group during the year ended 31 December 2024 are as follows: – continued

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of share options				
					Outstanding at 1.1.2024	Granted during the year	Exercised during the year	Expired during the year	Outstanding at 31.12.2024
Employees:	27.8.2020	HK\$5.65	27.08.2020 – 26.08.2021	27.8.2021 – 26.8.2024	12,640,000	-	-	(12,640,000)	-
			27.08.2020 – 26.08.2022	27.8.2022 – 26.8.2024	9,570,000	-	-	(9,570,000)	-
			27.08.2020 – 26.08.2023	27.8.2023 – 26.8.2024	9,690,000	-	-	(9,690,000)	-
					31,900,000	-	-	(31,900,000)	-
Resigned non-executive director:									
Gavriella Schuster	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	(400,000)	-
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	(300,000)	-
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	(300,000)	-
					1,000,000	-	-	(1,000,000)	-
Total					37,300,000	-	-	(37,300,000)	-
Exercisable at the end of the year									-
Weighted average exercise price					HK\$5.65	-	-	-	-

41. SHARE-BASED PAYMENTS – CONTINUED

Share option schemes – continued

The movements of the share options granted to the directors, other employees and suppliers of the Group during the year ended 31 December 2023 are as follows:

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of share options				
					Outstanding at 1.1.2023	Granted during the year	Exercised during the year	Expired during the year	Outstanding at 31.12.2023
Non-executive directors:									
Zhang Yaqin	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	-	400,000
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	-	300,000
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	-	300,000
Gao Liangyu	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	-	400,000
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	-	300,000
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	-	300,000
					2,000,000	-	-	-	2,000,000
Independent non-executive directors:									
Zeng Zhijie	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	-	320,000
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	-	240,000
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	-	240,000
Lai Guanrong	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	-	320,000
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	-	240,000
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	-	240,000
Mo Lai Lan	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	320,000	-	-	-	320,000
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	240,000	-	-	-	240,000
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	240,000	-	-	-	240,000
					2,400,000	-	-	-	2,400,000
Employees:	27.8.2020	HK\$5.65	27.08.2020 – 26.08.2021	27.8.2021 – 26.8.2024	12,640,000	-	-	-	12,640,000
			27.08.2020 – 26.08.2022	27.8.2022 – 26.8.2024	9,570,000	-	-	-	9,570,000
			27.08.2020 – 26.08.2023	27.8.2023 – 26.8.2024	10,380,000	-	(690,000)	-	9,690,000
					32,590,000	-	(690,000)	-	31,900,000

41. SHARE-BASED PAYMENTS – CONTINUED

Share option schemes – continued

The movements of the share options granted to the directors, other employees and suppliers of the Group during the year ended 31 December 2023 are as follows: – continued

Type of option holders	Date of grant	Exercise price	Vesting period	Exercise period	Number of share options				
					Outstanding at 1.1.2023	Granted during the year	Exercised during the year	Expired during the year	Outstanding at 31.12.2023
Suppliers:	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2023	12,500,000			(12,500,000)	-
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2023	12,500,000	-	-	(12,500,000)	-
					25,000,000	-	-	(25,000,000)	-
Resigned non-executive director:									
Gaviella Schuster	27.8.2020	HK\$5.65	27.8.2020 – 26.8.2021	27.8.2021 – 26.8.2024	400,000	-	-	-	400,000
			27.8.2020 – 26.8.2022	27.8.2022 – 26.8.2024	300,000	-	-	-	300,000
			27.8.2020 – 26.8.2023	27.8.2023 – 26.8.2024	300,000	-	-	-	300,000
					1,000,000	-	-	-	1,000,000
Total					62,990,000	-	(690,000)	(25,000,000)	37,300,000
Exercisable at the end of the year									37,300,000
Weighted average exercise price					HK\$5.65	-	HK\$5.65	-	HK\$5.65

The estimated fair value of the share options granted to certain directors and employees on 27 August 2020 was HK\$1.58 to HK\$1.91 per option. The estimated fair value of the share options granted to certain suppliers on 27 August 2020 was HK\$1.44 to HK\$1.71 per option.

The Group recognised a total expense of nil for the year ended 31 December 2024 (2023: RMB4,484,000) in relation to share options granted by the Company.

41. SHARE-BASED PAYMENTS – CONTINUED

Share award scheme

Pursuant to a resolution passed on 10 December 2018 by the board of directors of the Company, a share award scheme (“Share Award Scheme”) was adopted. The board of directors of the Company may, at its absolute discretion, select any employee to participate in the Share Award Scheme and grant shares to the employee at no consideration. The purpose of the Share Award Scheme is to recognise the contributions by certain qualifying employees of the Group and to provide them with incentives in order to retain them for continual operation and development of the Group, and to attract suitable personnel for further development of the Group. On the same date, a trust was established under a trust deed entered into by the Company to administer the Share Award Scheme, and for the purchase or subscription of the shares of the Company, based on financial support given by the Group. Any shares subsequently awarded by the Company to the qualifying employees will be settled with the shares held by the trust on behalf of the Company. The directors of the Company have determined that the Company controls the trust through the trust deed and therefore consolidates the trust.

Subject to any early termination as may be determined by the board of directors of the Company pursuant to the Share Award Scheme rules, the Share Award Scheme shall be valid and effective for a term of ten years commencing from the adoption date.

The board of directors of the Company shall not make any further award of shares which will result in the nominal value of the shares awarded by the board of directors of the Company under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The maximum number of shares which may be awarded to a qualifying employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

During the year ended 31 December 2024, the trust didn't purchased any shares of the Company on the Stock Exchange for the Share Award Scheme (2023: purchased 143,184,000 shares in a total consideration of RMB659,696,000). As at 31 December 2024, accumulated number of the shares purchased under Share Award Scheme is 332,346,000 (2023: 332,346,000) shares.

On 1 June 2020, the Company issued to certain directors and employees awards to subscribe for 152,000,000 shares in the Company at no consideration upon vesting. These share awards will vest over 2 to 7 years provided that the relevant performance targets and service conditions are met. The Group determined that fair value of each share award is HK\$3.98 at the grant date.

On 30 August 2023, the Company issued to certain directors and employees awards to subscribe for 145,460,000 shares in the Company at no consideration upon vesting. These share awards will vest over 2 to 7 years provided that the relevant performance targets and service conditions are met. The Group determined that fair value of each share award is HK\$5.09 at the grant date.

41. SHARE-BASED PAYMENTS – CONTINUED

Share award scheme – continued

The movements of the shares granted to the directors and other employees of the Group during the year ended 31 December 2024 are as follows:

Type of grantees	Date of grant	Exercise price	Vesting period	Number of share awards				
				Outstanding at 1.1.2024	Granted during the year	Vested during the year	Cancelled/ Lapsed during the year	Outstanding at 31.12.2024
Executive directors:								
Chen Yuhong	1.6.2020	-	1.6.2020-31.5.2025	3,850,000	-	(2,200,000)	-	1,650,000
	30.8.2023	-	30.8.2023-29.8.2030	9,996,000	-	-	-	9,996,000
Tang Zhenming	1.6.2020	-	1.6.2020-31.5.2027	3,888,000	-	(1,008,000)	-	2,880,000
	30.8.2023	-	30.8.2023-29.8.2030	5,000,000	-	-	-	5,000,000
He Ning	30.8.2023	-	30.8.2023-29.8.2030	5,000,000	-	(660,000)	-	4,340,000
				<u>27,734,000</u>	<u>-</u>	<u>(3,868,000)</u>	<u>-</u>	<u>23,866,000</u>
Independent non-executive director:								
Yeung Tak Bun	30.8.2023	-	30.8.2023-29.8.2028	1,000,000	-	(200,000)	-	800,000
				<u>1,000,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>800,000</u>
Other Employees:								
Employees	1.6.2020	-	1.6.2020-31.5.2027	75,233,000	-	(22,823,000)	-	52,410,000
	30.8.2023	-	30.8.2023-29.8.2030	124,464,000	-	(2,220,000)	-	122,244,000
				<u>199,697,000</u>	<u>-</u>	<u>(25,043,000)</u>	<u>-</u>	<u>174,654,000</u>
Total				<u>228,431,000</u>	<u>-</u>	<u>(29,111,000)</u>	<u>-</u>	<u>199,320,000</u>

41. SHARE-BASED PAYMENTS – CONTINUED

Share award scheme – continued

The movements of the shares granted to the directors and other employees of the Group during the year ended 31 December 2023 are as follows:

Type of grantees	Date of grant	Exercise price	Vesting period	Number of share awards				Outstanding at 31.12.2023
				Outstanding at 1.1.2023	Granted during the year	Vested during the year	Cancelled/Lapsed during the year	
Executive directors:								
Chen Yuhong	1.6.2020	-	1.6.2020-31.5.2025	5,500,000	-	(1,650,000)	-	3,850,000
	30.8.2023	-	30.8.2023-29.8.2030	-	9,996,000	-	-	9,996,000
Tang Zhenming	1.6.2020	-	1.6.2020-31.5.2027	4,320,000	-	(432,000)	-	3,888,000
	30.8.2023	-	30.8.2023-29.8.2030	-	5,000,000	-	-	5,000,000
He Ning	30.8.2023	-	30.8.2023-29.8.2030	-	5,000,000	-	-	5,000,000
				9,820,000	19,996,000	(2,082,000)	-	27,734,000
Independent non-executive director:								
Yeung Tak Bun	30.8.2023	-	30.8.2023-29.8.2028	-	1,000,000	-	-	1,000,000
				-	1,000,000	-	-	1,000,000
Other Employees:								
Employees	1.6.2020	-	1.6.2020-31.5.2027	91,303,000	-	(16,070,000)	-	75,233,000
	30.8.2023	-	30.8.2023-29.8.2030	-	124,464,000	-	-	124,464,000
				91,303,000	124,464,000	(16,070,000)	-	199,697,000
Total				101,123,000	145,460,000	(18,152,000)	-	228,431,000

The Group recognised a total expense of RMB203,865,000 for the year ended 31 December 2024 (2023: RMB114,204,000) in relation to shares awarded by the Company.

42 RETIREMENT BENEFITS SCHEMES

According to the rules and regulations of the PRC, the Group contributes to state-sponsored retirements plans for its employees in the PRC. The Group is required to contribute a certain percentage of the basic salaries of its employees to the retirements plans, and has no further obligation for the actual payment of the previous or post retirement benefits. The relevant state-sponsored retirements plans are responsible for the entire present obligation to retired employees.

In accordance with the relevant mandatory provident fund laws and regulations of Hong Kong, the Group operates a Mandatory Provident Fund (“MPF”) scheme (“MPF Scheme”) for all qualifying Hong Kong employees. The assets of the scheme are held separately from those of the Group and under the control of an independent MPF service provider. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group in respect of the MPF Scheme is to make the required contributions under the scheme.

During the years ended 31 December 2024 and 2023, the Group had no forfeited contributions under the above retirement benefit schemes which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available as at 31 December 2024 and 2023 under such schemes, which may be used by the Group to reduce the contribution payable in future years.

During the year, the total cost of retirement benefits contributions charged to profit or loss of RMB781,144,000 (2023: RMB729,083,000) represents contributions to the schemes made by the Group at rates specified in the rules of the respective schemes.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Amounts due to related companies	Dividend payable
	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000
As at 1 January 2023	1,928,531	283,481	10,434	–
Exchange adjustments	50,745	(344)	–	–
New borrowings raised	5,726,050	–	–	–
Repayment of borrowings	(4,705,000)	–	–	–
New leases entered	–	71,187	–	–
Termination of a lease	–	(40,724)	–	–
Repayments of lease liabilities	–	(163,829)	–	–
Interest expenses	194,516	8,317	–	–
Repayment to related companies	–	–	(20)	–
Interest paid	(178,025)	–	–	–
Dividend declared	–	–	–	138,336
Dividend paid	–	–	–	(138,336)
Disposal of a subsidiary	–	(2,404)	–	–
As at 31 December 2023	3,016,817	155,684	10,414	–
Exchange adjustments	31,017	382	–	–
New borrowings raised	7,225,532	–	–	–
Repayment of borrowings	(5,872,670)	–	–	–
New leases entered	–	160,205	–	–
Termination of a lease	–	(43,497)	–	–
Repayments of lease liabilities	–	(114,532)	–	–
Interest expenses	168,442	7,476	–	–
Advance from related companies	–	–	9	–
Repayment to related companies	–	–	(8)	–
Interest paid	(153,041)	–	–	–
Dividend declared	–	–	–	190,683
Dividend paid	–	–	–	(190,683)
As at 31 December 2024	4,416,097	165,718	10,415	–

44. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with the Group's associates (including their subsidiaries), other than those disclosed elsewhere in the consolidated financial statements:

	2024 RMB'000	2023 RMB'000
Provision of IT outsourcing services by the Group	35,336	29,612
Provision of IT solution services by the Group	12,909	3,883
Provision of other services by the Group	6,231	4,779

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	18,035	17,645
Retirement benefits costs	282	268
Share-based payment expenses	31,091	16,275
	49,408	34,188

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. MAJOR NON-CASH TRANSACTIONS

The Group entered into certain new lease arrangements for the use of leased properties during the year, and on the lease commencement, the Group recognised an increase in right-of-use assets of RMB160,205,000 (2023: RMB71,187,000) and lease liabilities of RMB160,205,000 (2023: RMB71,187,000) respectively.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the company at the end of the reporting period are set out below.

Name of company	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Principal activities
			Directly		Indirectly		
			2024 %	2023 %	2024 %	2023 %	
Chinasoft International (Hong Kong) Limited	Hong Kong	HK\$100	-	-	100	100	Investment holding and trading of standalone software products
• 0 0 Chinasoft International Technology Service (Hong Kong) Limited	Hong Kong	HK\$100,000	-	-	100	100	Provision of IT outsourcing services
/• Chinasoft International Technology Service (Beijing) Limited	PRC	RMB200,000,000	-	-	100	100	Provision of solutions, IT outsourcing, IT consulting Chinasoft Beijing services, software development and trading of standalone software and hardware products
j• Shanghai Huateng	PRC	RMB350,000,000	-	-	100	100	Development and provision of IT system
• CSITS	PRC	RMB100,000,000	-	-	100	100	Provision of IT outsourcing services
• j) Chinasoft International Technology Service (Shanghai) Ltd.	PRC	RMB10,000,000	-	-	100	100	Provision of IT outsourcing services
/• CSITS BJ	PRC	RMB10,000,000	-	-	100	100	Provision of IT outsourcing services
• CSITS SH	PRC	RMB10,000,000	-	-	100	100	Provision of IT outsourcing services
• CSITS SZ	PRC	RMB50,000,000	-	-	100	100	Provision of IT outsourcing service

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY – CONTINUED

Details of the principal subsidiaries directly and indirectly held by the company at the end of the reporting period are set out below. – continued

Name of company	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group				Principal activities
			Directly		Indirectly		
			2024	2023	2024	2023	
			%	%	%	%	
• 神州信息 CSITS SZ	PRC	RMB50,000,000	-	-	100	100	Provision of solutions IT outsourcing IT consulting
• 神州信息 CSITS NJ	PRC	RMB20,000,000	-	-	100	100	Provision of solutions IT outsourcing IT consulting
CSI Interfusion SDN.BHD	MY	MYR1,000,100	-	-	100	100	Provision of solutions IT outsourcing IT consulting
• 神州信息	PRC	RMB50,000,000	-	-	100	100	Provision of solutions
• 神州信息 CSITS CD	PRC	RMB50,000,000	-	-	100	100	Provision of solutions

None of the subsidiaries had issued any debt securities outstanding at 31 December 2024 or at any time during the year.

Note i: All the PRC established entities are registered as limited liability companies.

In the opinion of the directors of the Company, none of the individual subsidiary has non-controlling interests that are material to the Group.

47. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2024 RMB'000	2023 RMB'000
Non-current assets		
Interests in subsidiaries	2,429,369	2,256,548
Derivative financial assets	–	28,988
	2,429,369	2,285,536
Current assets		
Other receivables	37,707	21,805
Amounts due from subsidiaries	725,296	2,372,506
Bank balances and cash	105,219	816,055
Derivative financial assets	5,441	11,325
	873,663	3,221,691
Current liabilities		
Other payables	995	991
Amounts due to subsidiaries	398,661	127,489
Borrowings	1,243,786	410,352
	1,643,442	538,832
Net current (liabilities) assets	(769,779)	2,682,859
Total assets less current liabilities	1,659,590	4,968,395
Non-current liabilities		
Borrowings	–	2,282,044
Derivative financial liabilities	–	4,968
	–	2,287,012
	1,659,590	2,681,383
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 (Note)	(1,908,746)	(1,812,002)
Total equity	1,659,590	2,681,383

47. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY – CONTINUED

Note: Movement in reserves

	Equity-settled share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	262,839	(1,977,557)	(1,714,718)
Loss and total comprehensive expense for the year	–	(141,575)	(141,575)
Issue of ordinary shares upon exercise of share-based payments	(1,180)	–	(1,180)
Recognition of share-based payment expenses	118,688	–	118,688
Share options expired	(38,630)	38,630	–
Vesting of award shares	(73,217)	–	(73,217)
At 31 December 2023	268,500	(2,080,502)	(1,812,002)
Loss and total comprehensive expense for the year	–	(190,854)	(190,854)
Recognition of share-based payment expenses	203,865	–	203,865
Share options expired	(59,171)	59,171	–
Vesting of award shares	(109,755)	–	(109,755)
At 31 December 2024	303,439	(2,212,185)	(1,908,746)

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RESULTS

	For the year ended 31 December				2024
	2020	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	14,101,239	18,398,076	20,005,171	17,116,894	16,950,733
Profit before taxation	1,034,845	1,252,077	829,882	733,947	568,096
Income tax expense	(86,732)	(115,387)	(71,053)	(21,280)	(56,951)
Profit for the year	948,113	1,136,690	758,829	712,667	511,145
Attributable to:					
Owners of the Company	954,928	1,136,911	759,441	713,394	512,925
Non-controlling interests	(6,815)	(221)	(612)	(727)	(1,780)
	948,113	1,136,690	758,829	712,667	511,145
	HKD	HKD	HKD	HKD	HKD
	(cents)	(cents)	(cents)	(cents)	(cents)
Dividend	2.90	3.23	5.67	8.11	5.33

ASSETS AND LIABILITIES

	As at 31 December				2024
	2020	2021	2022	2023	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	13,086,957	16,902,293	16,964,785	17,067,670	18,432,317
Total liabilities	(4,310,546)	(5,275,734)	(4,829,994)	(5,300,910)	(6,993,823)
	8,776,411	11,626,559	12,134,791	11,766,760	11,438,494