



AsialInfo  
亚信科技

**AsialInfo Technologies Limited**

(Incorporated in the British Virgin Islands with limited liability)  
Stock Code: 01675

Strong Momentum  
For New Ventures

INTERIM REPORT  
2022



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# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

## DEFINITIONS

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

<b>"Audit Committee"</b>	the audit committee of the Company
<b>"Board"</b>	the board of Directors
<b>"CAICT"</b>	the China Academy of Information and Communications Technology
<b>"CG Code"</b>	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
<b>"China Mobile Group"</b>	China Mobile Limited and its subsidiaries
<b>"Company", "AsialInfo" or "AsialInfo Technologies"</b>	AsialInfo 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)
<b>"Director(s)"</b>	the director(s) of the Company
<b>"ETSI"</b>	European Telecommunications Standards Institute
<b>"FVTPL"</b>	fair value through profit or loss
<b>"Group"</b>	the Company and its subsidiaries
<b>"HK\$" or "HKD"</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the PRC
<b>"IEEE"</b>	the Institute of Electrical and Electronic Engineers
<b>"iResearch Consulting"</b>	Shanghai iResearch Marketing Consulting Co., Ltd., an indirect non wholly-owned subsidiary of the Company
<b>"ITU"</b>	the International Telecommunication Union



## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS



<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“MIIT”</b>	the Ministry of Industry and Information Technology
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
<b>“PRC” or “China”</b>	the People’s Republic of China
<b>“Pre-IPO Share Option Scheme”</b>	the pre-IPO share option scheme of the Company
<b>“Prospectus”</b>	the prospectus of the Company dated 6 December 2018
<b>“R&amp;D”</b>	research and development
<b>“Remuneration Committee”</b>	the remuneration committee of the Company
<b>“Reporting Period”</b>	the six months ended 30 June 2022
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“RSUs”</b>	the restricted share units
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Share(s)”</b>	ordinary share(s) of the Company
<b>“Shareholder(s)”</b>	holder(s) of the Share(s)



## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subscription”</b>	the subscription of 182,259,893 new Shares by China Mobile International Holding Limited pursuant to a subscription agreement dated 14 April 2020
<b>“TMF”</b>	the International Telecommunication Management Forum
<b>“2019 Share Option Scheme”</b>	the share option scheme adopted by the Company on 25 November 2019
<b>“2020 Share Award Scheme”</b>	the share award scheme adopted by the Company on 7 January 2020
<b>“US”</b>	the United States of America
<b>“USD” or “US\$”</b>	US dollars, the lawful currency of US
<b>“%”</b>	per cent

### GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this interim report 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.

<b>“AI”</b>	artificial intelligence
<b>“AIOps”</b>	a machine learning and big data analytics application for automation and information technology industry management
<b>“BSS”</b>	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 telecommunications industry



## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS



<b>"CRM"</b>	customer relationship management
<b>"DSaaS"</b>	data-driven operation, namely the data-driven SaaS operation services
<b>"IT"</b>	information technology, the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data
<b>"OSS"</b>	operations support systems, a software solution used by telecommunications operators for supporting their network operations, often used together with BSS to support various end-to-end telecommunications services
<b>"O-RAN"</b>	Open Radio Access Network
<b>"RPA"</b>	robot process automation
<b>"Three New Business"</b>	consists of DSaaS, vertical industries and enterprise cloudification and OSS business
<b>"3GPP"</b>	3rd Generation Partnership Project
<b>"5G"</b>	the fifth-generation of mobile telecommunications technology which has higher speed and capacity and lower latency than 4G



# FINANCIAL HIGHLIGHTS



For the six months period ended 30 June

Financial data	2022 RMB million	2021 RMB million	Changes
<b>Revenue</b>	<b>3,109</b>	2,715	14.5%
<b>Including: Revenue from Three New Business</b>	<b>1,004</b>	553	81.4%
<b>Gross profit</b>	<b>1,054</b>	997	5.6% (2.8)
<b>Gross profit margin</b>	<b>33.9%</b>	36.7%	percentage points
<b>Net Profit</b>	<b>189</b>	280	(32.4%) (4.2)
<b>Net profit margin</b>	<b>6.1%</b>	10.3%	percentage points
<b>Net Profit (excluding share-based compensation expenses)</b>	<b>262</b>	310	(15.7%)
<b>Net profit margin (excluding share-based compensation expenses)</b>	<b>8.4%</b>	11.4%	(3.0) percentage points
<b>Net cash used in operating activities</b>	<b>(546)</b>	(176)	210.1%
<b>Net cash used in operating activities (excluding the effect of one-off factors)</b>	<b>(363)</b>	(176)	106.5%

## REVENUE

^ RMB 3,109 Million

14.5%

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

With the official release of the Plan for Development of the Digital Economy in “14th Five-Year” Period, digital economic development plans were issued successively and implemented at an accelerated pace in different regions, driving the digital economy to be an important engine of the national economic growth and promoting the rapid development in key areas such as new digital infrastructure, digital applications, industry digitisation and digital government. Against such backdrop, the Company’s business development maintained a sound momentum in the first half of the year, with an increase of over 30% in new orders and revenue continuing to achieve a double-digit growth. However, due to the resurgence of the pandemic, the Company experienced notable impact on project delivery, project inspection, etc., resulting in short-term pressure on profits. In this regard, the Company launched the emergency assurance mechanism, boosted online collaboration efforts and tided over the impacts of the pandemic to the maximum extent so as to ensure the advancing of the related projects and services. It is believed that with the ease of the pandemic situation, the Company will maintain a positive momentum in revenue growth and restore the growth momentum of net profit for the full year.



**Dr. TIAN Suning**  
*Chairman and Executive  
Director*



## CHAIRMAN'S STATEMENT

### OVERALL RESULTS

In the first half of 2022, with the implementation of the strategy of "One consolidation, Three developments", the overall operations of the Company maintained a sound growth momentum. New orders of the Company increased by over 30% year-on-year, and revenue amounted to approximately RMB3,109 million, up by 14.5% year-on-year. Among which, the revenue from the Three New Business maintained a rapid growth and amounted to approximately RMB1,004 million, up by 81.4% year-on-year. The proportion of the Three New Business to revenue increased to 32.3%. However, due to the impact of the pandemic, the Company was forced to delay the entry, delivery and inspection of certain projects, leading to a short-term impact on profits. Gross profit amounted to approximately RMB1,054 million, up by 5.6% year-on-year, while net profit (excluding share-based compensation expenses) was approximately RMB262 million (the share-based compensation expenses were excluded to eliminate the effect from the recognition of the share-based compensation expenses resulting from the difference in the timing of the grant of the share-based compensation), representing a decrease of 15.7% year-on-year. Along with the ease of the pandemic across regions since June 2022 and the gradual recovery of economic activities, the Company continued to sustain robust order bookings and the project delivery efficiency continued to improve.

The Board, after taking into full consideration of various factors including Shareholders' returns, profitability, cash flow level and capital needs for future development of the Company, has decided not to distribute interim dividend for the current Reporting Period and proposed to maintain the dividend payout ratio guidance of no less than 40% of the net profit for the year of 2022.

### BUSINESS DEVELOPMENT

#### **Initial completion of the restructuring of DSaaS business, bringing remarkable optimisation in business structure**

With years of industry insight, legal and compliant big data sources and powerful AI algorithm models, middle office technologies and tools, the Company actively helped customers carry out value-based digital operations. In the first half of 2022, the Company used mature operational tools and model capabilities to provide user operations, fans experience, privilege operations, and large-screen operation services to a professional content operation company, supporting it in acquiring new users, increasing user's activity level, retaining existing users and improving customer value, achieved outstanding operation results and promoted the revenue growth greatly. The Company continued to innovate its business models, among which the result-based and commission-based charging models had been developed in scale continuously and replicated at multiple customers successfully, with the proportion of its revenue to DSaaS revenue (excluding the revenue of iResearch Consulting) increased to nearly 30%. Such business model can enhance trust, satisfaction and stickiness of customers, and help establish a long-term and win-win partnership with them.

After the acquisition of iResearch Consulting at the beginning of 2022, the Company's DSaaS and smart decision-making capabilities were strengthened. The integration of the organisation, business and resources of the Company's former data-driven operation business unit with iResearch Consulting had basically been completed. Currently, it is speeding up in rationalising and consolidating the business lines of the combined unit, which will establish two major business lines, namely, intelligent operation and smart decision-making. The consolidation of iResearch Consulting to AsiaInfo Technologies has optimised the revenue structure of the Company's DSaaS business notably. In the first half of 2022, the proportion of revenue generated from beyond the telecommunications industry increased to nearly 40%.

In the first half of 2022, the revenue from DSaaS business was approximately RMB484 million, up by 56.7% year-on-year. The revenue of DSaaS business accounted for 15.6% of the revenue.

## CHAIRMAN'S STATEMENT

### Vertical industries and enterprise cloudification growth doubled

In the first half of 2022, the Company continued to focus on the five key strategic industries and constantly grew customer base in the government affairs, energy, transportation, finance and postal service industries, achieving a significant expansion in business scale. Of which, the energy industry and government affairs industry achieved significant growth in revenue, up by 4.6 times and 1.7 times year-on-year, respectively.

In the energy industry, the Company promoted and replicated key solutions, including energy middle office and 5G private network, etc., in the nuclear power, wind power and thermal power markets, helping customers eliminate potential safety hazards, increase synergy efficiency and operating efficiency. At present, the Company's smart energy solutions have covered 50 wind farms and 17 nuclear power units. In the first half of the year, the Company secured projects from key customers such as Hainan Nuclear Power, Qinshan Nuclear Power, Fuqing Nuclear Power and Guohua Investment. In the government affairs industry, solutions on government big data and digital government have become important engines for revenue growth. The Company secured relevant projects from key customers such as the Big Data Administrations of certain provinces and cities and also established the strategic cooperation with Nankai District, Tianjin to boost the construction of "Digital Tianjin". In the transportation industry, the industry solution capability was further improved and projects such as Hunan Expressway Network Toll Collection, Shentong Metro (Phase II), Yunnan Expressway Clearing and Settlement System and Big Data Platform were obtained. In the postal industry, the Company promoted a phase II CRM construction at the group-level of a customer, and obtained its DataOS middle office projects in Sichuan, Chongqing and Henan through the synergy strengths between the group and provincial branches. In the cloudification business, the Company steadily promoted the cooperation with industry-leading cloud vendors and state-owned cloud service providers, securing provincial and municipal transportation intelligent control platforms, smart city projects and data middle office projects. The Company was granted the blockbuster award of "Gathering Strength and Going Far (聚力行遠)" at 2022 Alibaba Cloud Partners Conference and was highly recognised by its cloud business partners.

In the first half of 2022, the revenue from vertical industries and enterprise cloudification business of the Company amounted to approximately RMB271 million, up by 140.3% year-on-year.

### OSS and BSS business

The booming development of the digital economy has brought new opportunities to the telecommunications industry. The Company actively responded to the industry demand and closely sized the development trend of BSS and OSS integration in 5G era to enhance 5G network and application support capabilities constantly.

For the OSS business, the Company supported customers actively to establish a highly efficient, intelligent, neat and collaborative network operation management system. By enhancing R&D and innovation, the Company's 5G network intelligence products continued to drive the industry. In the first half of 2022, the Company's OSS business scale grew rapidly as the build-out of 5G accelerated in the country, achieving a revenue of approximately RMB248 million, up by 88.7% year-on-year.

## CHAIRMAN'S STATEMENT

For the BSS traditional business, the Company maintained its solid market position and actively answered customers' new demand through technology innovation. In digital intelligence deployment, the Company deeply participated in the planning and construction projects of smart middle office and digital intelligence-related solutions for the three major telecommunications operators, helping the telecommunications operators achieve value-based operations and full-business convergence operations, and facilitating digital intelligence transformation of customers. Meanwhile, the Company supported customers' innovation in the area such as applications and platform by introducing proprietary products. For example, the Company applied RPA and other products to customers' projects of network management support system automation, network operation and maintenance digital employee platform, and risk prevention and control system upgrade, etc.. AIOps products were also applied to customers' BSS system application of smart operation and maintenance products in various provinces. In localisation and substitution, the Company's proprietary and innovative database and middleware products had been applied to customers' billing and settlement centres, consumer market middle office and 5G business support systems. In new market expansion, the Company successfully rolled out 5G business support system project for China Broadcast Network ("CBN"), enabling CBN to launch 5G business nationwide quickly and deliver high-quality customer service within five months after winning the bid. In addition, the Company provided CRM system, capability development platform and operation and maintenance services for a satellite network company. In the first half of 2022, due to the impact of the pandemic, which led to delays in order delivery and inspection, the Company's BSS traditional business revenue amounted to approximately RMB2,065 million, slightly down by 2.1% year-on-year.

### **Driven by R&D & empowered by innovation**

The Company always attached great importance to the R&D, constantly enhanced and improved its product capability and formed a system based on "middle office" empowering three major systems, namely "digital intelligence", "cloud network" and "IT", which effectively promoted to the rapid growth of Three New Business.

In digital intelligence product system, the Company maintained a leadership position in the industry. Our 5G intelligent network products won the highest award in AI sector, "Wu Wenjun AI Science and Technology Progress Award" in 2021 (吳文俊人工智能科技進步獎). Our edge AI product was awarded Outstanding Edge Computing Solutions by CAICT and was included in Edge Computing Industry Panorama (2022) (邊緣計算產業全景圖 (2022)) published by CAICT. The Company participated in the formulation of 5 international/domestic standards and completed 16 localisation compatibility and adaptation certification with domestic mainstream vendors. The Company's cloud network product system was at the forefront of the industry. AISWare CEM (customer experience management system) was selected for Gartner's Global Communications Industry Customer and Business Operation Mainstream Supplier Matrix. Our 5G core network product system obtained the network access permit from the MIIT, with capabilities for commercial use in scale. In the areas such as computing network, automatic and intelligent network and the network digital twin, the Company participated in the formulation of 20 international/domestic standards. For the IT series, the Company was among the tier-1 domestic vendors. The PaaS platform was selected for Forrester Now Tech ChineseCloud Platform and Managed Service Mainstream Provider Matrix. The AntDB database product was selected for CAICT's Global Database Industry Spectrum (全球數據庫產業圖譜) and was awarded the prize for outstanding contribution to the application of new technologies in the financial industry. The Company submitted 8 domestic patents and completed 12 domestic compatibility and adaptation certifications with mainstream vendors. In middle office system, the Company built the foundation for the digital-intelligence transformation of the industry. The universal AI platform was selected for Forrester 2022 China AI System Mainstream Supplier Matrix. 14 international/domestic patents were submitted.

## CHAIRMAN'S STATEMENT

In the first half of 2022, the Company continued to intensively participate in 20 international/national standards organisations, including 3GPP, ITU, ETSI, IEEE, TMF and O-RAN. In terms of intellectual property rights, the Company registered 44 new software certificates, owned 9 new patents and applied for 50 new patents.

In the first half of 2022, the Company's R&D expenses amounted to approximately RMB473 million (excluding share-based compensation expenses), representing a year-on-year increase of 8.7% and accounting for 15.2% of revenue.

### OUTLOOK

Looking into the future, facing the robust demand for the digital transformation of enterprises driven by the digital 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 contributed by the new business". For the Three New Business, we will speed up in business development and further promote Three New Business as the core driver to the rapid growth in the overall revenue of the Company. Meanwhile, it will deepen business collaboration, the in-depth integration with the businesses of iResearch Consulting in particular, to coalesce the development synergy. In the traditional business, we will firmly seize opportunities in the digital intelligence transformation of telecommunications operators and the development opportunities of new customers, empowering customers with innovative advanced products and solutions. The Company will continue to expand the business landscape, improve the business efficiency and bolster its leadership in telecommunications operator market.

With full confidence in the Company's long-term development, we believe that with the ease of the pandemic and the improvement in online operation, the delivery efficiency will be improved remarkably and the short-term pressure on profits in the first half of the year will be relieved. The Company will maintain a positive momentum in revenue growth and restore the growth momentum in net profit for the full year.

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 our staff!

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERALL OPERATING RESULTS

Currently, the digital economy in the PRC maintains the momentum of stable and rapid development, and the demand in the market remains robust. Under this economic environment, the business of the Group is improving overall and maintaining the momentum of rapid development. In the first half of 2022, our new orders increased over 30% year-on-year, among which, the new orders of the Three New Business increased over 60%. Our revenue recorded a year-on-year double-digit growth of 14.5%. Meanwhile, due to the resurgence of the epidemic in several places, the efficiency of certain project delivery has declined, and certain projects inspection has been delayed, resulting in pressure on the Company's profits and cash flow in the short term. As the epidemic stabilises, the pressure will ease and growth will resume.

In the first half of 2022, our revenue amounted to approximately RMB3,109 million (the corresponding period in 2021: approximately RMB2,715 million), up by 14.5% year-on-year. Among which, the Three New Business still maintained the momentum of rapid growth, with a revenue of approximately RMB1,004 million (the corresponding period in 2021: approximately RMB553 million), up by 81.4% year-on-year, and accounting for 32.3% of the revenue (the corresponding period in 2021: 20.4%).

In the first half of 2022, our gross profit amounted to approximately RMB1,054 million (the corresponding period in 2021: approximately RMB997 million), up by 5.6% year-on-year, and our gross profit margin amounted to 33.9% (the corresponding period in 2021: 36.7%), decreased by 2.8 percentage points year-on-year. Net profit amounted to approximately RMB189 million (the corresponding period in 2021: approximately RMB280 million), decreased by 32.4% year-on-year, and our net profit margin amounted to 6.1% (the corresponding period in 2021: 10.3%), decreased by 4.2 percentage points year-on-year. Excluding the effect of share-based compensation expenses, our net profit amounted to approximately RMB262 million (the corresponding period in 2021: approximately RMB310 million), decreased by 15.7% year-on-year, and the corresponding net profit margin amounted to 8.4% (the corresponding period in 2021: 11.4%), decreased by 3.0 percentage points year-on-year.

In the first half of 2022, the net cash used in operating activities amounted to approximately RMB546 million (the corresponding period in 2021: approximately RMB176 million), representing a year-on-year change of 210.1%. Excluding the effect of one-off factors resulting from changes in payment tempo of employee supplementary pension insurance and technical service costs, the net cash used in operating activities amounted to approximately RMB363 million, representing a year-on-year change of 106.5%. It was mainly attributable to the combined effect of the short-term delay in payment collection impacted by the epidemic and the increase in daily operating expenses following the continuous expansion of business scale.

### REVENUE

In the first half of 2022, the Company actively responded to the adverse impact of the resurgence of the epidemic, firmly adhered to the business development strategy of "One consolidation, Three developments", and continued to deepen strategic transformation. Our revenue amounted to approximately RMB3,109 million (the corresponding period in 2021: approximately RMB2,715 million), up by 14.5% year-on-year. Among which, revenue from the Three New Business was approximately RMB1,004 million (the corresponding period in 2021: approximately RMB553 million), increased significantly by 81.4% year-on-year, and accounting for 32.3% of the revenue (the corresponding period in 2021: 20.4%), further playing its core leading role in expanding business scale.

## MANAGEMENT DISCUSSION AND ANALYSIS

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:

	For the six months period ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Traditional business	<b>2,105,667</b>	<b>67.7</b>	2,161,918	79.6
BSS	<b>2,065,458</b>	<b>66.4</b>	2,109,399	77.7
Three New Business	<b>1,003,618</b>	<b>32.3</b>	553,350	20.4
DSaaS	<b>484,379</b>	<b>15.6</b>	309,073	11.4
Vertical industries and enterprise cloudification	<b>271,367</b>	<b>8.7</b>	112,910	4.2
OSS	<b>247,872</b>	<b>8.0</b>	131,367	4.8
<b>Total revenue</b>	<b>3,109,285</b>	<b>100.0</b>	<b>2,715,268</b>	<b>100.0</b>

Traditional business includes the BSS business and sales of third-party hardware and software, system integration services and corporate training services. In the first half of 2022, revenue from traditional business amounted to approximately RMB2,106 million (the corresponding period in 2021: approximately RMB2,162 million), slightly decreased by 2.6% year-on-year, which was mainly due to the epidemic. Among which, revenue from the BSS business amounted to approximately RMB2,065 million (the corresponding period in 2021: approximately RMB2,109 million), slightly decreased by 2.1% year-on-year.

DSaaS business continued to grow rapidly. Despite the adverse impact of the epidemic, in the first half of 2022, it achieved a revenue of approximately RMB484 million (the corresponding period in 2021: approximately RMB309 million), up by 56.7% year-on-year, and its proportion to revenue continued to increase to 15.6%.

Benefiting from the market expansion in key industries, such as energy, government affairs, postal and cooperation among cloud service providers, the vertical industries and enterprise cloudification business have ushered in large-scale growth. In the first half of 2022, it achieved a revenue of approximately RMB271 million (the corresponding period in 2021: approximately RMB113 million), up by 140.3% year-on-year, with its proportion to revenue increased to 8.7%.

Relying on the technological leadership of 5G network intelligent products, we continued to expand the telecommunications operator market, and the OSS business maintained a rapid development trend. In the first half of 2022, it achieved a revenue of approximately RMB248 million (the corresponding period in 2021: approximately RMB131 million), up by 88.7% year-on-year, and its proportion to revenue increased to 8.0%.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of Sales

In the first half of 2022, the cost of sales was approximately RMB2,056 million (the corresponding period in 2021: approximately RMB1,718 million), representing an increase of 19.7% year-on-year. Excluding the impact of share-based compensation expenses, the cost of sales was approximately RMB2,043 million (the corresponding period in 2021: approximately RMB1,713 million), up by 19.3% year-on-year, which was mainly due to the increase in labour costs and technical service costs resulting from business scale expansion.

### Gross Profit and Gross Profit Margin

Affected by the epidemic, the efficiency of certain project delivery decreased. In the first half of 2022, the gross profit was approximately RMB1,054 million (the corresponding period in 2021: approximately RMB997 million), up by 5.6% year-on-year, and our gross profit margin was 33.9% (the corresponding period in 2021: 36.7%), decreased by 2.8 percentage points year-on-year. With the ease of the pandemic situation, gross profit will restore its growth momentum.

### Selling and Marketing Expenses

In the first half of 2022, selling and marketing expenses amounted to approximately RMB259 million (the corresponding period in 2021: approximately RMB200 million), up by 29.5% year-on-year and accounted for 8.3% of the revenue. Excluding the impact of share-based compensation expenses, the selling and marketing expenses were approximately RMB245 million (the corresponding period in 2021: approximately RMB192 million), up by 27.8% year-on-year and accounted for 7.9% of the revenue. It was mainly due to the fact that we implemented the strategic transformation to increase the marketing efforts for the Three New Business and the business scale growth.

### Administrative Expenses

In the first half of 2022, administrative expenses amounted to approximately RMB154 million (the corresponding period in 2021: approximately RMB113 million), up by 36.6% year-on-year and accounted for 5.0% of the revenue. Excluding the impact of share-based compensation expenses, administrative expenses were approximately RMB122 million (the corresponding period in 2021: approximately RMB103 million), up by 19.2% year-on-year and accounted for 3.9% of the revenue. It was mainly due to the business scale growth brought by the acquisition of iResearch Consulting.

### R&D Expenses

All R&D costs are expensed in the current period in accordance with the Group's accounting policies. In the first half of 2022, the R&D expenses amounted to approximately RMB487 million (the corresponding period in 2021: approximately RMB443 million), up by 10.0% year-on-year and accounted for 15.7% of the revenue. Excluding the impact of share-based compensation expenses, the R&D expenses were approximately RMB473 million (the corresponding period in 2021: approximately RMB435 million), up by 8.7% year-on-year and accounted for 15.2% of the revenue. The Company continues to increase its R&D investment, evolves R&D routes and iteratively develops products, supporting the Company's strategic transformation by continuous business expansion.

### Income Tax Expenses

In the first half of 2022, income tax expenses amounted to approximately RMB25 million (the corresponding period in 2021: approximately RMB31 million), decreased by 21.1% year-on-year, which was mainly attributable to the impact from the decrease in taxable income over the corresponding period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Net Profit

Affected by the epidemic, the efficiency of certain project delivery decreased and profits were under pressure in the short run. As the epidemic stabilizes, the pressure will be mitigated, and profits will restore the growth momentum. In the first half of 2022, we achieved a net profit of approximately RMB189 million (the corresponding period in 2021: approximately RMB280 million), decreased by 32.4% year-on-year. Net profit margin was 6.1% (the corresponding period in 2021: 10.3%), decreased by 4.2 percentage points year-on-year. Excluding the impact of share-based compensation expenses, net profit was approximately RMB262 million (the corresponding period in 2021: approximately RMB310 million), decreased by 15.7% year-on-year. The corresponding net profit margin was 8.4% (the corresponding period in 2021: 11.4%), decreased by 3.0 percentage points year-on-year.

### Interim Dividend

The Board has resolved not to declare any interim dividend for the Reporting Period (the corresponding period in 2021: nil).

### Financial Position

The overall financial position of the Group remained sound and healthy. As at 30 June 2022, total assets amounted to approximately RMB9,358 million (31 December 2021: approximately RMB9,505 million), slightly decreased by 1.5% year-on-year. Total liabilities amounted to approximately RMB3,240 million (31 December 2021: approximately RMB3,354 million), slightly decreased by 3.4% year-on-year. Net assets were approximately RMB6,118 million (31 December 2021: approximately RMB6,151 million), decreased by 0.5% year-on-year.

### Net Current Assets

As at 30 June 2022, net current assets amounted to approximately RMB2,942 million (31 December 2021: approximately RMB3,411 million), decreased by 13.7% year-on-year, which was mainly due to the combination of cash used in the acquisition of iResearch Consulting.

### Assets Pledged

As at 30 June 2022, assets pledged were approximately RMB270 million (31 December 2021: approximately RMB179 million), up by 50.5% year-on-year, which was mainly used as additional deposit margin to secure letters of guarantee and notes payables.

### Goodwill

As at 30 June 2022, total goodwill amounted to approximately RMB2,147 million (31 December 2021: approximately RMB1,932 million), up by 11.1% year-on-year. The goodwill was arising from the acquisition of Linkage Technologies International Holdings Limited in July 2010 and the acquisition of iResearch Consulting in January 2022, respectively, for business combination purposes.

The Company appoints a professional independent valuer to conduct impairment assessment on the goodwill at the year-end annually. During the Reporting Period, we did not identify any indication of impairment for goodwill and did not record any impairment loss for goodwill.

### Intangible Assets

As at 30 June 2022, total intangible assets amounted to approximately RMB155 million (31 December 2021: approximately RMB5 million). The increase in intangible assets was mainly from the acquisition of iResearch Consulting in January 2022. The Company has engaged a professional independent valuer to assess the intangible assets for the iResearch Consulting.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **Trade and Notes Receivables**

Trade and notes receivables represented the outstanding trade and notes receivables from our customers for the purchase of our products or services. As at 30 June 2022, trade and notes receivables amounted to approximately RMB995 million (31 December 2021: approximately RMB847 million), up by 17.5% year-on-year. The turnover days of trade and notes receivables were approximately 57.5 days (2021: approximately 49.4 days). Such changes were mainly due to the short-term delay in payment collection as a result of the epidemic (the data disclosed above included trade and notes receivables from the China Mobile Group).

### **Contractual Assets and Contractual Liabilities**

As at 30 June 2022, contractual assets amounted to approximately RMB2,496 million (31 December 2021: approximately RMB2,231 million), up by 11.9% year-on-year, and contractual liabilities amounted to approximately RMB203 million (31 December 2021: approximately RMB290 million), decreased by 30.0% year-on-year. Changes in contractual assets and contractual liabilities were mainly attributable to the delay in project inspection and advance payment due to the epidemic.

### **Financial assets at fair value through profit or loss (“FVTPL”) – current**

Financial assets at FVTPL – current are mainly bank wealth management products purchased in accordance with the Group’s capital and working capital management measures. As at 30 June 2022, financial assets at FVTPL – current amounted to approximately RMB284 million (31 December 2021: approximately RMB529 million), decreased by 46.3% year-on-year, which was mainly due to partial redemption of the wealth management products held by the Company according to production and business needs. During the Reporting Period, no single wealth management product investment accounted for over 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 30 June 2022, the trade and notes payables amounted to approximately RMB683 million (31 December 2021: approximately RMB324 million), up by 111.0% year-on-year. The turnover days of trade and notes payables increased to approximately 45.3 days (2021: approximately 20.3 days). The above figures were mainly attributable to the increase in the payables within the credit period with the business development.

### **Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Future Plans Regarding Capital Asset Acquisitions or Material Investments**

Save for the acquisition of 94.23% equity interest in iResearch Consulting at approximately RMB512 million, the Group had no significant investments held or material acquisitions and disposals of subsidiaries during the Reporting Period. As at 30 June 2022, the Group had no clearly defined plans relating to significant capital asset acquisitions or material investments, nor future plans of significant disposals of subsidiaries.

For further details of the abovementioned acquisition, please refer to note 10 to the condensed consolidated financial statements as set out in pages 43 to 45 of this interim report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Borrowings

As at 30 June 2022, we had no bank borrowings (31 December 2021: nil). As at 30 June 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%.

### Contingent Liabilities

As at 30 June 2022, the Group had no significant contingent liabilities (31 December 2021: nil).

### Cash Flow

In the first half of 2022, net cash used in operating activities was approximately RMB546 million (the corresponding period in 2021: approximately RMB176 million), representing a year-on-year change of 210.1%. Excluding the impact of the one-off factors due to changes in payment tempo of employee supplementary pension insurance and technical service costs, net cash used in operating activities was approximately RMB363 million, representing a year-on-year change of 106.5%. It was mainly due to the short-term delay in payment collection due to the impact of the epidemic and the increase in daily operating expenses after the continuous growth of business scale.

In the first half of 2022, net cash used in investing activities was approximately RMB184 million, which was mainly due to the payment for the acquisition of iResearch Consulting and the redemption of wealth management products issued by banks and other financial institutions. During the corresponding period in 2021, net cash generated from investing activities was approximately RMB77 million, which was mainly attributable to the release of the corresponding deposit margin in line with the repayment of bank borrowings.

In the first half of 2022, net cash used in financing activities was approximately RMB337 million, which was mainly attributable to annual dividend payments, and decreased by 36.3% year-on-year when compared with approximately RMB529 million used in the corresponding period in 2021, which was mainly attributable to the repayment of bank borrowings.

### Funding and Working Capital Management

Funding and liquidity are managed by the treasury department of the Group. 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 the funding plan and taking charge of the daily funding management of the members of the Group. We also adopted an intensive funding management policy and issued the administration measures on various aspects for funding management, such as 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.

### 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 operating results. The foreign exchange risk facing the Group mainly comes from movements in the HKD/RMB and USD/RMB exchange rates.

As of 30 June 2022, the Group did not have foreign currency hedging activity. However, the management of the Group continuously monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

## OTHER INFORMATION

### **CORPORATE GOVERNANCE PRACTICES**

The Company strives to maintain high standards of corporate governance in order to safeguard the interests of its Shareholders and enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. During the Reporting Period, the Company has applied the principles of the CG Code on the Company's corporate governance structure and operations, and has always complied with all applicable code provisions of the CG Code. The Company will continue reviewing and overseeing the corporate governance practices to ensure its compliance with the CG Code.

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as the code of conduct regarding the securities transactions of the Directors. Upon specific enquiry, all Directors have confirmed that they had complied with the standards 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 407,200 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 has, together with the management and external auditor of the Company, reviewed the accounting principles and practices adopted by the Group and the unaudited interim results of the Group for the Reporting Period. The Audit Committee has also reviewed the effectiveness of risk management and internal control systems of the Company and believed that the risk management and internal control systems are effective and adequate.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which would be required under Section 352 of the SFO to be recorded in the register to be kept under that section, or which would be required under the Model Code to be notified to the Company and the Stock Exchange, are as follows:

Name of Directors/ chief executive	Nature of interest (Note 1)	Number of Shares	Approximate percentage of total number of Shares in issue (Note 2)
Dr. TIAN Suning <sup>1</sup>	Beneficial owner (L)	48,932,670	5.27%
	Interest in controlled corporation (L)	1,151,111	0.12%
	Interest in controlled corporation (L)	31,209,360	3.36%
	Interest in controlled corporation (L)	39,442,000	4.25%
		<u>120,735,141</u>	<u>13.00%</u>
Mr. DING Jian <sup>2</sup>	Beneficial owner (L)	11,516,704	1.24%
	Interest in controlled corporation (L)	1,198,440	0.13%
		<u>12,715,144</u>	<u>1.37%</u>
Mr. GAO Nianshu <sup>3</sup>	Beneficial owner (L)	11,916,718	1.28%
	Beneficiary of a trust (L)	2,904,179	0.31%
	Other (L)	8,943,216	0.96%
		<u>23,764,113</u>	<u>2.56%</u>
Mr. ZHANG Yichen <sup>4</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
Dr. GAO Jack Qunyao <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Dr. ZHANG Ya-Qin <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Mr. GE Ming <sup>5</sup>	Beneficial owner (L)	112,000	0.01%
Ms. TAO Ping <sup>5</sup>	Beneficial owner (L)	112,000	0.01%

## OTHER INFORMATION

### Notes:

1. (L) — Long position; (S) — Short position.
2. As at 30 June 2022, a total of 928,391,777 Shares had been in issue.

<sup>1</sup> Dr. TIAN is the sole shareholder of Info Addition Limited which in turn is a general partner of Info Addition Capital Limited Partnership. As such, Dr. TIAN is deemed to be interested in the 1,151,111 Shares in which Info Addition Capital Limited Partnership is interested for the purpose of SFO. Dr. TIAN indirectly has full control over CBC Partners II L.P. which is the general partner of China Broadband Capital Partners II, L.P., which in turn is the sole shareholder of CBC TMT III Limited. Therefore, Dr. TIAN is deemed to be interested in the 31,209,360 Shares in which CBC TMT III Limited is interested. PacificInfo Limited is wholly owned by Dr. TIAN and therefore Dr. TIAN is deemed to be interested in the 39,442,000 Shares in which PacificInfo Limited is interested.

<sup>2</sup> New Media China Investment I Limited is wholly owned by Mr. DING, and therefore Mr. DING is deemed to be interested in the 1,198,440 Shares in which New Media China Investment I Limited is interested.

<sup>3</sup> These interests comprise (i) 11,916,718 Shares; (ii) 3,798,656 underlying Shares in respect of the outstanding share options granted to Mr. GAO under the Pre-IPO Share Option Scheme were held by the custodian, Noble (Nominees) Limited; and (iii) the interests in the 2,904,179 Shares granted to Mr. GAO under the 2020 Share Award Scheme were held by the trustee, AsiaInfo SAS Management Trust.

<sup>4</sup> Each of Power Joy (Cayman) Limited (as the controlling shareholder of Skipper Investment Limited), CITIC Capital China Partners II, L.P. (as the sole shareholder of Power Joy (Cayman) Limited), CCP II GP, Ltd. (as the general partner of CITIC Capital China Partners II, L.P.), CCP Ltd. (as the general partner of CCP II GP, Ltd. and the shareholder of CCP II Advisory Ltd.), CITIC Capital Partners Limited (as the sole shareholder of CCP Ltd.), CITIC Capital Holdings Limited and CP Management Holdings Limited (which hold 51% and 49% shareholding of CITIC Capital Partners Limited, respectively) and Mr. ZHANG Yichen (as the sole shareholder of CP Management Holdings Limited) is deemed or taken to be interested in all the 213,924,952 Shares which are beneficially owned by Skipper Investment Limited for the purpose of Part XV of the SFO.

<sup>5</sup> The Company granted 112,000 share options to each of Dr. GAO Jack Qunyao, Dr. ZHANG Ya-Qin, Mr. GE Ming and Ms. TAO Ping, all of whom are independent non-executive Directors, under the 2019 Share Option Scheme, respectively, details of which are set out in the announcements of the Company dated 16 June 2020 and 25 March 2021, respectively.

Save as disclosed above, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange; or which would be required to be registered in the register to be kept pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, to the best of knowledge of the Directors, the following persons (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which would fall under Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Nature of interest (Note 1)	Number of Shares	Approximate percentage of total number of Shares in issue (Note 2)
Skipper Investment Limited <sup>6</sup>	Beneficial owner (L)	213,924,952	23.04%
Power Joy (Cayman) Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
CITIC Capital China Partners II, L.P. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
CCP II GP, Ltd. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
CCP II Advisory Ltd. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
CCP Ltd. <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
Trustar Capital Partners Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
Trustar Capital Company Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
Trustar Capital Holdings Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
CCHL Investment Holdings Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%
CP Management Holdings Limited <sup>6</sup>	Interest in controlled corporation (L)	213,924,952	23.04%

Notes:

- (L) — Long position; (S) — Short position.
- As at 30 June 2022, a total of 928,391,777 Shares had been in issue.

<sup>6</sup> Each of Power Joy (Cayman) Limited (as the controlling shareholder of Skipper Investment Limited), CITIC Capital China Partners II L.P. (as the sole shareholder of Power Joy (Cayman) Limited), CCP II GP, Ltd. (as the general partner of CITIC Capital China Partners II L.P.), CCP Ltd. (as the general partner of CCP II GP, Ltd. and the shareholder of CCP II Advisory Ltd.), Trustar Capital Partners Limited (as the sole shareholder of CCP Ltd.), Trustar Capital Company Limited (as the sole shareholder of Trustar Capital Partners Limited), Trustar Capital Holdings Limited (as the sole shareholder of Trustar Capital Company Limited), CCHL Investment Holdings Limited and CP Management Holdings Limited (which hold 51% and 49% shareholding of Trustar Capital Partners Limited, respectively) and Mr. ZHANG Yichen (as the sole shareholder of CP Management Holdings Limited) is deemed or taken to be interested in all the Shares which are beneficially owned by Skipper Investment Limited for the purpose of Part XV of the SFO. Please also refer to note 4 under the section headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES" in this interim report.

## OTHER INFORMATION

Name of Shareholders	Nature of interest (Note 1)	Number of Shares	Approximate percentage of total number of Shares in issue (Note 2)
China Mobile International Holdings Limited <sup>7</sup>	Beneficial owner (L)	182,259,893	19.63%
China Mobile (Hong Kong) Group Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.63%
China Mobile Communications Group Co., Ltd. <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.63%
China Mobile Hong Kong (BVI) Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.63%
China Mobile Limited <sup>7</sup>	Interest in controlled corporation (L)	182,259,893	19.63%
Ocean Voice Investment Holding Limited <sup>8</sup>	Beneficial owner (L)	60,129,928	6.48%
Sino Venture Capital 1B <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.48%
Sino Venture Capital 1 VCC <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.48%
Sino Capital Management Company Ltd. <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.48%
Mr. Liao Hsueh-Hsuan <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.48%
Sino Suisse Financial Holding Limited <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.48%
A.M.Y. (Sinosuisse) Ltd. <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.48%
Mr. Liu Chung Hsing <sup>8</sup>	Interest in controlled corporation (L)	60,129,928	6.48%
Ellington Investments Pte. Ltd. <sup>9</sup>	Beneficial owner (L)	52,015,608	5.60%
Bartley Investments Pte. Ltd. <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.60%
Tembusu Capital Pte. Ltd. <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.60%
Temasek Holdings (Private) Limited <sup>9</sup>	Interest in controlled corporation (L)	52,015,608	5.60%
Al Gharrafa Investment Company <sup>10</sup>	Beneficial owner (L)	52,015,608	5.60%
Qatar Holding LLC <sup>10</sup>	Interest in controlled corporation (L)	52,015,608	5.60%
Qatar Investment Authority <sup>10</sup>	Interest in controlled corporation (L)	52,015,608	5.60%
InnoValue Capital Ltd. <sup>11</sup>	Beneficial owner (L)	52,015,608	5.60%
Ms. LIU Tzu-Lien <sup>11</sup>	Interest in controlled corporation (L)	52,015,608	5.60%

## OTHER INFORMATION

Notes:

1. (L) — Long position; (S) — Short position.
2. As at 30 June 2022, a total of 928,391,777 Shares had been in issue.
7. China Mobile International Holdings Limited is wholly owned by China Mobile Limited, which is owned as to 72.72% by China Mobile Hong Kong (BVI) Limited. China Mobile Hong Kong (BVI) Limited is wholly owned by China Mobile (Hong Kong) Group Limited, which is wholly owned by China Mobile Communications Group Co., Ltd. Hence, each of China Mobile (Hong Kong) Group Limited, China Mobile Communications Group Co., Ltd., China Mobile Hong Kong (BVI) Limited and China Mobile Limited is deemed or taken to be interested in the Shares owned by China Mobile International Holdings Limited for the purpose of Part XV of the SFO.
8. The above shareholding information is based on the information received by the Company pursuant to an investigation conducted under Section 329 of the SFO, the specified date of which is 3 May 2022. Sino Venture Capital 1B (as the sole shareholder of Ocean Voice Investment Holding Limited), Sino Venture Capital 1 VCC (as the sole shareholder of Sino Venture Capital 1B), Sino Capital Management Company Ltd (as the management shareholder of Sino Venture Capital 1 VCC) and Mr. Liao Hsueh-Hsuan (holding 99% equity interest of Sino Capital Management Company Ltd) are deemed or taken to be interested in all the Shares beneficially owned by Ocean Voice Investment Holding Limited for the purpose of Part XV of the SFO. In addition, Sino Suisse Financial Holding Limited (as the sole shareholder of Sino Suisse Capital Pte. Ltd. (as the manager of Sino Venture Capital 1 VCC)), A.M.Y. (Sinossuisse) Ltd. (holding 80% equity interest of Sino Suisse Financial Holding Limited) and Mr. Liu Chung Hsing (as the sole shareholder of A.M.Y. (Sinossuisse) Ltd.) are deemed or taken to be interested in all the Shares beneficially owned by Ocean Voice Investment Holding Limited.
9. Each of Bartley Investments Pte. Ltd. (as the sole shareholder of Ellington Investments Pte. Ltd.), Tembusu Capital Pte. Ltd. (as the sole shareholder of Bartley Investments Pte. Ltd.) and Temasek Holdings (Private) Limited (as the sole shareholder of Tembusu Capital Pte. Ltd.) is deemed or taken to be interested in all the Shares which are beneficially owned by Ellington Investments Pte. Ltd. for the purpose of Part XV of the SFO.
10. Each of Qatar Holding LLC (as the sole shareholder of Al Gharrafa Investment Company) and Qatar Investment Authority (as the sole shareholder of Qatar Holding LLC) is deemed or taken to be interested in all the Shares which are beneficially owned by Al Gharrafa Investment Company for the purpose of Part XV of the SFO.
11. Ms. LIU Tzu-Lien (as the sole shareholder of InnoValue Capital Ltd.) is deemed or taken to be interested in all the Shares which are beneficially owned by InnoValue Capital Ltd. for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2022, to the best of the Directors' knowledge, no other person (other than the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying Shares which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this interim report, at no time during the Reporting Period did the Company or any of its subsidiaries enter into any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.



## OTHER INFORMATION

### USE OF NET PROCEEDS FROM LISTING AND SUBSCRIPTION

#### Listing

The Shares were listed on the Stock Exchange on 19 December 2018. The net proceeds raised during the period of initial public offering (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\$30.5 million were raised. The net proceeds had been fully utilised during the Reporting Period in accordance with the intended purposes disclosed in the Prospectus as follows:

	<b>Proceeds from initial public offering</b>	<b>Proceeds utilised as of 30 June 2022</b>
	HK\$'000	HK\$'000
Enhance R&D capabilities and expand DSaaS, Internet of Things and 5G intelligent network business (35%)	315,547	315,547
Repayment of bank loans (30%)	270,469	270,469
Strategic investments and acquisitions (25%)	225,391	225,391
Working capital and other general corporate purposes (10%)	90,156	90,156
<b>Total</b>	<b>901,563</b>	<b>901,563</b>

#### Subscription

On 14 April 2020, the Company and China Mobile International Holdings Limited entered into the subscription agreement. The Subscription was completed on 2 September 2020, raising gross proceeds and net proceeds of approximately HK\$1,385 million and approximately HK\$1,384 million, respectively. The net proceeds had been fully utilised during the Reporting Period in accordance with the intended purposes disclosed in the circular of the Company dated 28 May 2020 as follows:

	<b>Proceeds from the Subscription</b>	<b>Proceeds utilised as of 30 June 2022</b>
	HK\$'000	HK\$'000
R&D investment on new products and new technologies and the development of the DSaaS, vertical industries and enterprise cloudification, OSS business (40%)	553,640	553,640
Investment or acquisition of assets and businesses that are complementary to the Group's business and consistent with the Group's development strategy (35%)	484,435	484,435
General working capital (inclusive of administrative purposes, sales and marketing purposes) (25%)	346,025	346,025
<b>Total</b>	<b>1,384,100</b>	<b>1,384,100</b>

## OTHER INFORMATION

### PRE-IPO SHARE OPTION SCHEME

The Pre-IPO Share Option Scheme was approved and adopted by the Shareholders on 26 June 2018, in order to grant eligible members of the management and employees related share-based compensation. The Pre-IPO Share Option Scheme has expired after 11:59 p.m. on the business day before the listing date. The Company will no longer grant options under the Pre-IPO Share Option Scheme. The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the extent necessary for the grant of any share options before the expiration of validity or other circumstances that may be required under the provisions of the scheme. Please refer to the Prospectus for further details of the Pre-IPO Share Option Scheme.

The particulars of outstanding options under the Pre-IPO Share Option Scheme during the Reporting Period, including number of options, date of grant, vesting period, exercise period and exercise price, are as follows:

Grantees	Date of Grant (Note 1)	Outstanding as at 1 January 2022	Number of options exercised/lapsed during the Reporting Period		Outstanding as at 30 June 2022 (Note 3)	Exercise Price (US\$)
			Exercised (Note 2)	Lapsed		
<b>Director</b>						
GAO Nianshu	11 July 2018	800,000	—	—	800,000	1.9225
	1 August 2018	2,998,656	—	—	2,998,656	1.2725
<i>Sub-total</i>		<i>3,798,656</i>	—	—	<i>3,798,656</i>	
<b>Employees</b>						
	1 August 2018	7,200	—	—	7,200	0.5525
	1 August 2018	16,000	—	—	16,000	0.8400
	11 July 2018	520,000	520,000	—	—	1.1300
	1 August 2018	16,650,087	2,247,727	41,808	14,360,552	1.2725
	11 July 2018	25,722,648	77,600	597,488	25,047,560	1.9225
	1 August 2018	43,954,044	114,800	953,212	42,886,032	1.9225
<i>Sub-total</i>		<i>86,869,979</i>	<i>2,960,127</i>	<i>1,592,508</i>	<i>82,317,344</i>	
<b>Total</b>		<b>90,668,635</b>	<b>2,960,127</b>	<b>1,592,508</b>	<b>86,116,000</b>	

Notes:

- The validity period of all the options is ten (10) years from the date of grant.
- The weighted average closing price of the Shares immediately before the dates of the exercise of the options was approximately HK\$14.04.
- The options were fully vested.
- No share option was being cancelled during the Reporting Period.

## OTHER INFORMATION

### 2019 SHARE OPTION SCHEME

The eligible participants of the 2019 Share Option Scheme include any director(s), employee(s) or consultant(s) of the Group who the Remuneration Committee considers, in its sole discretion, has/have contributed or will contribute to the Group. For further details of the 2019 Share Option Scheme, please refer to the circular of the Company dated 4 November 2019.

The particulars of outstanding options under the 2019 Share Option Scheme during the Reporting Period, including number of options, date of grant, vesting period, validity period and exercise price, are as follows:

Grantees	Date of Grant (Note 1)	Outstanding as at 1 January 2022	Number of options granted/exercised/ lapsed during the Reporting Period			Outstanding as at 30 June 2022	Exercise Price (HK\$)
			Granted (Note 2)	Exercised (Note 3)	Lapsed		
<b>Directors</b>							
Dr. GAO Jack Qunyao	16 June 2020	112,000	—	—	—	112,000	9.56
Dr. ZHANG Ya-Qin	16 June 2020	112,000	—	—	—	112,000	9.56
Mr. GE Ming	16 June 2020	112,000	—	—	—	112,000	9.56
Ms. TAO Ping	25 March 2021	112,000	—	—	—	112,000	12.46
<b>Employees</b>							
	16 June 2020	11,523,400	—	446,800	1,117,700	9,958,900	9.56
	9 June 2021	12,926,200	—	40,000	436,000	12,450,200	12.54
	11 March 2022	—	14,763,500	—	148,000	14,615,500	13.24
	10 May 2022	—	3,648,277	—	—	3,648,277	13.32
<i>Sub-total</i>		<i>24,449,600</i>	<i>18,411,777</i>	<i>486,800</i>	<i>1,701,700</i>	<i>40,672,877</i>	
<b>Total</b>		<b>24,897,600</b>	<b>18,411,777</b>	<b>486,800</b>	<b>1,701,700</b>	<b>41,120,877</b>	

Notes:

- The closing prices were HK\$9.18 per Share, HK\$11.38 per Share, HK\$12.54 per Share, HK\$13.24 per Share and HK\$13.32 per Share, respectively, immediately before the dates of grant (i.e. 16 June 2020, 25 March 2021, 9 June 2021, 11 March 2022 and 10 May 2022).

## OTHER INFORMATION

- The validity period of options is ten (10) years commencing from the date of grant. In terms of the options granted on 16 June 2020 and 25 March 2021, 50%, 20% and 30% of the options granted shall be vested on the date falling on the first, second and third anniversary from the date of grant, respectively; and in terms of the options granted on 9 June 2021, 11 March 2022 and 10 May 2022, 40%, 30% and 30% of the options granted shall be vested on the date falling on the first, second and third anniversary from the date of grant, respectively.
- The Company has used the Binomial Model to determine the fair value of the options as at the date of grant, which is recorded in profit or loss over the vesting period. Other than the exercise price mentioned above, the model inputs to determine the fair value of options including:

	<b>Granted on 16 June 2020</b>	<b>Granted on 25 March 2021</b>	<b>Granted on 9 June 2021</b>	<b>Granted on 11 March 2022</b>	<b>Granted on 10 May 2022</b>
Closing price as at the date of grant	HK\$9.05	HK\$12.46	HK\$12.54	HK\$13.24	HK\$13.20
Expected volatility	49%	49%	50%	51%	51%
Risk-free interest rate	0.53%	0.53%	1.12%	1.74%	1.74%
Expected dividend yield	2.50%	2.50%	2.80%	3.42%	3.42%
Weighted average fair value of options as at the date of grant	HK\$3.51	HK\$3.51	HK\$4.86	HK\$4.97	HK\$4.97

The expected volatility is based on the historical share price movement of comparable companies for the period of time close to the expected time to exercise. The risk-free interest rate is based on the market yield rates of Hong Kong Sovereign bond with maturity date close to the life of options as of the valuation date. Expected dividends are based on the historical dividends and dividend distribution policy of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate.

The fair value of option granted is recognized as expense over the vesting period according to our accounting policies, which is adjusted based on the review of the number of options expected to be vested. No expense is recognized for options forfeited prior to the expiry date.

- The weighted average closing price of the Shares was HK\$13.96 immediately before the date of the exercise of the options.
- No share option was being cancelled during the Reporting Period.

### 2020 SHARE AWARD SCHEME

On 7 January 2020, the Board adopted the 2020 Share Award Scheme for the purposes of (i) recognising the contributions and to fully motivate the potential and vitality of talents of the eligible persons; and (ii) encouraging the eligible persons to continue contributing to the long-term growth and development of the Group. Subject to the criteria and conditions of the 2020 Share Award Scheme, any core management personnel whom the Board or the Remuneration Committee or their respective delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award.

According to the 2020 Share Award Scheme, the Company may transfer to the trustee the necessary funds and instruct the trustee to acquire Shares through market transactions at the prevailing market price or through the over-the-counter markets at the price determined by the Company, so as to satisfy the awards. During the Reporting Period, the trustee purchased a total of 407,200 Shares on the Stock Exchange.

## OTHER INFORMATION

For further details of the 2020 Share Award Scheme, please refer to the announcements of the Company dated 8 January 2020 and 27 February 2020, respectively.

<b>Grantee</b>	<b>Number of Award Shares not yet vested as at 1 January 2022</b>	<b>Number of Award Shares granted during the Reporting Period</b>	<b>Number of Award Shares vested during the Reporting Period</b>	<b>Number of Award Shares lapsed during the Reporting Period</b>	<b>Number of Award Shares not yet vested as at 30 June 2022</b>
<b>Director</b>					
GAO Nianshu	4,840,299	—	1,936,120	—	2,904,179
<b>Employees</b>	10,895,150	1,000,000	3,452,060	—	8,443,090
<b>Total</b>	15,735,449	1,000,000	5,388,180	—	11,347,269

Notes:

- For award Shares granted on 30 December 2020, the vesting period shall commence from the date of grant and end on the date which is three years from the date of grant. For further details, please refer to the announcement of the Company dated 30 December 2020.
- For award Shares granted on 26 May 2021 and 11 March 2022, the vesting period shall commence on the date which is one year from the date of grant and end on the date which is three years from the date of grant. For further details, please refer to the announcements of the Company dated 26 May 2021 and 11 March 2022, respectively.

### EMPLOYMENT MANAGEMENT

During the Reporting Period, the Group had strictly complied with the Labor Law of the PRC and the Labor Contract Law of the PRC and other applicable laws and regulations. The labor contracts were entered into on an equal and voluntary basis in order to protect the rights of both employees and employers and build an equal labor relationship. Meanwhile, the Group has strictly complied with the Provisions on the Prohibition of Using Child Labor and will not employ child labor under any circumstances. As of 30 June 2022, the total number of employees of the Group was 13,309 (31 December 2021: 13,332).

### REMUNERATION AND BENEFITS

The staff remuneration mechanism consists of salary and annual bonuses. The Group will pay pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund for employees according to law. In addition, the Group provides life and medical insurance, supplemental insurance benefits, health checks, holidays and various kinds of benefits to employees.

## OTHER INFORMATION

### **RETIREMENT BENEFIT SCHEME**

According to the PRC's regulations, the Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee-administered funds. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

### **PERFORMANCE MANAGEMENT AND STAFF DEVELOPMENT**

To ensure the fulfillment of the strategic development goals of the Company, the Group continues to improve the performances of the Group and the staff by way of performance management, and facilitates continuous development of the staff's capabilities. Through position promotion measures, the Group effectively identifies potential talents and creates a career development platform for its employees. Aiming at enhancing the core competitiveness of the Group and cultivating excellent teams of employees and managers, the Group provides diverse opportunities of education and training to employees in line with the business growth needs and the staff's career development.

### **EVENTS AFTER THE REPORTING PERIOD**

No major subsequent events affecting the Group have occurred since the end of the Reporting Period and up to the date of this interim report.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Incorporate in the British Virgin Islands with Limited Liability)



TO THE BOARD OF DIRECTORS OF ASIAINFO TECHNOLOGIES LIMITED

## INTRODUCTION

We have reviewed the accompanying interim financial report set out on pages 31 to 56 which comprises the condensed consolidated statement of financial position of AsiaInfo Technologies Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period ended 30 June 2022 and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting (“**HKAS 34**”), issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with HKAS 34.

### KPMG

*Certified Public Accountants*

8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

8 August 2022

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	4	<b>3,109,285</b>	2,715,268
<b>Cost of sales</b>		<b>(2,055,758)</b>	(1,718,032)
Gross profit		<b>1,053,527</b>	997,236
Other income	5	<b>75,007</b>	88,785
Impairment losses under expected credit loss model, net of reversal	15	<b>(23,019)</b>	(14,754)
Other gains and losses		<b>17,161</b>	810
Selling and marketing expenses		<b>(258,898)</b>	(199,905)
Administrative expenses		<b>(154,356)</b>	(112,965)
Research and development expenses		<b>(486,664)</b>	(442,502)
Share of results of associates		<b>(3,273)</b>	—
Finance costs		<b>(5,730)</b>	(5,907)
<b>Profit before tax</b>		<b>213,755</b>	310,798
Income tax expenses	6	<b>(24,657)</b>	(31,259)
<b>Profit for the period</b>	7	<b>189,098</b>	279,539
Item that may be reclassified subsequently to profit or loss:			
— exchange differences arising on translation of foreign operations		<b>(8,626)</b>	—
<b>Other comprehensive income for the period, net of tax</b>		<b>(8,626)</b>	—
<b>Total comprehensive income for the period</b>		<b>180,472</b>	279,539
<b>Profit for the period attributable to:</b>			
Equity holders of the Company		<b>191,789</b>	279,772
Non-controlling interests		<b>(2,691)</b>	(233)
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the Company		<b>(8,626)</b>	—
Non-controlling interests		<b>—</b>	—
<b>Earnings per share</b>			
— Basic (RMB)	9	<b>0.21</b>	0.30
— Diluted (RMB)	9	<b>0.20</b>	0.30

The accompanying notes on pages 36 to 56 form part of this interim financial report.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2022 RMB'000	31 December 2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	12	287,551	285,170
Right-of-use assets	12	300,925	228,350
Intangible assets		155,351	5,297
Goodwill	11	2,146,787	1,932,246
Investments in associates		64,559	19,672
Financial assets at fair value through profit or loss ("FVTPL")	20	17,532	—
Financial assets at fair value through other comprehensive income ("FVOCI")	20	60,717	—
Deferred tax assets	13	126,397	120,930
Pledged bank deposits		1,291	333
Term deposits		320,000	370,000
Other non-current assets		31,766	23,241
		<b>3,512,876</b>	2,985,239
<b>Current assets</b>			
Inventories		29,972	2,349
Trade and notes receivables	14	995,141	846,573
Prepayments, deposits and other receivables		339,158	188,699
Contract assets		2,495,747	2,230,815
Financial assets at FVTPL	20	284,015	528,692
Amounts due from related parties	22	110,347	12,532
Pledged bank deposits		269,048	178,744
Term deposits		50,000	200,000
Bank balances and cash		1,271,980	2,331,821
		<b>5,845,408</b>	6,520,225
<b>Current liabilities</b>			
Trade and notes payables	16	682,877	323,677
Contract liabilities		203,427	290,495
Other payables, deposits received and accrued expenses		1,628,134	2,159,975
Amounts due to related parties	22	17,704	11,881
Income tax payable		302,081	274,194
Lease liabilities		69,339	49,239
		<b>2,903,562</b>	3,109,461
<b>Net current assets</b>			
		<b>2,941,846</b>	3,410,764
<b>Total assets less current liabilities</b>			
		<b>6,454,722</b>	6,396,003

The accompanying notes on pages 36 to 56 form part of this interim financial report.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	30 June 2022 RMB'000	31 December 2021 RMB'000
<b>Non-current liabilities</b>			
Deferred tax liabilities	13	197,059	155,812
Lease liabilities		139,425	88,622
		336,484	244,434
<b>NET ASSETS</b>		6,118,238	6,151,569
<b>CAPITAL AND RESERVES</b>			
Share capital	17	—	—
Reserves		6,105,938	6,154,779
Equity attributable to equity holders of the Company		6,105,938	6,154,779
Non-controlling interests		12,300	(3,210)
<b>TOTAL EQUITY</b>		6,118,238	6,151,569

Approved and authorised for issue by the board of directors on 8 August 2022.

**Dr. TIAN Suning**  
DIRECTOR

**Mr. GAO Nianshu**  
DIRECTOR

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Company							Non-controlling interests RMB'000	Total equity RMB'000	
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Translation capital reserve RMB'000	Statutory surplus reserve <sup>(i)</sup> RMB'000	Other reserves RMB'000	Retained profits RMB'000			Sub-total RMB'000
<b>At 1 January 2022</b>	—	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 period	—	—	—	—	—	—	191,789	191,789	(2,691)	189,098
Other comprehensive income for the period	—	—	—	(8,626)	—	—	—	(8,626)	—	(8,626)
Recognition of equity-settled share-based payments	—	—	—	—	—	72,435	—	72,435	—	72,435
Lapse of share options and restricted stock units	—	—	—	—	—	(3,786)	3,786	—	—	—
Vesting of restricted stock units	—	67,662	—	—	—	(67,662)	—	—	—	—
Exercise of share options	—	40,667	—	—	—	(12,157)	—	28,510	—	28,510
Purchase of Shares for share award scheme (note 18)	—	(4,595)	—	—	—	—	—	(4,595)	—	(4,595)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	18,201	18,201
Dividends declared in respect of the previous year (note 8)	—	—	—	—	—	—	(328,354)	(328,354)	—	(328,354)
<b>At 30 June 2022</b>	—	2,244,000	285,200	(23,755)	187,259	1,591,841	1,821,393	6,105,938	12,300	6,118,238
<b>At 1 January 2021</b>	—	2,115,627	285,200	(15,129)	180,809	1,571,420	1,417,521	5,555,448	—	5,555,448
Profit and total comprehensive income for the period	—	—	—	—	—	—	279,772	279,772	(233)	279,539
Recognition of equity-settled share-based payments	—	—	—	—	—	30,884	—	30,884	—	30,884
Lapse of share options and restricted stock units	—	—	—	—	—	(15,136)	15,136	—	—	—
Vesting of restricted stock units	—	29,599	—	—	—	(29,599)	—	—	—	—
Exercise of share options	—	24,332	—	—	—	(7,630)	—	16,702	—	16,702
Purchase of Shares for share award scheme (note 18)	—	(36,558)	—	—	—	—	—	(36,558)	—	(36,558)
Dividends declared in respect of the previous year (note 8)	—	—	—	—	—	—	(261,334)	(261,334)	—	(261,334)
<b>At 30 June 2021</b>	—	2,133,000	285,200	(15,129)	180,809	1,549,939	1,451,095	5,584,914	(233)	5,584,681

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 holders 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.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Net cash used in operating activities</b>		<b>(545,535)</b>	(175,924)
<b>Investing activities</b>			
Purchases of property, plant and equipment		(20,494)	(13,394)
Purchases of intangible assets		(1,764)	(1,779)
Purchases of financial assets at FVTPL		(480,965)	(1,131,594)
Acquisition of investment in associates		(48,160)	—
Acquisition of a subsidiary, net of cash acquired		(410,111)	—
Proceeds on disposal of property, plant and equipment		158	1,149
Proceeds on disposal of intangible assets		12	—
Proceeds on disposal of financial assets at FVTPL		750,051	1,382,024
Proceeds on disposal of investment in an associate		—	15,000
Placement of pledged bank deposits		(269,734)	(360,356)
Withdrawal of pledged bank deposits		178,473	432,889
Placement of term deposits		(50,000)	(450,000)
Withdrawal of term deposits		250,000	189,975
Interest received		19,219	12,777
Loans provided to related parties		(90,001)	—
Other cash flows arising from investing activities		(10,356)	—
<b>Net cash (used in)/generated from investing activities</b>		<b>(183,672)</b>	76,691
<b>Financing activities</b>			
Repayment of bank borrowings		—	(134,308)
Capital element of lease rentals paid		(44,654)	(32,592)
Interest element of lease rentals paid		(4,841)	(4,539)
Borrowing interest paid		—	(912)
Proceeds from issue of Shares under share option schemes		41,848	7,128
Purchase of Shares for share award scheme	18	—	(101,124)
Dividend paid	8	(329,638)	(263,080)
<b>Net cash used in financing activities</b>		<b>(337,285)</b>	(529,427)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,066,492)</b>	(628,660)
<b>Cash and cash equivalents at 1 January</b>		<b>2,331,821</b>	1,690,151
Effect of exchange rate changes		6,651	(6,865)
<b>Cash and cash equivalents at 30 June represented by bank balances and cash</b>		<b>1,271,980</b>	1,054,626

The accompanying notes on pages 36 to 56 form part of this interim financial report.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

## 1 GENERAL INFORMATION

AsialInfo Technologies Limited (the “**Company**”) is incorporated in the British Virgin Islands (“**BVI**”) as a company with limited liability and the Company’s ordinary shares (“**Shares**”) are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 19 December 2018.

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

## 2 BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with HKAS 34 Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure provisions to the Listing Rules. It was authorised for issue on 8 August 2022.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (together, the “**Group**”) since the 2021 annual financial statements. The consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

This condensed consolidated financial statements are unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG’s independent review report to the Board of Directors of the Company is included on page 30.

## 3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 3 PRINCIPAL ACCOUNTING POLICIES (Continued)

#### 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 in the condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4 REVENUE

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.

#### Disaggregation of revenue

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<i>Timing of revenue recognition</i>		
At a point in time	151,640	24,976
Over time	2,957,645	2,690,292
	<b>3,109,285</b>	2,715,268
<i>Types of goods and services</i>		
Provision of services	3,040,331	2,690,860
Software and data-driven operation services	2,991,514	2,643,372
Others <sup>(i)</sup>	48,817	47,488
Sales of goods	68,954	24,408
	<b>3,109,285</b>	2,715,268

Note:

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 4 REVENUE (Continued)

#### 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.

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.

### 5 OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Government grants <sup>(i)</sup>	26,581	28,218
Interest income on bank balances, pledged bank deposits and term deposits	18,372	16,747
Net gains on disposal of financial assets at FVTPL <sup>(ii)</sup>	6,212	17,695
Changes in fair value of financial assets at FVTPL	2,946	7,346
Gain from additional input value-added tax credit	11,782	10,418
Income from management support services <sup>(iii)</sup>	2,992	4,174
Others	6,122	4,187
	<b>75,007</b>	<b>88,785</b>

#### Notes:

- (i) During the six months ended 30 June 2022, government grants amounted to RMB21,673,000 (2021: RMB24,790,000) are related to the support of high-tech industrial development. Government grants amounted to RMB4,908,000 (2021: RMB3,428,000) are 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 period in which they were recognised.
- (ii) The financial assets represent the financial products bought from bank, with no principal or return guaranteed.
- (iii) Income from management support services represents income generated primarily from the provision of management services such as legal support, human resources, management system and network, daily administration, etc. to the Group's related parties.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 6 INCOME TAX EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax ("EIT") — Current year	4,314	12,557
Deferred tax (note 13)	18,037	22,435
	<u>22,351</u>	<u>34,992</u>
Under/(over) provision in prior year:		
PRC EIT	2,306	(3,733)
	<u>24,657</u>	<u>31,259</u>

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 six months ended 30 June 2022. (2021: 25%).

The Group's subsidiaries operating in the PRC are eligible for certain tax credits of 175% deduction rates on certain research and development expenses for the six months ended 30 June 2022 (2021: 175%).

In December 2020, the Ministry of Finance of the PRC ("MOF"), State Taxation Administration ("STA"), National Development and Reform Commission ("NDRC") and Ministry of Industry and Information Technology ("MIIT") jointly issued the Public Notice regarding the EIT policies to encourage the development of integrated circuit ("IC") industry and software industry ("Public Notice No.45"). Following which, the NDRC, MIIT, MOF, General Administration of Customs ("GAC") and STA jointly released the Notice ("Fa Gai Gao Ji [2022] No.390") in March 2022 regarding the List-making for the IC Enterprises or Projects and Software Enterprises Eligible for Preferential Tax Policies (the "Notice"), pursuant to which key software enterprises under the State Planning layout could go through tax reduction procedures with the relevant tax authorities to enjoy preferential tax policies.

During the six months ended 30 June 2022 and 2021, two of the Company's subsidiaries, including AsialInfo Technologies (China), Inc. ("AsialInfo China") and AsialInfo Technologies (Nanjing), Inc. ("AsialInfo Nanjing"), were identified as the key software enterprises with tax privileges and entitled to a preferential EIT rate of 10%, pursuant to the designation as a key software enterprise under the State Planning. Such tax preference was applied and entitled by performing the record filling to the tax authorities on a yearly basis. The Directors consider that AsialInfo China and AsialInfo Nanjing will re-apply for such tax preference provided that its business operations will continue to be qualified as key software enterprises.



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### 6 INCOME TAX EXPENSES (Continued)

MOF and STA promulgated and implemented Income Tax Policies for Integrated Circuit Design and Software Enterprises (the “Policies”) in 2011, pursuant to which, all eligible software enterprises that were profit-making up to the year ended 31 December 2017 would be entitled to two-year EIT exemptions followed by three years’ 50% EIT reduction of the statutory EIT rates, starting from their first profit making year. In May 2019, the relevant taxation authority renewed these Policies for the first time to make eligible software enterprises that were profit-making for the year ended 31 December 2018 to be entitled for such preferential EIT rates. These Policies were updated again in May 2020, and the profit-making year was updated to 31 December 2019. Nanjing AsialInfo Software Co., Ltd. (“Nanjing Software”) had met all the requirements to be eligible under the Policies and therefore, Nanjing Software has EIT exemptions for two years starting from the year ended 31 December 2019 and be entitled to a preferential EIT rate of 12.5% from 2021 to 2023. Meanwhile, pursuant to these Policies, effective from its profit-making year, Hunan AsialInfo Software Co., Ltd. (“Hunan Software”) enjoys EIT exemptions for the next first two years of profit-making, starting 2018 (retrospectively applied in 2018 as it was the first year the relevant taxation authority renewed the Policies) and was entitled to a preferential EIT rate of 12.5% from 2020 to 2022.

Hangzhou AsialInfo Cloud Information Technologies Limited was designated as “High and New Technology Enterprise” in 2019 for a period up to December 2022. Guangzhou AsialInfo Technology Co. Ltd. and Beijing iResearch Digital Intelligence Technology Co., Ltd. (previously known as: Beijing AsialInfo Smart Big Data Co., Ltd.) were designated as “High and New Technology Enterprise” in 2020 for a period up to December 2023. Shanghai iResearch Market Consulting Co., Ltd., China and Shanghai iTracker Consulting Co., Ltd. were designated as “High and New Technology Enterprise” in 2020 for a period up to November 2023. As a result, the five companies above were entitled to a preferential income tax rate of 15% for the period ended 30 June 2022 (2021: 15%).

Based on the Notice regarding the Preferential EIT Policies for the Hainan Free Trade Port (“Cai Shui [2020] NO. 31”), and the Announcement on Continuation of EIT Policies for Large-scale Development in the Western Region Notice regarding Extending Preferential EIT Policies for the Development of the Western Regions (“Announcement of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission [2020] No.23”), Hainan AsialInfo Software Co., Ltd. and Chongqing Shuzhi Logic Co., Ltd. both complied with the preferential policies and further enjoyed the EIT rate of 15% in 2022 as a result (2021: 15%).

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 the period ended 30 June 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 7 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profit for the period has been arrived at after charging:		
Staff costs, including Directors' and chief executive's remuneration		
Directors' remuneration	19,057	7,481
Employee benefit expenses		
Other staff costs (salaries, wages, allowance, bonus and others)	1,616,522	1,527,565
Contribution to retirement benefits scheme	175,612	153,535
Share-based compensation expenses	56,992	26,869
Total staff costs	<u>1,868,183</u>	<u>1,715,450</u>
Cost of inventories recognised as expenses (transferred into cost of sales)	62,149	22,958
Depreciation of property, plant and equipment	20,409	17,367
Depreciation of right-of-use assets	41,703	34,275
Amortisation of intangible assets	14,247	1,080
Expense of short-term and low value lease	<u>28,509</u>	<u>24,499</u>

### 8 DIVIDENDS

Dividends payable to equity holders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$41.6 cents per share (2021: HK\$34.5 cents per share)	<u>328,354</u>	<u>261,334</u>

For the six months ended 30 June 2022, the Company declared the dividends of HK\$386,040,000 (equivalent to RMB328,354,000) to the equity holders of the Company (2021: HK\$317,611,000 (equivalent to RMB261,334,000)).

For the six months ended 30 June 2022, the dividends of HK\$386,039,000 (equivalent to RMB329,638,000) were paid by cash (2021: HK\$316,171,000 (equivalent to RMB263,080,000)).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 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:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Earnings:</b>		
Earnings for the purpose of calculating basic and diluted earnings per share	<u>191,789</u>	<u>279,772</u>
<b>Number of Shares:</b>		
Weighted average number of shares for the purpose of calculating basic earnings per share	928,225,186	919,097,453
Effect of dilutive potential shares: share options and RSUs	<u>15,494,958</u>	<u>7,614,013</u>
<b>Weighted average number of shares for the purpose of calculating diluted earnings per share</b>	<u>943,720,144</u>	<u>926,711,466</u>

The calculation of basic earnings per share for the six months periods ended 30 June 2022 and 2021 was based on the profit for the period attributable to the ordinary equity holders of the Company.

The calculation of the number of Shares for the purpose of basic earnings per share for the six months periods ended 30 June 2022 and 2021 has taken into account the issuance of Shares with regard to the exercise and vesting of share options and RSUs, and purchasing of Shares for the six months period ended 30 June 2022 and 2021.

The computation of diluted earnings per share for the six months ended 30 June 2022 did not assume the exercise of the share options under the 2014 stock incentive plan ("**2014 Plan**"), part of the share options under the pre-IPO share option scheme of the Company ("**Pre-IPO Share Option Scheme**") and the share options under the share option scheme adopted on 25 November 2019 ("**2019 Share Option Scheme**") since the exercise prices of those share options and RSUs were higher than the average market price of the Shares.

The computation of diluted earnings per share for the six months ended 30 June 2021 did not assume the exercise of the share options under the 2014 Plan and part of the share options under Pre-IPO Share Option Scheme since the exercise prices of those share options and RSUs were higher than the average market price of the Shares.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 10 ACQUISITION OF A SUBSIDIARY

On 14 January 2022, the Group completed the acquisition of 94.23% of the equity interests in Shanghai iResearch Marketing Consulting Co., Ltd. (“iResearch Consulting”) at a consideration of RMB511,780,000. iResearch Consulting is mainly engaged in professional industry analysis services such as industry research, user research, data insight, strategy and etc. Taking control of iResearch Consulting will enable the Group to enhance capabilities in the data-driven operations and digital and intelligent transformation business.

#### (a) Consideration transferred

Total consideration is RMB511,780,000, among which RMB501,107,000 has been settled in cash and the other RMB10,673,000 will be settled by ordinary shares of a subsidiary of the Company.

#### (b) Acquisition-related costs

The Group incurred acquisition-related costs of RMB3,666,500 on legal fees and due diligence costs. These costs have been included in “Administrative expenses”.

#### (c) Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

Property, plant and equipment	2,756
Right-of-use assets	27,939
Intangible assets	162,590
Financial assets at FVTPL	49,830
Financial assets at FVOCI	60,717
Deferred tax assets	18,017
Inventories	17,922
Trade and other receivables	49,641
Bank balances and cash	90,996
Trade and other payables	(65,831)
Contract liabilities	(37,523)
Income tax payable	(4,550)
Lease liabilities under finance leases	(28,443)
Deferred tax liabilities	(28,621)
<b>Total identifiable net assets acquired</b>	<b>315,440</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 10 ACQUISITION OF A SUBSIDIARY (Continued)

#### (c) Identifiable assets acquired and liabilities assumed (Continued)

##### Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

The allocation of the purchase price is determined based on the Directors' estimation of the fair value of the identifiable assets and liabilities of iResearch Consulting on acquisition date with reference to a valuation report prepared by an independent valuer.

Assets acquired	Valuation technique
Intangible assets	The relief-from-royalty method/The excess earnings method: (1) The fair values of the acquired trademark/technology were established using the relief-from-royalty method, which considers the discounted estimated royalty payments that are expected to be avoided as a result of the trademark/technology being owned. (2) The fair values of the acquired customer relationship/contract backlog were established using the excess earnings method, which considers the present value of net cash flows expected to be generated by the customer relationship/contract backlog, by excluding any cash flows related to contributory assets.
Financial assets at FVOCI	Guideline company method: The fair values of the acquired unlisted equity investments were determined using comparable company method, which considers the comparable companies' enterprise value to sales multiple and the discount for lack of marketability.

The trade and other receivables comprise gross contractual amounts due of RMB71,398,000, of which RMB21,758,000 was expected to be uncollectable at the date of acquisition.

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### 10 ACQUISITION OF A SUBSIDIARY (Continued)

#### (d) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

	Six months ended 30 June 2022
Consideration transferred	511,780
NCI, based on their proportionate interests in the recognised amounts of the assets and liabilities of iResearch	18,201
Fair value of identifiable net assets	<u>(315,440)</u>
<b>Goodwill</b>	<b><u>214,541</u></b>

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is attributable mainly to the skills and technical talent of iResearch Consulting's work force and the synergies expected to be achieved from integrating iResearch Consulting into the Group's business. None of the goodwill recognised is expected to be deductible for tax purposes.

### 11 GOODWILL

	Note	For the six months ended 30 June 2022 RMB'000
Carrying amount:		
At 1 January 2022		1,932,246
Addition through acquisition of a subsidiary	10	<u>214,541</u>
At 30 June 2022		<b><u>2,146,787</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.

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### 12 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND RIGHT OF USE ASSETS

During the current interim period, the Group incurred expenditure on leasehold improvements and furniture, fixtures and equipment with a cost of RMB20,661,000 and disposed of certain assets of leasehold improvements and furniture, fixtures and equipment with an aggregate carrying amount of RMB627,000 for cash proceeds of RMB158,000, resulting in a loss on disposal of RMB469,000. During the six months ended 30 June 2021, the Group purchased assets for leasehold improvement, vehicle and furniture, fixtures and equipment amounting to RMB10,937,000 and disposed of certain assets of leasehold improvements and furniture, fixtures and equipment with an aggregate carrying amount of RMB1,015,000 for cash proceeds of RMB1,149,000, resulting in a gain on disposal of RMB134,000.

During the current interim period, the Group entered into several new lease agreements for the use of buildings ranging from one year to five years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised RMB87,848,000 of right-of-use asset and RMB87,848,000 of lease liability (six months ended 30 June 2021: right-of-use asset was RMB24,632,000, lease liability was RMB24,632,000).

### 13 DEFERRED TAX ASSETS AND LIABILITIES

The followings are the major deferred tax liabilities and assets recognised and movements thereon during the current and preceding interim periods:

	Impairment losses	Accrued payroll and welfare	Accrued expenses	Tax loss	Right-of-use assets and lease liabilities	Fair value changes	Withholding tax on undistributed profits of the PRC subsidiaries	Intangible assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021	12,464	100,849	7,617	—	(548)	—	(155,264)	—	(34,882)
Acquisitions through business combination	8,350	—	901	8,766	—	(4,261)	—	(24,360)	(10,604)
Credited (charged) to profit or loss	(2,427)	(22,963)	(2,115)	14,955	(268)	—	(7,066)	1,847	(18,037)
Exchange Adjustment	—	—	—	—	—	—	(7,139)	—	(7,139)
At 30 June 2022	18,387	77,886	6,403	23,721	(816)	(4,261)	(169,469)	(22,513)	(70,662)
As at 31 December 2020	8,471	113,410	11,230	—	(741)	—	(122,464)	—	9,906
Credited (charged) to profit or loss	1,311	(19,675)	(4,214)	—	143	—	—	—	(22,435)
At 30 June 2021	9,782	93,735	7,016	—	(598)	—	(122,464)	—	(12,529)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 13 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

For the purposes of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Deferred tax assets	<b>126,397</b>	120,930
Deferred tax liabilities	<b>(197,059)</b>	(155,812)
	<b>(70,662)</b>	(34,882)

Deferred tax assets are recognised if it is probable that all of the deferred tax assets will be realised through the recovery of taxes previously paid and/or future taxable income. The directors of the Company have reviewed the deferred tax assets of the Group at the end of the six months ended 30 June 2022 and considered that it is probable that the deferred tax assets of the Group will be realised through future taxable income based on directors' assessment of the probability that taxable profits will be available over the years which the deferred tax assets can be realised or utilised.

### 14 TRADE AND NOTES RECEIVABLES

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
Notes receivables	<b>65,802</b>	97,876
Trade receivables	<b>983,029</b>	776,551
Amounts due from third parties	<b>448,844</b>	370,556
Amounts due from related parties	<b>534,185</b>	405,995
Less: allowance for credit losses	<b>(53,690)</b>	(27,854)
	<b>995,141</b>	846,573

The Group allows an average credit period of 30 days from the date of acceptance reports when the Group's right to consideration becomes unconditional. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, creditworthiness, financial condition and payment history.



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### 14 TRADE AND NOTES RECEIVABLES (Continued)

The following is an analysis of trade and notes receivables by ageing, presented based on the dates when the Group has the right to bill, net of allowance for doubtful debts.

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
1–30 days	<b>562,375</b>	564,318
31–90 days	<b>185,096</b>	155,361
91–180 days	<b>114,325</b>	63,799
181–365 days	<b>125,270</b>	32,250
Over 365 days	<b>8,075</b>	30,845
	<b>995,141</b>	846,573

As at 30 June 2022, total notes receivables amounting to RMB65,802,000 (31 December 2021: RMB97,876,000) are held by the Group for settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the six months ended 30 June 2022. All notes receivables of the Group are with a maturity period of less than one year.

### 15 IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS “ECL” MODEL

	<b>Six months ended 30 June</b>	
	<b>2022 RMB'000</b>	2021 RMB'000
Impairment loss recognised, net of reversal	<b>23,019</b>	14,754
	<b>23,019</b>	14,754

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months periods ended 30 June 2022 are materially the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 16 TRADE AND NOTES PAYABLES

The following is an analysis of trade and notes payables by ageing, presented based on the payment obligation used by the Group's management to monitor the Group's financial position.

	30 June 2022 RMB'000	31 December 2021 RMB'000
1-90 days	550,512	223,125
91-180 days	56,057	47,752
181-365 days	45,590	22,952
1-2 years	18,551	12,417
Over 2 years	12,167	17,431
	<b>682,877</b>	<b>323,677</b>

### 17 SHARE CAPITAL

#### The Company

Details of the movement of share capital of the Company are as follows:

	Number of Shares	Nominal value per share	Share capital
<b>Authorised</b>			
At 30 June 2022 and 2021	800,000,000,000	HK\$0.0000000125	HK\$10,000.00
<b>Issued</b>			
At 31 December 2020	915,767,433	HK\$0.0000000125	HK\$11.45
Exercise of share options <sup>(i)</sup>	2,133,073	HK\$0.0000000125	HK\$0.03
Vesting of restricted stock units <sup>(ii)</sup>	3,567,500	HK\$0.0000000125	HK\$0.04
At 30 June 2021	921,468,006	HK\$0.0000000125	HK\$11.52
At 31 December 2021	924,944,850	HK\$0.0000000125	HK\$11.56
Exercise of share options <sup>(i)</sup>	3,446,927	HK\$0.0000000125	HK\$0.04
Vesting of restricted stock units	—	HK\$0.0000000125	—
At 30 June 2022	928,391,777	HK\$0.0000000125	HK\$11.60

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### 17 SHARE CAPITAL (Continued)

	30 June 2022 RMB'000	31 December 2021 RMB'000
Presented as	—	—

Notes:

- (i) During the six months ended 30 June 2022, the Company issued and allotted an aggregate number of 3,446,927 Shares, resulting from the exercise of options to certain employees and directors pursuant to the 2011 stock incentive plan (“2011 Plan”), the Pre-IPO Share Option Scheme and 2019 Share Option Scheme.

During the six months ended 30 June 2021, the Company issued and allotted an aggregate number of 2,133,073 Shares, resulting from the exercise of options to certain employees and directors pursuant to the 2011 Plan, the Pre-IPO Share Option Scheme and 2019 Share Option Scheme.

- (ii) On 18 January 2021, the Company issued and allotted 3,567,500 Shares, resulting from the vesting of restricted share awards to certain employees and a director pursuant to the Pre-IPO Share Award Scheme approved and adopted on 26 June 2018.

### 18 PURCHASE OF SHARES

During the six months ended 30 June 2022 and 2021, the Company purchased its Shares on the Stock Exchange as follows:

Month/year	Number of Shares purchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$'000
April 2022	127,200	13.7864	13.4187	1,726
May 2022	180,000	13.1384	12.9270	2,346
June 2022	100,000	13.5786	13.5685	1,357
				5,429
April 2021	624,400	12.6638	12.2798	7,739
May 2021	1,120,400	12.9887	12.4227	14,239
June 2021	1,581,200	13.4055	12.8827	20,726
				42,704

The Company purchased Shares through the trustee for the implementation of the 2020 Share Award Scheme under the instruction of the Company. During the six months ended 30 June 2022, the Company has purchased 407,200 Shares from the market via the trustee at a total consideration of HK\$5,429,000 (equivalent to RMB4,595,000). During the six months ended 30 June 2022, the Company paid deposit amounted to HK\$120,000,000 (equivalent to RMB101,124,000) to the trustee and has purchased 3,326,000 Shares at a total consideration of HK\$42,704,000 (equivalent to RMB36,558,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 19 SHARE-BASED PAYMENTS

For the six months ended 30 June 2022, details of the share options granted under the 2019 Share Option Scheme are set out below:

Exercise Price (HK\$)	Number of Shares underlying the share options	Grant date	Vesting date	Validity period
13.24	14,763,500	11 March 2022	40% vested on the first anniversary of the grant date 30% vested on the second anniversary of the grant date 30% vested on the third anniversary of the grant date	10 years from the grant date
13.32	3,648,277	10 May 2022	40% vested on the first anniversary of the grant date 30% vested on the second anniversary of the grant date 30% vested on the third anniversary of the grant date	10 years from the grant date

For the six months ended 30 June 2022, the Company granted an aggregate of 1,000,000 RSUs on 11 March 2022 under the 2020 Share Award Scheme and the fair value was the market closing price on 11 March 2022, amounting to HK\$13.24 (equivalent to RMB9.99) per share.

For the six months ended 30 June 2022, the Company recognised a total share-based compensation expenses of RMB72,435,000 in relation to the share options and RSUs issued under the Pre-IPO Share Option Scheme, the 2019 Share Option Scheme and the 2020 Share Award Scheme in profit or loss (for the six months ended 30 June 2021: RMB30,884,000).

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### 20. FINANCIAL INSTRUMENTS

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

This note provides information about how the Group determines fair values of the following financial assets

	<b>Fair value as at 30 June 2022 RMB'000</b>	Fair value as at 31 December 2021 RMB'000	<b>Fair value hierarchy</b>	<b>Valuation technique and key input</b>
Financial assets at fair value through profit or loss ("FVTPL")				
— Wealth management products	<b>284,015</b>	528,692	Level 3	Discounted Cash Flow, estimated return rate
— Other investments	<b>17,532</b>	—	Level 3	
Financial assets at fair value through other comprehensive income ("FVOCI")	<b>60,717</b>	—	Level 3	Market approach, discount for lack of marketability

During the year ended 31 December 2021 and six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

**Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to short maturity, initially recognised close to each reporting date, or with floating interest rates.

### 21 COMMITMENTS

As at 30 June 2022, the Group was committed to acquire property, plant and equipment and intangible assets for its business operation amounting to approximately RMB12,807,000 (31 December 2021: RMB4,572,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 22 RELATED PARTY BALANCES AND TRANSACTIONS

#### (a) Balances with related parties

The outstanding balances related to transactions with related parties are included in the following accounts captions summarised as follows:

#### (i) Balances due from related parties

	30 June 2022 RMB'000	31 December 2021 RMB'000
<b>(a) Trade nature balances:</b>		
<b>Trade and notes receivables:</b>		
— China Mobile Group	531,026	404,267
<b>Contract assets:</b>		
— China Mobile Group	1,309,424	1,054,853
<b>Amounts due from related parties:</b>		
Amounts due from fellow subsidiaries:		
— AsialInfo Technologies (Chengdu) Inc. ("AsialInfo Chengdu")	10,278	6,019
— AsialInfo Long Voyage Software (Beijing) Co., Ltd.	284	176
— AsialInfo Innovation Technologies (Nanjing) Co., Ltd.	75	47
Amounts due from shareholders:		
— China Mobile Group	7,824	6,290
<b>(b) Non-trade nature balances:</b>		
<b>Amounts due from related parties:</b>		
Amounts due from an associate:		
— Tianjin Chengxin Technology Co., Ltd. ("Tianjin Chengxin")	91,886	—
<b>Total</b>	<b>1,950,797</b>	<b>1,471,652</b>

The carrying amounts of trade receivables from China Mobile Group as at 30 June 2022 included the original value and the loss allowance amounting to RMB534,185,000 (31 December 2021: RMB405,995,000) and RMB3,159,000 (31 December 2021: RMB1,728,000), respectively.

The carrying amounts of contract assets from China Mobile Group as at 30 June 2022 included the original value and the loss allowance amounting to RMB1,312,971,000 (31 December 2021: RMB1,058,148,000) and RMB3,547,000 (31 December 2021: RMB3,295,000), respectively.

The amounts due from an associate represent the one-year loan of principal RMB90,001,000 granted to Tianjin Chengxin, and related interest receivable. The loan is unsecured and bears interest at 4.9% per annum.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (a) Balances with related parties (Continued)

##### (i) Balances due from related parties (Continued)

The Group generally grants a credit period of 30 days to its related parties. Ageing of amounts due from related parties — trade nature, based on the dates when the Group has the rights to bill is set forth as follows:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
1–90 days	<b>1,182,103</b>	1,155,893
91–180 days	<b>302,085</b>	240,679
181–365 days	<b>346,926</b>	59,367
Over 365 days	<b>27,797</b>	15,713
	<b>1,858,911</b>	1,471,652

The balances are unsecured, interest-free and repayable on demand.

##### (ii) Balances due to related parties

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
<b>Contract liabilities:</b>		
— China Mobile Group	<b>84,452</b>	179,924
<b>Amounts due to related parties:</b>		
Amounts due to fellow subsidiaries:		
— AsialInfo Chengdu	<b>6,820</b>	7,772
Amounts due to shareholders:		
— China Mobile Group	<b>10,884</b>	4,109
<b>Total</b>	<b>102,156</b>	191,805

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (a) Balances with related parties (Continued)

##### (ii) Balances due to related parties (Continued)

The average credit period granted by the related parties is 90 days. Ageing of amounts due to related parties — trade nature are as follows:

	<b>30 June 2022 RMB'000</b>	31 December 2021 RMB'000
1-90 days	<b>75,153</b>	124,050
91-180 days	<b>10,721</b>	30,162
181-365 days	<b>10,057</b>	24,779
Over 365 days	<b>6,225</b>	12,814
	<b>102,156</b>	191,805

#### (b) The significant transactions with related parties during the period

For the six months ended 30 June 2022 and 2021, the Group had the following major transactions with related companies:

	<b>Six months ended 30 June 2022 RMB'000</b>	2021 RMB'000
<b>Software business services provided to:</b>		
— China Mobile Group	<b>1,934,324</b>	1,827,986
<b>Loan provided to:</b>		
— Tianjin Chengxin	<b>90,001</b>	—
<b>Interest Income from loan provided to:</b>		
— Tianjin Chengxin	<b>1,778</b>	—



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022 — unaudited  
(Expressed in thousands of Renminbi, unless otherwise stated)

### 22 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

#### (c) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during both periods are as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	5,841	4,635
Discretionary bonus	4,794	4,706
Contributions to retirement benefits scheme	102	112
Share-based compensation expenses	34,378	10,765
<b>Total emoluments</b>	<b>45,115</b>	<b>20,218</b>

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