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## **AsiaInfo Technologies Limited**

## **亞信科技控股有限公司**

*(Incorporated in the British Virgin Islands with limited liability)*

**(Stock Code: 1675)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **ANNUAL RESULTS HIGHLIGHTS:**

- The overall business development maintained a good momentum, with an increase of more than 10% in new orders year-on-year.
- Revenue amounted to approximately RMB7,738 million, representing a year-on-year increase of 12.2%.
- Revenue from the Three New business\* amounted to approximately RMB2,573 million, representing a year-on-year increase of 64.2%, accounted for 33.3% of its total revenue.
- Gross profit amounted to approximately RMB2,939 million, representing a year-on-year increase of 11.1%.
- Profit for the year amounted to approximately RMB824 million, representing a year-on-year increase of 5.4%.
- Net profit margin reached 10.7%, representing a minor year-on-year decrease of 0.6 percentage point.
- A final dividend of HK\$0.401 per share was proposed. Annual dividend payout ratio was 40%.

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

## **CHAIRMAN’S STATEMENT**

Dear Shareholders,

Following the official release of the Plan for the Development of Digital Economy in the “14th Five-Year” Period and the convening of the 20th National Congress of the CPC, China is striving to facilitate the intensive integration of digital technology with the real economy, focusing on the development of the real economy by leveraging digital and intelligent technology, advancing the economic and social development from “quantitative increase” to “qualitative changes”. AsiaInfo Technologies has been propelling the digital-intelligence transformation of thousands of industries with technologies like 5G, AI and big data, creating digital-intelligence and shared value for our customers. In 2022, facing the resurgence of COVID-19 and other complicated situations, the Company overcame tremendous difficulties. Through the measures of increasing online collaborative efforts, expanding remote delivery projects scope and refining cost control, the Company maintained a good momentum in business development and continued to sustain a double-digit growth in revenue. At the same time, the Company’s net profit rebounded significantly in the second half of the year, and continued to maintain decent profitability.

### **OVERALL RESULTS**

In 2022, the Company adhered to the strategy of “One consolidation, Three developments”, and achieved a double-digit growth in revenue. Its revenue amounted to RMB7,738 million, increased by 12.2% year-on-year. Among which, revenue from the Three New business maintained a rapid growth and its revenue amounted to RMB2,573 million, increased by 64.2% year-on-year. The proportion of the Three New business to revenue reached 33.3%, increased by 10.6 percentage points year-on-year. As the Company continued to reduce costs and enhance efficiency, and also improved staff productivity in the second half of the year, the gross profit for the year amounted to RMB2,939 million, representing a year-on-year increase of 11.1%, with gross profit margin reached 38.0%. Net profit rebounded in the second half of the year, and it amounted to RMB824 million for the year, representing a year-on-year increase of 5.4%. Net profit margin remained a double-digit figure, reaching 10.7%.

The Board, after taking into full consideration of various factors including Shareholders’ returns, the profitability, cash flow level and capital needs for future development of the Company, has decided to propose the distribution of 2022 annual final dividend of HK\$0.401 per share at the AGM with the annual dividend payout ratio of 40%.

## **BUSINESS DEVELOPMENT**

### **Digital intelligence-driven operation business restructuring was initially completed with revenue surpassing RMB1 billion**

The publication of the “Twenty Provisions on Data” brings new driving force to accelerate the development of the big data industry and data operation markets. Leveraging the legal, compliant and rich data sources, the Company developed data-driven operation products for different industries and business scenarios with its innovative and leading AI technology, and increased its efforts in marketing. In the end of 2022, the former digital operation business unit, which was responsible for most of the DSaaS business, was basically integrated with the iResearch Consulting to form the new “digital intelligence-driven operation” business unit, including the two core businesses of DSaaS and decision intelligence (DI), entering the market with the new brand of “iDigital” to carry out business. DSaaS business benefited from the rapid development of 5G in the telecommunications industry, new growth in the public and digital service markets as well as the high growth in the digital transformation of the government-enterprise industry, and the Company seized the opportunities and therefore continued to maintain its leading edge. The Company focused on the digitalisation of government and enterprise, digital internet of vehicles (IoV) and digital consumption in the market outside telecommunications industry and developed replicable, scalable and operable digital intelligence business and operation services, which are recognised by leading customers including Digital Chongqing and Changan Auto. After the acquisition of iResearch Consulting, the revenue structure of our digital intelligence-driven operation business was further optimised. In 2022, the proportion of revenue generated from those outside the telecommunications industry reached 28%, representing an increase of nearly 18 percentage points year-on-year. In addition, the Company continued to propel the optimisation of its business model, and the proportion of revenue from results-based and commissioned-based charging model to the revenue from DSaaS business stood at 22%.

In 2022, the revenue achieved from digital intelligence-driven operation was RMB1,150 million, increased by 57.6% year-on-year, with the digital intelligence-driven operation business accounted for 14.9% of the Company’s total revenue.

## **Energy, government affairs and transportation and other industries formed a deep and sustainable model**

In 2022, the Company continued to focus on five strategic sectors and had developed a deep and sustainable growth model in the energy, government affairs and transportation sectors. Moreover, we controlled risks stringently and ensured our vertical industries businesses maintained its high growth momentum under sound conditions, with revenues in the energy and transportation industries increased by 308% and 80% year-on-year, respectively, and revenue in the government industry increased by 28% year-on-year.

In the energy industry, we privileged a leading edge in 5G private network solutions in the nuclear power, wind power and other sectors. Of which, our nuclear power projects with CNNC cover four major nuclear bases, including Changjiang in Hainan Province, Fuqing in Fujian Province, Qinshan in Zhejiang Province and Tianwan in Jiangsu Province, with a total of 21 units in operation. In addition, we completed the construction of dozens of smart wind farms for Guohua Investment Energy Co., Ltd. and CGN Power Co., Ltd.. In the transportation industry, we formulated the matured intelligent highway solutions, and provided highway network toll collection management, digital intelligent transportation platform, intelligent marketing and customer operation service solutions for highway operation and management customers in Guangdong, Hunan, Yunnan, Shanxi, Gansu and Qinghai provinces. In the government affairs industry, the big data business had taken shape, with more than 50 projects signed during the year, covering scenarios such as data governance, data operation, data trading and city intelligence hubs.

In 2022, the revenue from vertical industries and enterprise cloudification business of the Company amounted to RMB757 million, up by 78.2% year-on-year.

## **Grasping the development trend of OSS and BSS business integration**

With the intensive integration of the digital economy with real economy as a backdrop, the telecommunications industry embraces new opportunities. The Company focused on the industry demand actively and closely leveraged the development trend of BSS & OSS integration in the 5G era to constantly enhance 5G business operation support and network operation support products.

In terms of the OSS business, the Company's 5G network intelligent products focused on computing network, network automation, network digital twin and others, enabling the digital-intelligence transformation and innovation in the telecommunications industry, and facilitated the evolution of customers' network automation to move to a further advanced level. With the deepening advancement of China's 5G deployment in 2022, the Company's OSS business expanded rapidly and achieved a revenue of RMB666 million, representing a year-on-year increase of 61.3%. Both its market share and market position were bolstered significantly.

In terms of the BSS business, the Company's market position was further strengthened. It continued to cater for new projects and demands with digital intelligent products and solutions and assisted in the digital-intelligent transformation of customers. The Company assisted operators in digital intelligence innovation through products such as RPA, digital human, digital twins and databases. The Company powered up various BSS system with its AI capabilities, creating new billing application such as intelligent operation and maintenance, intelligent billing, payment health inspection. In terms of digital intelligence planning, the Company deeply participated in the standardisation and planning on the digital and intelligent cloud native business operation systems of operators. For the exploration of new customers, the Company provided a basket of business support systems and solutions to the 5G centralised BSS project of China Broadcast Network and facilitated its successful commercialisation of 5G service.

In 2022, the revenue from the Company's BSS business amounted to RMB4,925 million, representing a year-on-year increase of 0.2%.

## **R&D STRENGTHENED FULL-STACK CAPACITIES WITH DIGITAL INTELLIGENCE**

The Company always attaches great importance to R&D capacity, improves quality product system and continues to improve commoditisation and standardisation capability with focuses on the "cloud network", "digital intelligence", "IT" and "middle office" product systems, so as to provide effective support for the Company's strategy of "One consolidation, Three developments".

Maintain international leadership in the cloud network products: Our 5G network intelligence products focus on computing network, network automation and network digital twin, empowering digital intelligence transformation and innovation in the telecommunications industry. We published the first "computing network software pack" to help operators build a new digital infrastructure for computing networks. The full set of the Company's 5G core network products was granted network access permit by MIIT, which was successfully commercialised to build the first domestic 5G private network in nuclear power. The 5G private core network products has passed Amazon Cloud (AWS) technology testing and certification, and is available for sales online in AWS Marketplace. In terms of digital intelligence, we are an industry leader in China, and some products have reached international leading standards: Our data products fully support the business needs of "computing power demand in the east of China is directed to the west of China in an orderly manner" to promote industrial transformation, push forward the construction and development of digital economy and digital society, and won the first prize of Science and Technology Progress Award of China Computer Federation (CCF). Our AIOps have been selected into Gartner Mainstream Supplier Matrix on three occasions consecutively. Our AI platform, federated learning platform, edge AI, RPA and big data platform were selected into Forrester Mainstream Supplier Matrix. In terms of IT products, we have consolidated our tier-one position in China: Our 3D/XR won the "iF Design Gold Award" at 2022 Hannover Industrial Design

Forum in Germany. We achieved breakthroughs in digital twin and edge AIoT intelligent and IoT in various industry markets. We continue to evolve the middle office system and build the base for industry digital intelligence transformation: Our PaaS for enterprise digital technology platform has been named in Forrester China Cloud Service Mainstream Supplier Matrix in China. Our general AI platform has been selected as Forrester China Artificial Intelligence Mainstream Supplier Matrix in 2022. The privacy computing platform has taken the lead in IEEE's first international standard for privacy computing interoperability, marking the forefront of the development of privacy computing technology standards in the international arena.

The Company continued to deeply participate in the works of 20 international and national technical standards organisations such as 3GPP, ITU, ETSI, IEEE, TMF and O-RAN, etc. The Company participated in the formation of 133 international standards, among which, the Company led 48 international standard proposals in 2022 and has become the chairman of IEEE P3127 Federal Learning and Blockchain Working Group. AsiaInfo Technologies' relevant products and technologies have been registered as 71 international/domestic patents, 45 high-quality theses and 39 open-source community contributions. We have a total of 1,298 software copyrights in many key innovative technologies and products, with additional 10 patents and 174 software copyrights in 2022.

### **Seize the opportunity of infotech application innovation**

As a key player in the information technology and application innovation initiative, we continued to increase investments in R&D in the innovation product concerned to accelerate the compatibility process satisfying technology and product localisation. In 2022, the Company established AsiaInfo Anhui Technology to operate and manage database products independently, achieving breakthroughs in many industries such as telecommunication, government affairs, transportation and medical. In the telecommunications industry, we obtained 70% share of China Mobile's domestic database centralised procurement, database projects including China Mobile Level 1 Clearing House, China Broadcast Network 5G support systems. In the government affairs sector, we obtained projects such as the digital operation and maintenance of Beijing Municipal Archives (北京市档案馆). In the transportation and medical industry, we gained the Phase II Expansion Project of Yunnan Highway customer database and the 5G smart medical community construction of Luopu People's Hospital. With 15 years of experience in the telecommunications industry, AntDB database is highly recognised by the industry and professional institutions, and has been selected in the market recommendation reports such as Gartner and Forrester. In addition, in Motainlun ranking, AntDB has been significantly advanced from 34th in January 2022 to 12th in February 2023.

## **SOCIAL RESPONSIBILITY**

AsiaInfo Technologies is committed to scientific research and innovation and industry empowerment and incorporates ESG concepts into its operation and development to make its contribution to the sustainability of the society. In 2022, with its sustainability performance being highly praised and recognised by the market, the Company received many recognitions and awards such as “ESG — Business Governance Contribution Award” and “2022 Sustainability Award”.

We practise the concept of green and low-carbon and promote sustainable development. The Company endeavours towards the carbon emission reduction goal of “achieving carbon neutrality by 2028 in all respects”, and proactively explores new scenarios of technology-empowered low-carbon and emission reduction. In respect of reducing our own carbon emissions, we continue to optimise our energy consumption mix by increasing the proportion of clean energy used and monitoring our energy consumption through intelligent means to achieve more sophisticated energy management. In 2022, the solar panels of AsiaInfo Technologies Building successfully generated power with grid-connected, which marked an important step towards green transformation and low-carbon operation. In addition, proactively capitalising on our industry influence, we compiled the White Paper on Urban Digital Transformation with research institutes and explored high-quality development paths to promote urban digitalisation and green transformation. Actively fulfil social responsibility and perform the obligations as an corporate citizen. Building on our strengths in digital and intelligent products, our products play an active role in supporting rural revitalisation and establishing medical information platform, endeavoured to share our development achievements with the society.

## **OUTLOOK**

Looking into the future, China’s digital economy will accelerate to integrate with the real economy. The Company will always adhere to the strategy of “One consolidation, Three developments” and firmly advance towards the goal of “achieving a business scale of over RMB10 billion in 2025, half of which comprises of the new business (2025年業務規模超百億，新業務佔半壁江山)”.

Firstly, we will further give into play the “Three New business” as the core driver to the rapid growth of the overall revenue of the Company. In terms of digital intelligence-driven operation business, the Company will grasp the opportunity brought about by the “Twenty Provisions on Data” policy, further optimise and innovate business models, and promote the scale replication of DSaaS scenario-based products in digital TMT, digital government and enterprise, digital IoV, digital consumption and other areas. For the OSS business, by focusing on computing network, cloud-network integration and network automation and other areas, the Company will continue to drive the market share gain in OSS market. Furthermore, in the vertical industries and enterprise cloudification, we will further focus on expanding the energy, government affairs, transportation and other industries with our products, striving for improvement in profitability.

Secondly, we will firmly seize opportunities in the digital intelligence transformation of communication operators and the development opportunities of new operator customers to improve the BSS business performance. We will cater for new projects and demands based on digital intelligence technologies and products to bolster our leadership in the telecommunications operator market.

Thirdly, in terms of product R&D, we will advance our technology deployment including 6G OSS/BSS, 6G private network, and computing, communication and perception integration. For cloud-network convergence and computing network, we will continue to upgrade the computing network end-to-end full-stack software pack to enable telecommunications operators to construct a new computing network integrated infrastructure. For the 5G private networks, we will build cloud-based, white-box, open and lightweight 5G base stations and core network equipment based on cloud-native, O-RAN and other technologies to empower enterprise digital intelligence transformation. In the area of digital intelligence, facing new technologies such as AIGC, we will integrate into the ecology, actively cooperate with leading AI companies. We will get well prepared based on our accumulated experience and edges in the telecom industry, striving to become the first batch of product and solution providers with AIGC in the industry. At the same time, we will continue to build the open and ready for use software and hardware integrated standard products, including edge AI, multi-party secure computing, AIoT and database, to drive the transformation of industry digital intelligence and accelerate the implementation of new technologies.

In addition, we were informed that according to the “Notice on the First Adjustment of the Subject of Hong Kong Stock Connect under Shanghai-Hong Kong Stock Connect after the Expansion of the Subject of Shanghai-Hong Kong Stock Connect” recently issued by the Shanghai Stock Exchange, the Company will be further included in the list of stocks of Shanghai-Hong Kong Stock Connect on top of its previous inclusion in the list of stocks of Shenzhen-Hongkong Stock Connect with effect from 13 March 2023. We believe that this will help the Company further broaden its investor base and enhance the liquidity of its shares.

Finally, on behalf of the Board, I would like to take this opportunity to express our heartfelt thanks to all Shareholders, our customers and all circles of the society for their support to AsiaInfo Technologies. I would also like to express our gratitude to all our staff for their relentless efforts and contributions. We will work together to build AsiaInfo Technologies into a respectable enterprise with pride for staff and achieve fruitful returns for our Shareholders!

**TIAN Suning**  
*Chairman and Executive Director*

## RESULTS OF THE GROUP

### Overview

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

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>7,737,787</b>	6,894,667
Traditional business	<b>5,164,557</b>	5,327,134
Three New business	<b>2,573,230</b>	1,567,533
Gross profit	<b>2,939,494</b>	2,645,166
Gross profit margin	<b>38.0%</b>	38.4%
Profit for the year	<b>824,412</b>	782,519
Net profit margin	<b>10.7%</b>	11.3%

In 2022, the revenue of the Group amounted to approximately RMB7,738 million, representing a year-on-year increase of 12.2%, among which, the revenue from BSS business, a major component of the traditional business, achieved approximately RMB4,925 million, representing a year-on-year increase of 0.2%, and remained stable; and the revenue from the Three New business amounted to approximately RMB2,573 million, representing a year-on-year increase of 64.2%, maintaining a high speed of growth.

In 2022, the gross profit of the Group was approximately RMB2,939 million, representing a year-on-year increase of 11.1%, and the gross profit margin was 38.0%, representing a minor decrease of 0.4 percentage point as compared that of with last year. Profit for the year amounted to approximately RMB824 million, representing an increase of 5.4% as compared with that of last year. Net profit margin was 10.7%, representing a minor decrease of 0.6 percentage point as compared with that of last year, maintaining a good profitability level.

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2022.

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

*FOR THE YEAR ENDED 31 DECEMBER 2022*

*(Expressed in thousands of Renminbi)*

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Revenue</b>	4	<b>7,737,787</b>	6,894,667
<b>Cost of sales</b>		<b><u>(4,798,293)</u></b>	<u>(4,249,501)</u>
Gross profit		<b>2,939,494</b>	2,645,166
Other income	5	<b>156,071</b>	162,191
Impairment losses under expected credit loss model, net of reversal		<b>(79,671)</b>	(68,415)
Other gains and losses		<b>(1,172)</b>	(4,434)
Selling and marketing expenses		<b>(597,031)</b>	(505,255)
Administrative expenses		<b>(344,558)</b>	(296,225)
Research and development (“R&D”) expenses		<b>(1,107,687)</b>	(1,006,051)
Share of results of associates		<b>(8,863)</b>	172
Finance costs		<b><u>(13,113)</u></b>	<u>(10,618)</u>
<b>Profit before tax</b>		<b>943,470</b>	916,531
Income tax expenses	6	<b><u>(119,058)</u></b>	<u>(134,012)</u>
<b>Profit for the year</b>	7	<b><u>824,412</u></b>	<u>782,519</u>
<b>Other comprehensive income for the year, net of tax</b>			
Items that will not be reclassified to profit or loss:			
Changes in the fair value of financial assets measured at fair value through other comprehensive income (“FVOCI”)		<b>(2,970)</b>	—
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(6,541)</b>	—
<b>Other comprehensive income for the year</b>		<b><u>(9,511)</u></b>	<u>—</u>
<b>Total comprehensive income for the year</b>		<b><u><u>814,901</u></u></b>	<u><u>782,519</u></u>

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

*FOR THE YEAR ENDED 31 DECEMBER 2022*

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>Profit for the year attributable to:</b>			
Equity holders of the Company		<b>831,845</b>	785,729
Non-controlling interests		<b>(7,433)</b>	(3,210)
		<u><u>          </u></u>	<u><u>          </u></u>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Company		<b>822,514</b>	785,729
Non-controlling interests		<b>(7,613)</b>	(3,210)
		<u><u>          </u></u>	<u><u>          </u></u>
<b>Earnings per share</b>			
— Basic (RMB)	<i>9</i>	<b>0.92</b>	0.86
— Diluted (RMB)	<i>9</i>	<b>0.90</b>	0.84
		<u><u>          </u></u>	<u><u>          </u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***AT 31 DECEMBER 2022**(Expressed in thousands of Renminbi)*

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>291,690</b>	285,170
Right-of-use assets		<b>285,289</b>	228,350
Intangible assets		<b>141,534</b>	5,297
Goodwill	<i>10</i>	<b>2,122,627</b>	1,932,246
Investments in associates		<b>88,969</b>	19,672
Financial assets at fair value through profit or loss (“FVTPL”)		<b>22,135</b>	—
Financial assets at FVOCI		<b>47,929</b>	—
Deferred tax assets		<b>125,815</b>	120,930
Pledged bank deposits		<b>1,291</b>	333
Term deposits		<b>170,000</b>	370,000
Other non-current assets		<b>32,349</b>	23,241
		<b>3,329,628</b>	2,985,239
<b>Current assets</b>			
Inventories		<b>22,970</b>	2,349
Trade and notes receivables	<i>11</i>	<b>1,137,330</b>	846,573
Prepayments, deposits and other receivables		<b>210,660</b>	188,699
Contract assets	<i>12</i>	<b>2,596,691</b>	2,230,815
Financial assets at FVTPL		<b>692,395</b>	528,692
Amounts due from related parties		<b>96,626</b>	12,532
Pledged bank deposits		<b>152,277</b>	178,744
Term deposits		<b>261,636</b>	200,000
Bank balances and cash		<b>1,933,250</b>	2,331,821
		<b>7,103,835</b>	6,520,225

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION — CONTINUED**

*AT 31 DECEMBER 2022*

*(Expressed in thousands of Renminbi)*

	<i>Note</i>	<b>2022</b> <b>RMB'000</b>	2021 <b>RMB'000</b>
<b>Current liabilities</b>			
Trade and notes payables	<i>13</i>	<b>523,091</b>	323,677
Contract liabilities	<i>12</i>	<b>273,249</b>	290,495
Other payables, deposits received and accrued expenses	<i>14</i>	<b>2,076,860</b>	2,159,975
Amounts due to related parties		<b>17,194</b>	11,881
Income tax payable		<b>323,409</b>	274,194
Lease liabilities		<b>68,906</b>	49,239
		<u><b>3,282,709</b></u>	<u>3,109,461</u>
<b>Net current assets</b>		<u><b>3,821,126</b></u>	<u>3,410,764</u>
<b>Total assets less current liabilities</b>		<u><b>7,150,754</b></u>	<u>6,396,003</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>211,399</b>	155,812
Lease liabilities		<b>133,716</b>	88,622
		<u><b>345,115</b></u>	<u>244,434</u>
<b>NET ASSETS</b>		<u><b>6,805,639</b></u>	<u>6,151,569</u>
<b>Capital and reserves</b>			
Share capital		—	—
Reserves		<b>6,795,583</b>	6,154,779
Equity attributable to equity holders of the Company		<b>6,795,583</b>	6,154,779
Non-controlling interests		<b>10,056</b>	(3,210)
<b>TOTAL EQUITY</b>		<u><b>6,805,639</b></u>	<u>6,151,569</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
*(Expressed in thousands of Renminbi)*

	Attributable to equity holders of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Merger reserve	Translation reserve	Statutory surplus reserves <sup>(i)</sup>	Other reserves	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2021	—	2,115,627	285,200	(15,129)	180,809	1,571,420	1,417,521	5,555,448	—	5,555,448
Profit for the year and total comprehensive income for the year	—	—	—	—	—	—	785,729	785,729	(3,210)	782,519
Recognition of equity-settled share-based payments	—	—	—	—	—	106,994	—	106,994	—	106,994
Lapse of share options and restricted stock units	—	—	—	—	—	(18,706)	18,706	—	—	—
Dividends approved in respect of the previous year ( <i>Note 8</i> )	—	—	—	—	—	—	(261,334)	(261,334)	—	(261,334)
Purchase of Shares for share award scheme	—	(75,359)	—	—	—	—	—	(75,359)	—	(75,359)
Vesting of restricted stock units	—	35,990	—	—	—	(35,990)	—	—	—	—
Exercise of share options	—	64,008	—	—	—	(20,707)	—	43,301	—	43,301
Transfer to statutory surplus reserve	—	—	—	—	6,450	—	(6,450)	—	—	—
Changes in equity for the year	—	24,639	—	—	6,450	31,591	(249,078)	(186,398)	—	(186,398)
At 31 December 2021	—	2,140,266	285,200	(15,129)	187,259	1,603,011	1,954,172	6,154,779	(3,210)	6,151,569

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY — CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
*(Expressed in thousands of Renminbi)*

	Attributable to equity holders of the Company										
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Statutory surplus reserves <sup>(i)</sup> <i>RMB'000</i>	Fair value reserve <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
At 1 January 2022	—	2,140,266	285,200	(15,129)	187,259	—	1,603,011	1,954,172	6,154,779	(3,210)	6,151,569
Profit for the year	—	—	—	—	—	—	—	831,845	831,845	(7,433)	824,412
Other comprehensive income	—	—	—	(6,532)	—	(2,799)	—	—	(9,331)	(180)	(9,511)
Total comprehensive income	—	—	—	(6,532)	—	(2,799)	—	831,845	822,514	(7,613)	814,901
Recognition of equity-settled share-based payments	—	—	—	—	—	—	127,302	—	127,302	—	127,302
Lapse of share options and restricted stock units	—	—	—	—	—	—	(12,079)	12,079	—	—	—
Dividends approved in respect of the previous year ( <i>Note 8</i> )	—	—	—	—	—	—	—	(328,354)	(328,354)	—	(328,354)
Disposal of financial assets at FVOCI	—	—	—	—	—	(1,292)	—	1,292	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	20,879	20,879
Purchase of Shares for share award scheme	—	(17,324)	—	—	—	—	—	—	(17,324)	—	(17,324)
Vesting of restricted stock units	—	61,398	—	—	—	—	(61,398)	—	—	—	—
Exercise of share options	—	52,022	—	—	—	—	(15,356)	—	36,666	—	36,666
Transfer to statutory surplus reserve	—	—	—	—	3,930	—	—	(3,930)	—	—	—
Changes in equity for the year	—	96,096	—	—	3,930	(1,292)	38,469	(318,913)	(181,710)	20,879	(160,831)
At 31 December 2022	—	2,236,362	285,200	(21,661)	191,189	(4,091)	1,641,480	2,467,104	6,795,583	10,056	6,805,639

*Note:*

- (i) In accordance with the articles of association of all subsidiaries established in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to set aside 10% of their profit after tax as per statutory financial statements determined under the PRC laws and regulations for the statutory surplus reserve fund until the reserve reaches 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity owners of the subsidiaries. The statutory surplus reserve can be used to make up previous years' losses, expand the existing operations or convert into additional capital of the respective subsidiaries.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
*(Expressed in thousands of Renminbi)*

	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating activities</b>		
Profit before tax	<b>943,470</b>	916,531
Adjustments for:		
Depreciation of property, plant and equipment	<b>41,986</b>	36,929
Depreciation of right-of-use assets	<b>90,573</b>	71,814
Amortisation of intangible assets	<b>28,317</b>	3,367
Impairment losses on goodwill	<b>24,160</b>	—
Net losses on disposal of property, plant and equipment	<b>390</b>	68
Finance costs	<b>13,113</b>	10,618
Net foreign exchange (gain)/loss	<b>(30,420)</b>	7,260
Interest income on bank balances, pledged bank deposits and term deposits	<b>(35,473)</b>	(36,396)
Net gains on disposal of financial assets at FVTPL	<b>(13,720)</b>	(26,597)
Changes in fair value of financial assets at FVTPL	<b>(338)</b>	(6,896)
Interest income from related parties	<b>(3,005)</b>	—
Share of results of associates	<b>8,863</b>	(172)
Impairment losses under expected credit loss model, net of reversal	<b>79,671</b>	70,942
Share-based payment expenses	<b>127,302</b>	106,994
Operating cash flows before movements in working capital	<b>1,274,889</b>	1,154,462
Increase in inventories	<b>(2,699)</b>	(1,957)
(Increase)/decrease in trade and notes receivables	<b>(276,454)</b>	113,508
Increase in prepayments, deposits and other receivables	<b>(23,854)</b>	(51,582)
Increase in contract assets	<b>(417,755)</b>	(597,304)
Decrease/(increase) in amounts due from related parties	<b>1,649</b>	(2,299)
Increase in other non-current assets	<b>(7,726)</b>	(6,153)
Increase in amounts due to related parties	<b>5,313</b>	2,727
Increase in trade and notes payables	<b>191,763</b>	174,223
Decrease in contract liabilities	<b>(56,451)</b>	(102,876)
Decrease in pledged bank deposits	<b>25,509</b>	—
(Decrease)/increase in other payables, deposits received and accrued expenses	<b>(132,279)</b>	92,019
Cash generated from operating activities	<b>581,905</b>	774,768
Income taxes paid	<b>(32,732)</b>	(93,450)
<b>Net cash generated from operating activities</b>	<b>549,173</b>	681,318

**CONSOLIDATED STATEMENT OF CASH FLOWS — CONTINUED**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
*(Expressed in thousands of Renminbi)*

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(47,165)	(31,329)
Purchases of intangible assets	(1,963)	(5,039)
Acquisition of investment in associates	(78,160)	(19,500)
Acquisition of subsidiaries, net of cash acquired	(439,235)	—
Purchases of financial assets at FVTPL	(1,309,807)	(2,322,288)
Proceeds on disposal of property, plant and equipment	1,184	360
Proceeds on disposal of intangible assets	—	193
Proceeds on disposal of investment in an associate	—	30,000
Proceeds on disposal of financial assets at FVTPL	1,192,444	2,930,889
Proceeds on disposal of financial assets at FVOCI	9,291	—
Placement of pledged bank deposits	—	(385,747)
Withdrawal of pledged bank deposits	—	478,474
Placement of term deposits	(111,585)	(510,000)
Withdrawal of term deposits	250,000	319,975
Interest received on hold of bank balances and deposits	34,758	32,706
Loans provided to related parties	(90,001)	—
<b>Net cash (used in)/generated from investing activities</b>	<b>(590,239)</b>	<b>518,694</b>
<b>Financing activities</b>		
Repayment of bank borrowings	—	(134,308)
Borrowing interest paid	—	(912)
Interest received on hold of pledged bank deposits	3,350	—
Capital element of lease rentals paid	(85,110)	(68,905)
Interest element of lease rentals paid	(10,197)	(9,660)
Proceeds from issue of Shares under share option schemes	51,244	29,378
Payment for repurchase of Shares	—	(75,359)
Dividends paid	(329,638)	(264,277)
Other cash flows arising from financial activities	—	(25,765)
<b>Net cash used in financing activities</b>	<b>(370,351)</b>	<b>(549,808)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(411,417)</b>	<b>650,204</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,331,821</b>	<b>1,690,151</b>
Effect of exchange rate changes	12,846	(8,534)
<b>Cash and cash equivalents at 31 December, Represented by bank balances and cash</b>	<b>1,933,250</b>	<b>2,331,821</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

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

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- Financial assets at FVTPL
- Financial assets at FVOCI

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 4. REVENUE AND SEGMENT INFORMATION

The Group's revenue is primarily generated from project-based software development contracts, under which the Group develops software products and provides services at fixed prices and/or variable prices. Revenue is recognised net of sales related taxes.

The performance obligation of rendering software products and related services is mainly derived from the project-based software development contracts and is satisfied over time which usually range from six months to eighteen months.

The rendering of data-driven operation services is mainly derived from performing data analysis services to analyse customer behavior and operational efficiency. The performance obligation of rendering of data-driven operation services is satisfied over time, mainly ranging from one month to six months or the contract service period.

The performance obligation of sale of third-party hardware and software is satisfied at a point in time when the control of hardware and software is transferred to the customer.

##### Disaggregation of revenue

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<i>Timing of revenue recognition</i>		
At a point in time	537,090	424,669
Over time	<u>7,200,697</u>	<u>6,469,998</u>
	<u><u>7,737,787</u></u>	<u><u>6,894,667</u></u>
<i>Types of goods and services</i>		
Provision of services	7,372,549	6,471,485
Software, data-driven operation and related services (i)	7,215,431	6,344,220
Others (ii)	157,118	127,265
Sales of goods	<u>365,238</u>	<u>423,182</u>
	<u><u>7,737,787</u></u>	<u><u>6,894,667</u></u>

#### 4. REVENUE AND SEGMENT INFORMATION — CONTINUED

Notes:

- (i) The Group records contract liabilities when receiving consideration from customers prior to its provision of services or the amount is due. The transaction price allocated to performance obligations in relation to the non-refundable advance payments that were unsatisfied amounted to RMB273,249,000 as at 31 December 2022 (2021: RMB290,495,000), representing the contract liabilities included in Note 12.

The services provided and recognised overtime are mainly derived from fixed-price contracts. Respective transaction price allocated to the unsatisfied contracts, representing the contract liabilities, as at 31 December 2021 in the amount of RMB262,708,000 had been recognised as revenue over the contract periods for the year ended 31 December 2022. The management expects substantially all of the amount allocated to the unsatisfied contracts as at 31 December 2022 of RMB273,249,000 will be recognised as revenue during the year ending 31 December 2023.

- (ii) Others represent revenue primarily generated from the provision of system integration services and the corporate training services.

##### Segment information

The Group makes resources allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

##### Geographical information

The Group's operations are in the PRC. Substantially all revenue of the Group and non-current assets of the Group are generated from and located in the PRC.

Information about the Group's revenue from external customers is presented based on the location of the signing parties of the sales or service contracts. During the years ended 31 December 2022 and 31 December 2021, substantially all the sales and service contracts were with a signing party located in the PRC.

##### Information about major customers

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

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	4,821,107	4,434,868
Customer B	1,081,923	1,072,022
Customer C	751,197	851,143
	<u>7,654,227</u>	<u>6,358,033</u>

Note: The customers as shown above are at their group level which aggregates the customer's headquarters, provincial, municipal and specialised subsidiaries which enter into contracts with the Group individually.

## 5. OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Government grants <sup>(i)</sup>	60,694	50,946
Interest income on bank balances, pledged bank deposits and term deposits	35,473	36,396
Net gains on disposal of financial assets at FVTPL <sup>(ii)</sup>	13,720	26,597
Changes in fair value of financial assets at FVTPL <sup>(ii)</sup>	338	6,896
Gain from additional input VAT credit <sup>(iii)</sup>	29,275	25,990
Others	16,571	15,366
	<u>156,071</u>	<u>162,191</u>

### Notes:

- i. For the year ended 31 December 2022, government grants amounted to RMB53,482,000 (2021: RMB44,174,000) are related to high-tech industrial development. Government grants amounted to RMB7,212,000 (2021: RMB6,772,000) are mainly related to human resources related subsidies. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the year in which they were recognised.
- ii. The financial assets at FVTPL substantially represent the financial products bought from bank, with no principal or return guaranteed.
- iii. On 20 March 2019, the Ministry of Finance of the PRC, the State Administration of Taxation and the General Administration of Customs promulgated and implemented VAT Reformation Article 39 over deductible input VAT, pursuant to which the Group is allowed to have a 10% additional deduction of input VAT credit from 1 April 2019 to 31 December 2022 upon meeting all applicable criteria.

## 6. INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax (“EIT”) — Current year	78,818	92,957
Deferred tax	41,815	44,788
	<u>120,633</u>	<u>137,745</u>
Tax filing differences in prior years:		
PRC EIT	(1,575)	(3,733)
	<u>119,058</u>	<u>134,012</u>

## 6. INCOME TAX EXPENSES — CONTINUED

Under the Law of the PRC on enterprise income tax (the “EIT Law”) and implementation regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the year ended 31 December 2022 (2021: 25%).

The Group’s subsidiaries operating in the PRC are eligible for certain tax credits of 175% deduction rates on certain R&D expenses from the first quarter to the third quarter and 200% deduction rates for the fourth quarter in 2022 (2021: 175%).

The EIT benefits enjoyed by the Company and its main subsidiaries are summarized as follows:

Company	Preferential tax rate		Preferential policies for EIT
	At 31 December		
	2022	2021	
AsiaInfo Technologies (China), Inc. (“AsiaInfo China”)	10%	10%	Preferential EIT Policies for Key Software Enterprise <sup>(i)</sup> , valid until 2022
AsiaInfo Technologies (Nanjing), Inc. (“AsiaInfo Nanjing”)	10%	10%	Preferential EIT Policies for Key Software Enterprise, valid until 2022
Nanjing AsiaInfo Software Co., Ltd.	12.5%	12.5%	Preferential EIT Policies for Software Enterprise, valid until 2022
Hunan AsiaInfo Software Co., Ltd.	12.5%	12.5%	Preferential EIT Policies for Software Enterprise, valid until 2023
Hangzhou AsiaInfo Cloud Information Technologies Limited	15%	15%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2025
Guangzhou AsiaInfo Technologies, Inc.	15%	15%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Beijing iResearch Digital Intelligence Technology Co., Ltd. (previously known as: Beijing Asiainfo Smart Big Data Co., Ltd.)	15%	15%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Shanghai iResearch Market Consulting Co., Ltd. (“iResearch Consulting”)	15%	15%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Shanghai iTracker Consulting Co., Ltd.	15%	15%	Preferential EIT Policies for High and New Technology Enterprise, valid until 2023
Hainan AsiaInfo Software Co., Ltd.	15%	15%	Preferential EIT Policies for Hainan Free Trade Port, valid until 2024
Chongqing Shuzhiluoji Technology Limited	15%	15%	Preferential EIT Policies for Large-scale Development in the Western Region, valid until 2030

Note:

- i: Preferential EIT Policies for Key Software Enterprise were applied and entitled by performing the record filling to the tax authorities on a yearly basis. The Directors consider that AsiaInfo China and AsiaInfo Nanjing will re-apply for such tax preference provided that their business operations will continue to be qualified as key software enterprises.

## 6. INCOME TAX EXPENSES — CONTINUED

According to the relevant tax law in the PRC, dividend distributed to foreign investors out of the profit generated from 1 January 2008 onwards shall be subject to withholding tax at 10% and withheld by the PRC entity, pursuant to Articles 3 and 37 of the EIT Law and Article 91 of its Detailed Rules for the Implementation of the Regulation.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25% and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2021: 16.5%). The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for 2022 (2021: 16.5%).

Pursuant to the rules and regulations of the BVI, the Company is not subject to any income tax in the BVI.

The income tax expenses for the years ended 31 December 2022 and 31 December 2021 can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Profit before tax	<u>943,470</u>	916,531
Notional tax at applicable income tax rate of 10%	94,347	91,653
Tax effect of different tax rates of subsidiaries not applicable of 10% (2021: 10%)	4,842	4,907
Tax effect of share of results of associates	886	(17)
Tax credits on eligible R&D expenses	(59,931)	(60,719)
Tax effect of expenses and losses not deductible for tax purpose	74,350	52,044
Effect of using the deductible tax losses and temporary differences for which no deferred tax asset was recognised in previous periods	(16,894)	(3,044)
Tax effect of income not taxable for tax purpose	(20,884)	624
Tax effect of tax losses not recognised	12,467	19,497
Tax filing differences in prior years	(1,575)	(3,733)
Tax effect of withholding tax on profit distribution <sup>(i)</sup>	<u>31,450</u>	<u>32,800</u>
Income tax expenses for the year	<u><u>119,058</u></u>	<u><u>134,012</u></u>

*Note:*

- i. Since the Group is able to control the timing of the reversal of temporary differences arising from the subsidiaries' undistributed profits, a corresponding deferred tax liability of RMB31,450,000 was recognised in 2022 as per the subsidiaries' profit distribution resolutions (2021: RMB32,800,000).

## 7. PROFIT FOR THE YEAR

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit for the year has been arrived at after charging:		
Staff costs, including Directors' and chief executive's remuneration		
Directors' remuneration	31,521	28,411
Employee benefit expenses		
Other staff costs (salaries, wages, allowance, bonus and others)	3,759,384	3,369,632
Contribution to retirement benefits scheme	363,964	317,413
Share-based compensation expenses	103,992	85,410
Total staff costs	<u>4,258,861</u>	<u>3,800,866</u>
Cost of inventories recognised as expenses (transferred into cost of sales)	342,937	423,124
Depreciation of property, plant and equipment	41,986	36,929
Depreciation of right-of-use assets	90,573	71,814
Amortisation of intangible assets	28,317	3,367
Expense of short-term and low value lease	60,311	55,749
Auditor's remuneration <sup>(i)</sup>	7,542	5,852

Note:

- i. The amount included audit service fee of RMB6,650,000 (2021: RMB4,950,000) and RMB892,000 (2021: RMB902,000) for the Company and the subsidiaries in the Group, respectively.

## 8. DIVIDENDS

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

	2022	2021
	RMB'000	RMB'000
Final dividend proposed after the end of the Reporting Period of HK\$0.401 (equivalent to RMB0.358) per share (2021: HK\$0.416 (equivalent to RMB0.340) per share)	<u>332,737</u>	<u>314,292</u>

The final dividend proposed after the end of the Reporting Period has not been recognised as a liability at the end of the Reporting Period.

## 8. DIVIDENDS — CONTINUED

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$0.416 (equivalent to RMB0.340) per share (2021: HK\$0.345 (equivalent to RMB0.290) per share)	<u>329,638</u>	<u>264,277</u>

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Earnings:</b>		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>831,845</u>	<u>785,729</u>
<b>Number of shares:</b>		
Issued shares at 1 January	924,944,850	915,767,433
Effect of shares repurchased	(23,373,546)	(3,287,846)
Effect of share options exercised and restricted stock units (“RSUs”) vested	<u>6,356,184</u>	<u>5,688,082</u>
Weighted average number of shares for the purpose of calculating basic earnings per share	<u>907,927,488</u>	<u>918,167,669</u>
Effect of dilutive potential shares: Share options and RSUs	<u>13,901,608</u>	<u>13,432,093</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>921,829,096</u>	<u>931,599,762</u>

The calculations of basic earnings per share for the years ended 31 December 2022 and 31 December 2021 were based on the profit for the year attributable to the equity holders of the Company.

The calculations of the number of shares for the purpose of basic earnings per share for the years ended 31 December 2022 and 31 December 2021 had taken into account the issuance of shares upon the exercise and vesting of share options and RSUs, purchase of shares in 2022 and 2021.

## 9. EARNINGS PER SHARE — CONTINUED

The computation of diluted earnings per share for the year ended 31 December 2022 did not assume the exercise of the share options under 2014 stock incentive plan (“**2014 Plan**”), the share options that exercised with exercise prices of US\$1.9225 under the Pre-IPO share option scheme of the Company (“**Pre-IPO Share Option Scheme**”), the share options that exercised with exercise prices of HK\$12.54, HK\$13.24 and HK\$13.32 under the share option scheme adopted on 25 November 2019 (“**2019 Share Option Scheme**”) since such share options had an anti-dilutive effect.

The computation of diluted earnings per share for the year ended 31 December 2021 did not assume the exercise of the share options under the 2014 Plan, the share options that exercised with exercise prices of US\$1.9225 under the Pre-IPO Share Option Scheme, the share options that exercised with exercise prices of HK\$12.54 and HK\$12.46 under the 2019 Share Option Scheme since such share options had an anti-dilutive effect.

## 10. GOODWILL

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Cost:</b>		
At 1 January	1,932,246	1,932,246
Addition through acquisition of a subsidiary	<u>214,541</u>	<u>—</u>
<b>At 31 December</b>	<b><u>2,146,787</u></b>	<b><u>1,932,246</u></b>
<b>Accumulated impairment losses:</b>		
At 1 January	—	—
Impairment loss	<u>(24,160)</u>	<u>—</u>
<b>At 31 December</b>	<b><u>(24,160)</u></b>	<b><u>—</u></b>
<b>Carrying amount:</b>		
<b>At 31 December</b>	<b><u>2,122,627</u></b>	<b><u>1,932,246</u></b>

The goodwill was primarily arisen from the acquisition of Linkage Technologies international Holdings Limited in July 2010 and the acquisition of iResearch Consulting in January 2022, respectively.

## 10. GOODWILL — CONTINUED

### Impairment testing on goodwill

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Software business	1,932,246	1,932,246
iResearch Consulting business	<u>190,381</u>	<u>—</u>
	<u><u>2,122,627</u></u>	<u><u>1,932,246</u></u>

The basis of the recoverable amount of the above CGU and the methodology used for the year are summarised below:

The recoverable amount of the Group of CGU has been determined based on a value in use calculation and is assessed by the management with reference to valuations carried out by an independent professional valuer, which has appropriate qualifications and experience in valuation of similar testing.

#### ***Software business:***

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a pre-tax discount rate of 19.5% for the year ended 31 December 2022 (2021: 19.5%). The cash flows of the CGU beyond the five-year period are extrapolated using a 3.0% growth rate considering the relevant industry growth rate forecast and the economic condition of the market and period which does not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows and/or outflows which include budgeted revenue and gross profit margin, with expected gross profit margin for 5-year-period floating up and down within 1% compared with that of the year. Such estimation is based on the past performance of the CGU, industry information and management's expectations for the market development, including the fluctuation in the software products and related services business in the current economic environment.

The recoverable amount of the CGU of software business was RMB10,880,000,000 as at 31 December 2022 (2021: RMB11,470,000,000), which was higher than the carrying amount of the CGU, including the goodwill. Therefore, for the year ended 31 December 2022, no impairment loss was recognised (2021: nil).

## 10. GOODWILL — CONTINUED

The table below sets forth a sensitivity analysis of the impact of variations in key assumptions, namely the discount rate and the revenue growth rate, on the recoverable amount of the CGU of software business, where the headroom represents the excess of the recoverable amount over the carrying amount of the CGU of software business. The headroom amounts to RMB4,549,000,000 as at 31 December 2022 (2021: RMB5,315,000,000). The management believes that any reasonably possible change in assumptions would not cause the aggregate carrying amount of the CGU to exceed the recoverable amount.

	<b>Headroom</b>	
	<b>At 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Reasonably possible change in discount rate		
+0.5%	<b>4,289,000</b>	5,015,000
+1%	<b>4,029,000</b>	4,735,000
Reasonably possible change in terminal growth rate		
-0.5%	<b>4,389,000</b>	5,125,000
-1%	<b>4,239,000</b>	4,955,000

### ***iResearch Consulting business:***

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and at a pre-tax discount rate of 20.5% for the year ended 31 December 2022 (2021: N/A). The cash flows of the CGU beyond the five-year period are extrapolated using a 2.5% growth rate considering the relevant industry growth rate forecast and the economic condition of the market and period which does not exceed the long-term average growth rate for the industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows and/or outflows which include budgeted revenue and gross profit margin. Such estimation is based on the past performance of the CGU, industry information and management's expectations for the market development, including the fluctuation in the intelligent decision business in the current economic environment.

The recoverable amount of the CGU of iResearch Consulting business is RMB483,000,000 as at 31 December 2022 (2021: N/A). The CGU of iResearch Consulting business (containing goodwill) has been reduced to its recoverable amount and an impairment loss on goodwill of RMB24,160,000 during the year 2022 was recognised, which was included in "other gains and losses" (2021: N/A). Any adverse change in the assumptions used in the calculation of the recoverable amount would result in further impairment loss.

## 11. TRADE AND NOTES RECEIVABLES

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Notes receivables	85,060	97,876
Trade receivables	1,102,647	776,551
Amounts due from third parties	513,344	370,556
Amounts due from related parties	589,303	405,995
Less: allowance for credit losses	(50,377)	(27,854)
	<u>1,137,330</u>	<u>846,573</u>

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

The Group generally grants credit period of 30 days from the dates of acceptance reports when the Group had the right to consideration becoming unconditional. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current creditworthiness and the customer's financial condition and payment history with the Group.

Trade receivables relate to a number of independent customers that have a good track record with the Group. The allowance for doubtful debts of the Group is based on the evaluation of collectability and aging analysis of individual trade debts performed by the management. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Notes receivables are bank acceptance notes and commercial acceptance notes issued by large enterprise customers, which management believes that all the counterparties are of high credit quality and the expected credit loss isn't significant.

Aging of trade and notes receivables, net of allowance for credit losses, based on the dates when the Group has the right to bill, at the end of the years ended 31 December 2022 and 31 December 2021 is as follows:

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
1–30 Days	675,312	564,318
31–90 Days	264,293	155,361
91–180 Days	114,299	63,799
181–365 Days	65,643	32,250
Over 365 Days	17,783	30,845
	<u>1,137,330</u>	<u>846,573</u>

## 11. TRADE AND NOTES RECEIVABLES — CONTINUED

Movements in lifetime ECL that had been recognised for trade receivables in accordance with HKFRS 9 for the years ended 31 December 2022 and 31 December 2021 are as follows:

	Total <i>RMB'000</i>
At 1 January 2021	48,188
Allowance for trade receivables, net of reversal	(18,123)
Written-off as uncollectible	<u>(2,211)</u>
At 31 December 2021	27,854
Allowance for trade receivables, net of reversal	4,316
Acquisition of subsidiaries	21,758
Written-off as uncollectible	<u>(3,551)</u>
At 31 December 2022	<u><u>50,377</u></u>

## 12. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has rights to considerations from customers for the provision of software business. Contract assets arise when the Group has rights to considerations for completion of such services and not yet billed under the relevant contracts, and their rights are conditioned on factors other than passage of time. Any amount previously recognised as contract assets are transferred to trade receivables when the rights become unconditional. Remaining rights and performance obligations in a particular contract are accounted for and presented on a net basis, as either a contract asset or a contract liability.

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Analysed for reporting purposes as follows:		
Contract assets	2,596,691	2,230,815
Contract liabilities	<u>(273,249)</u>	<u>(290,495)</u>

For the purpose of data comparison, the amounts included the contract assets and contract liabilities from China Mobile Group.

For the contract liabilities as at 31 December 2022 and 31 December 2021, the majority of the balances were expected to be recognised as revenue during the year ending 31 December 2023 and the year ended 31 December 2022, respectively.

Contract assets and contract liabilities are analysed and classified as current assets and current liabilities due to the contract assets and contract liabilities are expected to be recognised in normal operation cycle.

## 12. CONTRACT ASSETS AND CONTRACT LIABILITIES — CONTINUED

Movements in lifetime ECL that had been recognised for contract assets in accordance with HKFRS 9 for the year ended 31 December 2022 are as follows:

	<i>RMB'000</i>
At 1 January 2021	35,568
Allowance on contract assets, net of reversal	<u>88,974</u>
At 31 December 2021	124,542
Allowance on contract assets, net of reversal	51,879
Written-off as uncollectible	<u>(7,976)</u>
At 31 December 2022	<u><u>168,445</u></u>

## 13. TRADE AND NOTES PAYABLES

	<b>At 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Trade payables	<b>429,373</b>	316,873
Notes payables	<b><u>93,718</u></b>	<u>6,804</u>
	<b><u><u>523,091</u></u></b>	<u><u>323,677</u></u>

The table below sets forth, as at the end of the Reporting Period, the aging analysis of the trade and notes payables presented based on the invoice date:

	<b>At 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
1–90 days	<b>384,859</b>	223,125
91–180 days	<b>47,666</b>	47,752
181–365 days	<b>57,537</b>	22,952
1–2 years	<b>17,286</b>	12,417
Over 2 years	<b><u>15,743</u></b>	<u>17,431</u>
	<b><u><u>523,091</u></u></b>	<u><u>323,677</u></u>

The average credit period on purchases of goods and services is 90 days. The Group has financial risk management policies in place to ensure that sufficient working capital is maintained to meet its obligations when they fall due.

**14. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES**

	<b>At 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Accrued payroll, welfare and other reimbursement	<b>1,773,147</b>	1,901,557
Accrued expenses	<b>86,952</b>	57,742
Employee reimbursement payables	<b>72,532</b>	12,926
Other tax payables	<b>63,792</b>	78,756
Accrued liabilities	<b>60,631</b>	83,304
Other payables	<b>8,154</b>	12,401
Advance from customers	<b>5,222</b>	11,726
Others	<b>6,430</b>	1,563
	<b><u>2,076,860</u></b>	<b><u>2,159,975</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

#### Summary

In 2022, due to the impact from such factors as COVID-19 resurgence, the development of various sectors was faced with great pressure and challenges, but the Company had been able to maintain a good momentum in business development through various means such as more online collaborative work and remote delivery efforts. Meanwhile, we also witnessed both opportunities and challenges coexisted. With the implementation of the national policies such as the Plan for the Development of Digital Economy in the “14th Five-Year” Period and the Overall Layout Plan for Digital China Construction, the digital economy and the real economy will be deeply integrated in the future, in which it will also bring a new round of development opportunities for domestic software enterprises. Against this backdrop and based on the strategic positioning of “becoming a provider with full-stack digital and intelligent capabilities”, the Company has put forward a new vision of “becoming the most reliable digital intelligence value creator” and a new mission of “relying on the full-stack of digital and intelligent capabilities to innovate value for customer and to promote digitalisation in China”.

During the Reporting Period, the Company solidly advanced its “One consolidation, Three developments” strategy with the overall performance remained sound and business structure continued to optimise. The revenue of the Company amounted to approximately RMB7,738 million, up by 12.2% year-on-year. Among which, the Three New business, namely digital intelligence-driven operation, vertical industries and enterprise cloudification, and OSS business, continued to maintain rapid growth and achieved a revenue of approximately RMB2,573 million, up by 64.2% year-on-year and accounted for approximately 33.3% of the revenue with an increase of 10.6 percentage points. Profit for the year reached approximately RMB824 million, increased by 5.4% year-on-year. Among which, profit for the year in second half of the year rebounded significantly, and continued to maintain decent profitability.

**The initial restructuring of the digital intelligence-driven operation business has been completed, with business scale hitting over RMB1 billion for the first time**

On 19 December 2022, the state published “the Opinion on Building Data Foundation Systems and Better Displaying the Role of Data Resources” (the “Twenty Provisions on Data”), which proposes the establishment of systems on data property rights, circulation and trading, income distribution and security governance, so as to fully invigorate the factor value of data resources and empower the real economy. The “Twenty Provisions on Data” will further promote the compliance and efficient flow and use of data, and provide impetus for the accelerated development of the digital intelligence-driven operation business to the Company.

During the Reporting Period, the Company achieved a revenue from the digital intelligence-driven operation business of approximately RMB1,150 million, up by 57.6% year-on-year, with the digital intelligence-driven operation business accounted for 14.9% of the revenue, increased by 4.3 percentage points. By completing the business integration of the former digital operation business and iResearch Consulting in the end of 2022, the Company has successfully formed the new business system for “digital intelligence-driven operation”, including the two core businesses of intelligence operation (DSaaS) and DI, and tapped into the market with the new brand of “iDigital”. The Company continued to propel the optimisation of its business models. The proportion of revenue from results-and-commission-based charging in the DSaaS business revenue remained at 22%, promoting the implementation of models in Guangdong, Chongqing, Henan, Beijing, Hebei, Shandong and other provinces of three major operators as well as professional companies. Moreover, the revenue structure of the digital intelligence-driven operation business further optimised with the proportion of non-communications industry escalated to 28%, representing an increase of nearly 18 percentage points year-on-year.

In 2022, the intelligence operation (DSaaS) business of the Company focused on the three major areas including digitalisation of government and enterprise, digital internet of vehicles and digital consumption, and developing a series of replicable, scalable and operable digital intelligence solutions and operation services outside the telecommunications industry. Among which, the government-enterprise industry focused on data middle office, data governance, data-driven X community, digital village, corporate services and other segments, deeply tapping into the governments at all levels, parks, communities and leading enterprise customers. For the automotive industry, by focusing on vehicle-road collaboration, digital marketing for vehicle enterprises, digital services for vehicle enterprises and other subdivided areas, it deeply cultivated the leading customers in the industry. For the consumption industry, by focusing on private domain traffic, intelligent business circle, interactive marketing and other subdivided areas, it served a wide range of customers in those industries such as e-commerce, and consuming finance. Moreover, the DI business has formed a business system combining strategic consulting, special research and industry research which was closely integrated with the DSaaS business. By relying on the advantages of existing customers in the telecommunications industry, it expanded the scale of consulting services and successfully obtained a number of consulting planning projects of strategic significance from China Mobile Migu, China Mobile IT and Zhejiang Mobile, with remarkable synergy effects.

## **Energy, government affairs, transportation and other industries formed a deep and sustainable model**

In 2022, the Company continued to focus on five strategic sectors and had developed a deep and sustainable growth model in the energy, government affairs and transportation sectors. Moreover, we controlled risks stringently and ensured our vertical industries businesses maintained its high growth momentum under sound conditions. During the Reporting Period, revenue from the vertical industries and enterprise cloudification business reached RMB757 million, up by 78.2% year-on-year, and accounted for 9.8% of the total revenue, increased by 3.7 percentage points. Among which, revenue from the energy and transportation sectors increased by 308% and 80% year-over-year, while revenue from the government sector increased by 28% year-over-year.

In the energy industry, the Company had developed advantages in 5G private network solutions for nuclear power, wind power, and other new energy. Of which, the nuclear power programmes in China covered 21 operating units in four nuclear power bases in Changjiang in Hainan Province, Fuqing in Fujian Province, Qinshan in Zhejiang Province and Tianwan in Jiangsu Province. We helped to build smart wind farms, including 38 wind farms under Guohua Energy Investment Co., Ltd. and 8 wind farms under CGN Wind Energy Ltd., etc.. In addition, we won the national first prize in the 5th “Blossom Cup” 5G Application Competition. In the government affairs industry, the big data business has taken shape and the Company signed orders for over 50 projects and provided solutions and services such as administrative big data, data governance, data operation, data trading, and urban intelligent hub for clients from Shanghai, Henan, Tianjin and other provincial and municipal governments during the Reporting Period. In the transportation industry, we have developed mature and intelligent highspeed solutions and signed orders for over 20 projects which provided network toll collection management, digital intelligent transportation platform, intelligent marketing and customer operation service solutions for highway operation and management customers in Guangdong, Hunan, Yunnan, Shanxi, Gansu and Qinghai provinces during the Reporting Period.

In the cloud business sector, we continued to deepen the cooperation with leading cloud service providers. The Company was granted the blockbuster award of “Gathering Strength and Going Far (聚力·行遠)” by Alibaba Cloud. It became a CTSP partner of Huawei Cloud and a strategic partner of Huawei Ascend to jointly advance the computing centre of AI cities. It became the master integrator of Baidu Cloud on smarty city. It was also listed as delivery provider of Tencent Cloud in the government affairs.

### **Continuously expanding the OSS scale with leading industry products**

Communication infrastructure is expanding from traditional communication networks to new digital infrastructure, showing the trends of cloudification, integration and intelligent development. As leaders of telecom networks and infrastructure, telecommunications operators will further accelerate the development convergence of telecom network infrastructure, cloud and computing infrastructure. Such trend will drive operators to upgrade their OSS capability system, and as a result, the OSS market investment scale will continue to grow steadily.

During the Reporting Period, the Company achieved a revenue of RMB666 million from the OSS business, increased by 61.3% year-on-year, representing an increase of 2.6 percentage points to the proportion of total revenue, reaching 8.6%. The Company’s OSS business has further increased its market share by forming innovative products and solutions such as computing network, digital twins, self-intelligent network and intelligent operation. It constantly meets the new demands of customers in network intelligence aspect. In the computing network sector, the Company gained first-mover advantages in computing brain products. It also firstly carried out pilot verification in the headquarters of China Mobile, China Mobile Research Institute, Guizhou Mobile and Zhejiang Mobile. In the digital twins sector, the Company implemented the digital twins programme on the 5G core network of China Unicom and promoted the innovative application construction on 3D holographic visualisation of the 5G core network and the simulation of twin networks. In the self-intelligent network sector, it successfully obtained the comprehensive resources project in Guangxi Branch of China Mobile, which laid the foundation for subsequent market expansion. In the smart machine rooms sector, the Company achieved breakthrough for Beijing Telecom, Zhejiang Telecom, Sichuan Telecom and other provincial customers.

The OSS products of the Company continued to maintain their industry leading position. Its 5G network energy conservation solution was awarded the 2022 Sustainability Award at the Network Transformation Awards. Its 5G network intelligence products were included in the Gartner maturity curve of network AI and automation technology in 2022 and enlisted in the Gartner Global Network Intelligence Mainstream Supplier Matrix for two consecutive years. The Network Digital Twins won the TMForum 2022 Catalyst Award.

### **Solidifying the Company's market leadership position in BSS with digital intelligence innovation**

In 2022, the Company achieved revenue of RMB4.925 billion from its BSS business, up by 0.2% year-on-year. The Company continued to cater for customers' needs for digital transformation with innovative digital intelligence products, further strengthening its market leadership position. For the exploration of new markets, the Company obtained the tender for the 5G centralised BSS project of China Broadcast Network to provide a basket of business support systems and solutions and facilitate the successful commercial applications of 5G by China Broadcast Network. In terms of the key project progress, the Company completed the implementation of intelligent middle office in 18 provinces, Grid Connection (網格通) in 12 provinces, CHBN in 6 provinces, Charging V8 in 4 provinces for China Mobile and the construction of centralised BOMC phase III and other major projects. In terms of the top level digital and intelligent planning, the Company deeply participated in the planning on the original business operation systems with the new-generation digital and intelligent cloud and the computing network of IT companies of operators and the formulation of relevant plans, standards and regulations on big data. For the innovation of digital intelligence products, the Company assisted operators in digital intelligence innovation through RPA, digital human, digital twins, databases and other products, injected AI capabilities into each BSS model and systems and created innovative application in the charging field, including the intelligent operation and maintenance, the intelligent billing and the tour health inspection.

## **Driven by digital intelligence with full-stack capacities, move towards the goal of double leadership in products and services**

The Company always attaches great importance to R&D strengths, constantly optimises the R&D management process and strengthens the core R&D capability. The Company constructed the SLA service guarantee support system, established the R&D technical support center, set up the fault management SLA system, improved customer service satisfaction by providing after-sales technical support to customers with more standardised SLA system and process. The Company continues to improve boutique product system by enhancing products and standardisation. It focuses on the “cloud network”, “digital intelligence”, “IT” and “middle office” product systems to help consolidating traditional business and rapidly develop the Three New business, and win wide recognition for our comprehensive strengths.

We maintain international leadership in the cloud network segment. Our 5G network intelligence products focus on computing network, self-intelligent network and network digital twin, empowering digital intelligence transformation and innovation in the communications industry. We published the first “computing network software pack” and “endogenous computing” 5G network products. Our full set of 5G core network products was licensed by MIIT. Our first domestic 5G private network in nuclear power was built and successfully commercialised. The network digital twin and communication AI drove the 5G network intelligence. Our 5G network energy saving won the Network Transformation Awards 2022 and the 5G network intelligence has been selected into Gartner Mainstream Supplier Matrix for two consecutive years. The Company becomes the mainstream provider of cloud platforms and hosted services in China for Forrester Now Tech. We were crowned champion of the 2022 ITU 5G AI/ML Challenge and the Global Finals Excellence Award. Our network digital twin won the 2022TMForum Global Catalyst Award. Moreover, the Company’s 5G private core network products have passed Amazon Cloud (AWS) technology testing and certification, and is available for sales online in AWS Marketplace to support the brand new public cloud business model.

In terms of digital intelligence, we are industry leader in China, and some products have reached international leading standards. We fully support the business needs of “computing power demand in the east of China is directed to the west of China in an orderly manner”, won the first prize of Science and Technology Progress Award of China Computer Federation (CCF) and the 2021–2022 Wu Wenjun Science and Technology Progress Award, the highest award in the field of AI. Our AIOps have been selected into Gartner Mainstream Supplier Matrix on 3 occasions. Our AI platform, federated learning platform, edge AI, RPA and big data platform were selected into Forrester Mainstream Supplier Matrix. Our edge AI products were selected into the Excellent Edge Computing Solution of CAICT, and the Directory of Key Security and Emergency Enterprises and Products in Beijing. Our RPA was awarded the “Typical Demonstration Case” at the 2022 China International Software Development Conference. Several of our data products were selected as “Star River” benchmark cases.

In terms of IT, we have consolidated our leading position in China. Our 3D/XR won the “iF Design Gold Award” at the 2022 Hannover Industrial Design Forum in Germany and also the VR/AR Innovation Award at the 2022 World VR Industry Conference. Digital twin and AIoT smart IoT edge achieved market breakthroughs in multiple industries.

We continue to evolve the middle office system and build the base for the transformation of industry digital intelligence. Our PaaS for enterprise digital technology platform has been selected as one of Forrester China Cloud Service Mainstream Supplier Matrix in China. Our general AI platform has been selected as Forrester China Artificial Intelligence Mainstream Supplier Matrix in 2022, and has also been selected as one of the “Artificial Intelligence Industry Innovation Key Task Unveiling Units” by MIIT. The privacy computing platform has taken the lead in IEEE’s first international standard for privacy computing interoperability, marking the forefront of the development of privacy computing technology standards in the international arena.

The Company continues to deeply participate in the works of 20 international and national technical standards organisations such as 3GPP, ITU, ETSI, IEEE, TMF and O-RAN, etc. In terms of international standards, the Company has increased its proportion from “followers” to “leaders”, with participation in the formulation of a total of 133 international standards, including 48 new leading international proposals in 2022, becoming the chairman of IEEE P3127 Federal Learning and Blockchain Working Group. Our related products and technologies have been registered as 71 international/domestic patents and 45 high-quality papers, and we have a total of 1,298 software copyrights in many key innovative technologies and products.

### **Seize the market opportunity of infotech application innovation and make great progress in database business after its commencement**

As a key player in the infotech application innovation segment, the Company continues to increase its investments in technological innovation and R&D in the infotech application innovation sector to accelerate the compatibility process of technology and product localisation. The three major fields of digital intelligence, IT, cloud network and general middle office product system have completed 32 localisation compatible adaptations with mainstream upstream and downstream manufacturers. Our AntDB Database was selected in Gartner’s China Database Management System Market Guide. Our blockchain, based on SM3/SM4, achieved encryption and decryption success and our Web application middleware received authoritative certification by Jakarta EE, an international standards organisation.

The Company set up AsiaInfo Anhui Technologies for conducting independent operation of database products, and has achieved breakthroughs in many industries such as communications, government affairs, transportation and medical. In the telecommunications sector, the Company has obtained 70% share of China Mobile’s domestic database collection, and database projects including China Mobile first-level settlement center, China Radio and Television State Grid 5G support. In the government affairs sector, the Company obtained projects such as the digital operation and

maintenance of Beijing Archives. In the transportation sector, the Company obtained the Phase II Expansion Project of Yunnan high-speed customer database and other projects. In the medical industry, the Company obtained projects such as the 5G smart medical community construction of the Luopu People's Hospital. In addition, the Company grandly published the AntDB V7.2 database with a new concept of "hyper-convergence" and was the first in the industry to launch a hyper-converged all-in-one streaming engine, leading the trend of distributed database technology. The Company's database products have won widespread recognition from industry and professional organisations. The AntDB's ranking in the Motianlun rose significantly from 34th in January 2022 to 12th in February 2023, and products for several industry applications were selected as benchmarks and excellent cases in the "Galaxy" of CAICT, and won the second award in the overall list of the "Scenario List" of the telecom industry database capability assessment by the First Institute of Electronics of MIIT, and was selected in the "Global Database Industry Atlas (2022)" of MIIT. The Company gained a single award from MIIT for technological innovation, and won the Information Innovation Industry Award for the best database brand.

## **OUTLOOK**

Looking into the future, China's digital economy will accelerate to integrate with the real economy. By unswervingly implementing the development strategies of "One consolidation, Three developments" and "consolidating business and improving efficiency through innovation, and steadily developing new businesses", the Company will seize the development opportunities, continue to use innovative means to consolidate traditional businesses and maintain market leadership, gradually increase the scale and profit of matured new businesses such as OSS, digital intelligence-driven operation, and develop exploratory new business markets based on the Company's products through a stable pace.

In terms of digital intelligence-driven operation, the Company will grasp the policy bonus brought about by the "Twenty Provisions on Data" policy to accelerate the expansion of the digital intelligence-driven operation market by insisting on intelligence operation (DSaaS) and DI as the main business line. We will be committed to continuing the business expansion in the communications industry and optimising the business model. For the non-communications industry markets, we will achieve the scale replication of DSaaS scenario-based products in the digitalisation of government and enterprise, digital internet of vehicles and digital consumption and other segments.

In terms of vertical industries and enterprise cloudification business, the Company will further focus on the industries including energy, government affairs and transportation. We will accelerate the scaling up of businesses that already have a demonstration effect and have been successfully verified, and further increase the profits of businesses that have already formed a market scale. At the same time, the Company will vigorously promote its standardised products such as RPA, edge AI, and digital twins into various industries so as to achieve high-quality development of vertical industries and enterprise cloudification business.

In terms of OSS business, the Company will leverage on the advantages of cloud network and digital intelligence products to continue to expand the OSS business scale and further increase its market share by seizing market opportunities such as self-intelligence network, computing network, cloud-network integration, and digital twins.

In the BSS business, the Company will be more proactive to adopt innovative means to consolidate its market leadership position. The Company will continue to cater for new customers' needs and help customers achieve the digital-intelligent transformation with innovative products and solutions such as RPA, digital humans, digital twin, digital intelligence cloud native and database, while the Company will also adopt remote delivery and low-code tools to reduce labour costs and improve personnel effectiveness.

In terms of product R&D, we will continue to carry out cutting-edge technology research in three major areas of cloud network, digital intelligence and IT, and promote the evolution of related products. In the area of cloud network, we will map business layout in advance, including 6G OSS/BSS, 6G private network, and integrated communication, computing and sensing technologies for 6G; for cloud-network convergence and computing network, we will continue to evolve the end-to-end full-stack software set for computing network so as to enable telecommunications operators to build a new integrated computing and networking infrastructure; for 5G private network, we will build cloud-based, white-box application, open and light-weight 5G base stations and core networks based on cloud-native, O-RAN and other technologies to empower enterprises to transform with digital intelligence. In the field of digital intelligence, with new technologies such as AIGC, we will embrace changes and integrate into the ecology, actively cooperate with leading AI companies, endeavouring to become the first product and solution provider in the field of AIGC in the communications industry. Meanwhile, we will continue to build open and ready for use software and hardware integration standard products, including edge AI, multi-party security computing, AIoT and database, so as to drive the transformation of industry digital intelligence and accelerate the implementation of new technologies.

In 2023, facing the new internal and external environment, AsiaInfo Technologies will strive to become the most reliable digital intelligence value creator by firmly implementing the “One consolidation, Three developments” strategy, accelerating our paces towards the goal of dual-leadership in products and services and endeavouring to implement the Company's new vision and mission. It will also commit to creating customer value and boosting the development of digital China with the full-stack capabilities of digital intelligence.

## FINANCIAL OVERVIEW

### Summary

In 2022, the Company continued to staunchly implement the development strategy of “One consolidation, Three developments”, adopted a number of measures to actively address the impact arising from the epidemic and other factors and advanced various tasks in a systematic manner, and continued to achieve a good development momentum and operating results. Driven by the constant and rapid development of the Three New business, operating scale continued to grow. In 2022, the growth of new orders exceeded 10%. BSS new orders remained stable, accounting for approximately 65% of total orders. New orders of the Three New business grew by more than 50%, accounting for approximately 35% of total orders. In 2022, we achieved revenue of approximately RMB7,738 million (2021: approximately RMB6,895 million), increased by 12.2% year-on-year, among which, the revenue from the Three New business amounted to approximately RMB2,573 million (2021: approximately RMB1,568 million), increased by 64.2% year-on-year, which accounted for more than 30% of the revenue for the first time, reaching 33.3% and continued to lead the Company’s business scalable expansion.

In 2022, our gross profit amounted to approximately RMB2,939 million (2021: approximately RMB2,645 million), representing a year-on-year increase of 11.1%, and our gross profit margin amounted to 38.0% (2021: 38.4%), representing a slight decrease of 0.4 percentage point as compared with that of last year. Profit for the year was approximately RMB824 million (2021: approximately RMB783 million), representing a year-on-year increase of 5.4%, and profit margin reached 10.7% (2021: 11.3%), slightly down by 0.6 percentage point year-on-year.

In 2022, the Company achieved basic earnings per share of approximately RMB0.92 (2021: approximately RMB0.86), representing a year-on-year increase of 7.0%.

In 2022, net cash generated from operating activities was approximately RMB549 million (2021: approximately RMB681 million) due to the epidemic impact, representing a year-on-year decrease of 19.4%, and the cash generated from operating activities remained stable in general.

### Revenue

During 2022, the Company adhered to the development strategy of “One consolidation, Three developments”, kept up with market development changes, focused on the industry and digital transformation, maintained the stability of the traditional BSS business, accelerated its scalable expansion in the new business sectors in digital intelligence-driven operation, vertical industries and enterprise cloudification, and OSS business, which brought about fast revenue growth.

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

	2022		2021	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<b>Revenue</b>				
Traditional business	<b>5,164,557</b>	<b>66.7</b>	5,327,134	77.3
BSS	<b>4,924,582</b>	<b>63.6</b>	4,916,741	71.3
Other revenue	<b>239,975</b>	<b>3.1</b>	410,393	6.0
Three New business	<b>2,573,230</b>	<b>33.3</b>	1,567,533	22.7
Digital intelligence-driven operation	<b>1,149,994</b>	<b>14.9</b>	729,649	10.6
Vertical industries and enterprise cloudification	<b>757,023</b>	<b>9.8</b>	424,833	6.1
OSS	<b>666,213</b>	<b>8.6</b>	413,051	6.0
<b>Total</b>	<b><u>7,737,787</u></b>	<b><u>100.0</u></b>	<b><u>6,894,667</u></b>	<b><u>100.0</u></b>

In 2022, the revenue amounted to approximately RMB7,738 million (2021: approximately RMB6,895 million), increased by 12.2% year-on-year, among which, the revenue from the Three New business amounted to approximately RMB2,573 million (2021: approximately RMB1,568 million), increased by 64.2% year-on-year, which accounted for approximately 33.3% of the revenue (2021: 22.7%) and continued to drive the Group's business scalable expansion.

The traditional business includes BSS business and sales of third-party hardware and software, system integration services and corporate training services. In 2022, revenue from BSS business amounted to approximately RMB4,925 million (2021: approximately RMB4,917 million), increased by 0.2% year-on-year, accounted for approximately 63.6% of the revenue (2021: 71.3%) and continued to maintain a steady growth in scale.

With the development of the digital economy, there is a huge demand for digital and intelligent services from enterprises and governments. In 2022, the digital intelligence-driven operation business achieved revenue of approximately RMB1,150 million (2021: approximately RMB730 million), representing a year-on-year increase of 57.6%, and accounted for approximately 14.9% of revenue. We have further expanded our customer base and hit a new record in business scale.

Benefited from years of market development, in 2022, the vertical industries and enterprise cloudification business witnessed rapid development and achieved revenue of approximately RMB757 million (2021: approximately RMB425 million), representing a year-on-year significant increase of 78.2% and accounting for approximately 9.8% of the revenue. We will further focus on energy, government affairs, transportation and other industries, strengthen the cooperation and development with mainstream cloud vendors, and devote our efforts in the industry and business so as to accelerate the in-depth development of a sustainable business model.

The Company continued to strengthen the product capability of 5G network intelligence and took a strong step into the leading industry rank. In 2022, the OSS business achieved revenue of approximately RMB666 million (2021: approximately RMB413 million), representing an increase of 61.3% year-on-year.

### **Cost of Sales**

In 2022, the cost of sales was approximately RMB4,798 million (2021: approximately RMB4,250 million), increased by 12.9% year-on-year, which was in line with business expansion.

### **Gross Profit and Gross Profit Margin**

In 2022, our gross profit was approximately RMB2,939 million (2021: approximately RMB2,645 million), up by 11.1% year-on-year. Our gross profit margin was 38.0% (2021: 38.4%), continued to maintain a sound profitability.

### **Selling and Marketing Expenses**

In 2022, the selling and marketing expenses amounted to approximately RMB597 million (2021: approximately RMB505 million), representing a year-on-year increase of 18.2%, which was mainly in line with the development of new business market, and accounted for approximately 7.7% of the revenue (2021: 7.3%).

### **Administrative Expenses**

In 2022, the administrative expenses amounted to approximately RMB345 million (2021: approximately RMB296 million), representing a year-on-year increase of 16.3%, which was mainly due to an increase in management costs as a result of growth in business scale, and accounted for approximately 4.5% of the revenue (2021: 4.3%).

## **R&D Expenses**

R&D expenditures are fully expensed in the current period according to the Group's accounting policies. The Company paid great attention to the high-end leading technologies and products and continued to strengthen its R&D investment so as to evolve into a comprehensive R&D product system. In 2022, the R&D expenses amounted to approximately RMB1,108 million (2021: approximately RMB1,006 million), representing a year-on-year increase of 10.1% and accounted for approximately 14.3% of the revenue (2021: 14.6%).

## **Income Tax Expenses**

In 2022, the income tax expenses amounted to approximately RMB119 million (2021: approximately RMB134 million), representing a year-on-year decrease of 11.2%, which was mainly due to the change caused by the year-on-year decrease in taxable income.

## **Profit for the Year**

In 2022, we achieved a profit for the year of approximately RMB824 million (2021: approximately RMB783 million), representing a year-on-year increase of 5.4%. Net profit margin reached 10.7% (2021: 11.3%), representing a decrease of 0.6 percentage point as compared with that of last year. The continuous increase in profit for the year was due to the combined effect of the Company's business development and improved operating management.

## **Dividend**

The Board has resolved to recommend the payment of a final dividend of HK\$0.401 (equivalent to RMB0.358) per share for the year ended 31 December 2022 (2021: HK\$0.416 (equivalent to RMB0.340) per share).

## **Financial Position**

The Group's financial position is sound. As of 31 December 2022, our total assets were approximately RMB10,433 million (31 December 2021: approximately RMB9,505 million), representing a year-on-year increase of 9.8%. Total liabilities were approximately RMB3,627 million (31 December 2021: approximately RMB3,353 million), representing a year-on-year increase of 8.2%. Net assets were approximately RMB6,806 million (31 December 2021: approximately RMB6,152 million), representing a year-on-year increase of 10.6%.

## **Intangible Assets**

As at 31 December 2022, we had intangible assets of approximately RMB142 million (31 December 2021: approximately RMB5 million). The above changes were mainly due to intangible assets such as trademarks, customer relationships and proprietary technology arising from the acquisition of iResearch Consulting. The Company has engaged a professional independent valuer to conduct a valuation of the intangible assets from the acquisition.

## **Goodwill**

As at 31 December 2022, our total goodwill amounted to approximately RMB2,123 million (31 December 2021: approximately RMB1,932 million), representing a year-on-year increase of 9.9%. The goodwill was arisen from the acquisition of Linkage Technologies International Holdings Limited in July 2010 and iResearch Consulting in January 2022 for the purpose of business combination, respectively. The Group has engaged a professional independent valuer to conduct an impairment evaluation on goodwill as at the end of 2022. During the Reporting Period, we had not identified any indication of impairment for goodwill arisen from the acquisition of Linkage Technologies International Holdings Limited and no impairment loss for goodwill was recorded. Based on the impairment evaluation, we provided an impairment for goodwill arisen from the acquisition of iResearch Consulting of RMB24 million. Our overall business scale grew steadily with strong profitability.

## **Pledged Assets**

As at 31 December 2022, deposits amounting to approximately RMB154 million (31 December 2021: approximately RMB179 million) had been pledged to secure letters of guarantee and notes payable, representing a year-on-year decrease of 14.2%. The above changes were mainly due to the discharge of the corresponding guarantee deposits when the letter of guarantee expired with time.

## **Trade and Notes Receivables**

Our trade and notes receivables represented the outstanding trade and notes receivables from our customers for the provision of our products or services. As at 31 December 2022, trade and notes receivables amounted to approximately RMB1,137 million (31 December 2021: approximately RMB847 million), representing a year-on-year increase of 34.3%. The turnover days of trade and notes receivables were approximately 50.1 days (2021: approximately 49.4 days). The above changes were mainly due to the payment progress of customers affected by the epidemic (the above figures include trade and notes receivables with China Mobile Group).

## **Contract Assets and Contract Liabilities**

On 31 December 2022, contract assets amounted to approximately RMB2,597 million (31 December 2021: approximately RMB2,231 million), representing a year-on-year increase of 16.4%. On 31 December 2022, contract liabilities amounted to approximately RMB273 million (31 December 2021: approximately RMB290 million), representing a year-on-year decrease of 5.9%. The above figures were mainly due to the acceptance process of customer affected by the epidemic, and subject to the normal changes in line with the project progress of the Company (the above figures include trade contract assets and contract liabilities with China Mobile Group).

## **Financial Assets at Fair Value Through Profit or Loss (“FVTPL”)**

As at 31 December 2022, financial assets at FVTPL amounted to approximately RMB715 million (31 December 2021: approximately RMB529 million), representing a year-on-year increase of 35.2%, which was mainly due to an increase in financial products investment. During the Reporting Period, no single wealth management products investment accounted for more than 5% of the Group’s total assets.

## **Trade and Notes Payables**

The trade and notes payables represented outstanding trade and notes payables to hardware, software and outsourcing service providers. As at 31 December 2022, the trade and notes payables amounted to approximately RMB523 million (31 December 2021: approximately RMB324 million), representing a year-on-year increase of 61.6%. The turnover days of trade and notes payables increased to approximately 33.2 days (2021: approximately 20.3 days). The above figures were mainly subject to normal changes in line with business development during the credit period.

## **Borrowings**

We had no bank borrowings for the year ended 31 December 2022 (31 December 2021: nil). As at 31 December 2022, the gearing ratio<sup>1</sup> was nil (31 December 2021: nil).

*Note 1:* Gearing ratio was calculated by dividing total bank borrowings by total equity and multiplied by 100%.

## **Contingencies**

For the year ended 31 December 2022, save as disclosed in this announcement, we did not have any plan for material external debt financing, nor there was any outstanding debt securities, charges, mortgages, or other similar indebtedness, leasing commitments, guarantees or other material contingent liabilities.

## **Cash Flow and Financial Resources**

Our business features enable us to maintain a healthy cash flow level. The net cash generated from operating activities in 2022 amounted to approximately RMB549 million (2021: approximately RMB681 million), representing a year-on-year decrease of 19.4%. This was primarily attributable to the epidemic impact on the collection progress.

Our net cash used in investing activities in 2022 was approximately RMB590 million, which was mainly due to the payment for the acquisition of iResearch Consulting and redemption of wealth management products issued by various banks and other financial institutions. During the same period in 2021, we recorded a net cash generated from investing activities of approximately RMB519 million, which was mainly due to the disposal of wealth management products issued by various banks and other financial institutions by the Group. No single wealth management product investment accounted for over 5% of the Group's total assets.

Our net cash used in financing activities in 2022 was approximately RMB370 million, which was mainly used for the payment of annual dividends. In 2021, we recorded a net cash used in financing activities of approximately RMB550 million, which was mainly due to the payment of annual dividends and repayment of bank borrowings.

Cash and cash equivalents include cash at banks and other short-term deposits. Our Group's bank balance and fixed deposits are denominated in RMB, US\$ and HK\$.

## **Foreign Exchange Risk**

Foreign exchange risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign exchange risk facing the Group mainly comes from movements in the HKD/RMB and USD/RMB exchange rates.

As of 31 December 2022, the Group did not have any foreign currency hedging activity. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **Funding and Working Capital Management**

Funding and liquidity are managed by the treasury department. The treasury department is responsible for the overall management and implementation of the Group's internal funding, including developing funding management policy of the Group, preparing the annual funding plan, supervising and evaluating the execution and implementation of funding plan and taking charge of the daily funding management of the members of the Group. We also adopt an intensive funding management policy and issue the administration measures on various aspects for funding management such as cooperative banks, account management, capital budget, fund payment as well as credit and facility grants so as to ensure fund safety and improve the performance and efficiency in funding management.

## **Significant Investments Held, Acquisitions and Disposals and Future Plans for Material Investments or Capital Assets**

Save as the acquisition of 94.23% equity interests from iResearch Consulting with approximately RMB512 million, the Group had no significant investments held or material acquisitions and disposals of subsidiaries, associates and joint ventures in 2022, and the Group did not approve any other material investments or capital asset purchases.

For further details of above acquisition, please refer to the announcements of the Company dated 14 January 2022 and 17 March 2022.

## **USE OF NET PROCEEDS FROM LISTING**

The Shares of the Company were listed on the Main Board of the Stock Exchange on 19 December 2018. The net proceeds raised from initial public offering with issue price of HK\$10.5 per share (after deducting the underwriting commission and the issuance expenses from listing and prior to the exercise of the over-allotment option in January 2019) were approximately HK\$871 million. Due to the issuance and allotment of over-allotment Shares pursuant to the partial exercise of over-allotment options on 15 January 2019, additional net proceeds of approximately HK\$31 million were raised. The proposed use of the net proceeds was in line with those disclosed in the Prospectus. The remaining amounts had been fully utilised during the Reporting Period.

The following table sets out the details of the said net proceeds that were utilised as of 31 December 2022:

	<b>Approximate percentage of total amount %</b>	<b>Proceeds from initial public offering HK\$'000</b>	<b>Proceeds utilised during the Reporting Period HK\$'000</b>	<b>Proceeds utilised up to 31 December 2022 HK\$'000</b>
Enhance our R&D capabilities and expand DSaaS, IOT and 5G network intelligence businesses	35%	315,547	—	315,547
Repayment of bank loans	30%	270,469	—	270,469
Strategic investments and acquisition	25%	225,391	189,335	225,391
Working capital and other general corporate purpose	10%	90,156	—	90,156
Total	<u>100%</u>	<u>901,563</u>	<u>189,335</u>	<u>901,563</u>

#### **USE OF PROCEEDS FROM THE SUBSCRIPTION**

On 14 April 2020, the Company and China Mobile International Holdings Limited (a wholly-owned subsidiary of China Mobile Limited. The shares of China Mobile Limited are listed on the Main Board of the Stock Exchange (stock code: 00941) and the Shanghai Stock Exchange (stock code: 600941)) entered into the subscription agreement.

The subscription was completed on 2 September 2020, which raised total proceeds and net proceeds of approximately HK\$1,385 million and approximately HK\$1,384 million, respectively. The net issue price per subscription share was approximately HK\$7.6. The intended use of the net proceeds is consistent with the intended use as disclosed in the Company's circular dated 28 May 2020. The remaining amounts had been fully utilised during the Reporting Period.

The following table sets out the utilisation details of the proceeds from the subscription by the Group:

	<b>Approximate proportion of total amount %</b>	<b>Proceeds from the subscription HK\$'000</b>	<b>Proceeds utilised during the Reporting Period HK\$'000</b>	<b>Proceeds utilised as of 31 December 2022 HK\$'000</b>
R&D investment in new products and new technologies and business development of DSaaS, vertical industries and enterprise cloudification and OSS	40%	553,640	95,761	553,640
Invest or acquire assets and businesses that complement the Group's business and complement the Group's development strategy	35%	484,435	484,435	484,435
General working capital (including administrative purposes and sales and marketing purposes)	25%	346,025	39,374	346,025
Total	100%	1,384,100	619,570	1,384,100

## EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2022, the Group had a total of 13,205 (31 December 2021: 13,332) full-time employees. The Company strives to align the remuneration level of its employees with market level, so as to maintain competitiveness. The remuneration of employees is subject to the remuneration and bonus policy of the Group, and determined in accordance with the performance of each staff. The Group also provides comprehensive benefit packages and career development opportunities to its employees, including insurance benefits, etc., and internal and external training programmes provided according to the change in the industry, technological updates and needs of employees.

According to the Group's remuneration policy, in evaluating the amount of remuneration payable to Directors and senior management, the factors to be considered by the Remuneration Committee include the salaries paid by similar companies, tenure of Directors and senior management, commitment, responsibilities and individual performance (as the case may be), etc.

The remuneration received by Directors and senior management include salaries, bonuses, contributions to pension schemes, long-term reward (including share-based incentives), housing and other allowances, and benefits in kind in compliance with applicable laws, rules and regulations.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The Company will hold its upcoming AGM at 10:00 a.m. on Thursday, 25 May 2023. The register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, in order to determine the eligibility of Shareholders to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 19 May 2023.

The record date for qualifying to receive the proposed final dividend is Wednesday, 7 June 2023. In order to determine the right of the Shareholders entitled to receive the proposed final dividend, which is subject to the approval of the Shareholders in the AGM, The register of members of the Company will be closed from Thursday, 1 June 2023 to Wednesday, 7 June 2023, both days inclusive, during which period no share transfers will be registered. To qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 31 May 2023. The final dividend, if approved, will be payable on or around Friday, 16 June 2023.

## **CORPORATE GOVERNANCE**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company has applied the principles of the CG Code on the Company's corporate governance structure and operation, and had complied with all applicable code provisions of the CG Code for the Reporting Period.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she had complied with the required standards as set out in the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the Reporting Period, save for the purchase of a total of 1,764,000 Shares by the trustee on the Stock Exchange pursuant to the 2020 Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

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

## **PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

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

## DEFINITION

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

“AGM”	the forthcoming annual general meeting of the Company to be held on 25 May 2023
“AsiaInfo China”	AsiaInfo Technologies (China), Inc. (亞信科技(中國)有限公司), a wholly foreign-owned enterprise incorporated in the PRC on 2 May 1995, which is an indirect wholly-owned subsidiary of the Company
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CAICT”	the China Academy of Information and Communications Technology
“CG Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“China Mobile Group”	China Mobile Limited and its subsidiaries
“Company”, “AsiaInfo” or “AsiaInfo Technologies”	AsiaInfo Technologies Limited (亞信科技控股有限公司), an international business company incorporated in the British Virgin Islands on 15 July 2003, whose Shares are listed on the Stock Exchange (stock code: 1675)
“Director(s)”	the director(s) of the Company
“ETSI”	the European Telecommunications Standards Institute, a non-profit telecommunication standardisation organisation approved and established by the European Commission
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IEEE”	the Institute of Electrical and Electronics Engineers
“iResearch Consulting”	Shanghai iResearch Marketing Consulting Co., Ltd., an indirect non-wholly owned subsidiary of the Company

“ITU”	the International Telecommunication Union
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MIIT”	the Ministry of Industry and Information Technology
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 6 December 2018
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the financial year ended 31 December 2022
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TMF”	the International Telecommunication Management Forum
“Twenty Provisions on Data”	the Opinion on Building Data Foundation Systems and Better Displaying the Role of Data Resources
“US”	the United States of America
“USD” or “US\$”	US dollars, the lawful currency of US
“2020 Share Award Scheme”	the share award scheme adopted by the Company on 7 January 2020
“%”	per cent

## GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this announcement that are related to business of the Group. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“AI”	artificial intelligence
“AIGC”	AI generated content
“AIOps”	AI for IT operations, which combine big data and machine learning to automate IT operations processes, including event correlation, anomaly detection and causality determination
“AIoT”	Artificial intelligence Internet of Things, which is the combination AI technologies and IoT infrastructure
“BSS”	business support systems used for the management of customer information, customer business and service processes and customer related services and resources, often used together with OSS to form end-to-end comprehensive business and operation management systems for the telecom industry
“DI”	digital intelligence decision
“DSaaS”	data-driven operation, namely the data-driven SaaS operation services
“Internet of Things” or “IOT”	the network of physical objects — devices, vehicles, buildings and other items — embedded with electronics, software, sensors and network connectivity that enables these objects to collect and exchange data
“IT”	information technology, the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data
“O-RAN”	open radio access network
“OSS”	operations support systems, a collective term for the software solutions telecom operators use to support their network operations, often used together with BSS to support various end-to-end telecommunications services

“PaaS”	platform as a service, a complete development and deployment environment in the cloud, with resources that enable one to deliver everything from simple cloud-based applications to sophisticated, cloud-enabled enterprise applications
“RPA”	robotic process automation
“SaaS”	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
“Three New business”	consists of OSS, digital intelligence-driven operation, vertical industries and enterprises cloudification business
“3D”	3-dimension, referring to a spacing system in which a direction vector is added in the flat second dimension system
“4G”	the fourth-generation of mobile telecommunications technology, applied in amended mobile web access, IP telephony, gaming services, high-definition mobile TV, video conferencing, 3D television and cloud computing
“5G”	the fifth-generation of mobile telecommunications technology which has higher speed and capacity and lower latency than 4G
“6G”	the sixth-generation of mobile telecommunications technology, which is much better than 5G in terms of peak-rate, delay, flux density and connection density, etc.

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

Beijing, 7 March 2023

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

*Executive Directors: Dr. TIAN Suning, Mr. DING Jian and Mr. GAO Nianshu*

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

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