

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



AsiaInfo Technologies Limited

亞信科技控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 1675)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

HIGHLIGHTS

- Affected by significant pressure on order prices of BSS and other traditional businesses, increased difficulty in commercial negotiations, and a significant delay in the progress of orders, led to significant pressure on interim results;
- Revenue amounted to approximately RMB2,994 million, down by 8.8% year-on-year;
- Revenue from the Three New Business¹ amounted to approximately RMB1,200 million, up by 10.0% year-on-year, accounting for 40.1% of the revenue;
- As a result of the decrease in revenue, there was a net loss amounted to approximately RMB70 million;
- The Board attaches great importance to Shareholders' interests and return, and the Company's dividend yield is as high as 9.0%². After giving due consideration to the Company's business development, profitability and cash flow level, the guidance of the final dividend for the year of 2024 is 40% of the annual net profit attributable to equity holders of the Company, and actively consider maintaining the amount of the final dividend per Share at a relatively stable level as compared to that of last year; and
- For the full year, it is expected that the revenue decline in the BSS business will be significantly narrowed and the Three New Business will maintain a good growth, while coupling with refined cost control, and profits would be surpassing that of last year.

Note¹: Three New Business represents digital intelligence-driven operation, vertical industries digitalisation, and OSS business.

Note²: Dividend yield is calculated based on the previous year's final dividend per Share of HK\$0.412 paid by the Company in July 2024 and the closing price of the Shares on 31 July 2024.

CHAIRMAN’S STATEMENT

Dear Shareholders,

In the first half of 2024, the Company faced serious challenges, the external business environment continued to show complexity and uncertainty, and the investment budgets of corporate customers across industries generally showed a tightening trend. In particular, the slowdown in the growth rate of the telecommunications industry, the investment cycle staying at trough and the sudden increase in the effort on cost reduction by telecom operators resulted in significant pressure on the Company’s order prices, increased difficulty in business negotiation, and significant delays of orders, which created a relatively significant impact on the Company’s BSS and other traditional businesses. In terms of new business, the Company attached greater importance to the high-quality development of the business and strengthened risk control in the process, resulting in a slower pace of business development and revenue growth. In the second half of the year, the Company accelerates the progress of commercial negotiation of BSS and other traditional businesses orders, which will mitigate the impact of order prices pressure and signing delays, at the same time grasps the opportunities for technological upgrades leveraging “AI+” and “Large Language Model (LLM) +”, etc., and actively participates in joint R&D with telecom operators, so as to ensure the Company’s leading position in the telecommunications industry. In addition, the Company will further step up its cost control efforts, including strict control of staff scale and more refined control in costs in the second half of the year. It is expected that in the second half of the year, the rate of decline in the revenue of the Company’s BSS and other traditional businesses will be notably reduced, and the Three New Business will sustain the growth momentum and financial results will rebound, resulting in the profit for 2024 surpassing last year.

OVERALL RESULTS

In the first half of 2024, the Company was affected by significant pressure on the order prices of BSS and other traditional businesses, increased difficulty in commercial negotiations, significant delay in the progress of orders, leading to significant pressure on the interim results. The operating revenue amounted to RMB2,994 million, representing a year-on-year decrease of 8.8%, of which the revenue from BSS and other traditional businesses amounted to RMB1,794 million, representing a year-on-year decrease of 18.1%. The Three New Business maintained a double-digit growth, with revenue having amounted to RMB1,200 million, representing a year-on-year increase of 10.0%; as a result of a relatively large decline in operating revenue, there was a net loss of RMB70 million during the period, which put pressure on the profits of the first half of the year.

The Board attaches great importance to Shareholders' interests and return, and the Company's dividend yield is as high as 9.0%. After giving due consideration to the Company's business development, profitability and cash flow level, the guidance of the final dividend for the year of 2024 is 40% of the annual net profit attributable to equity holders of the Company, and actively consider maintaining the amount of the final dividend per Share at a relatively stable level as compared to that of last year.

BUSINESS DEVELOPMENT

BSS business under great pressure and OSS business declined slightly

Affected by the significant cost reduction of operator customers and the external environment, the order prices pressure rose significantly, the difficulty in commercial negotiation increased, the progress of signing orders was significantly delayed, leading to a huge pressure on the Company's BSS and other traditional businesses in the first half of the year. However, there was a significant increase in demand for projects leveraging innovative technology such as "AI+" and "LLM+", as telecom operators progressed the transformation into tech-innovative enterprises and in the process of improving operational efficiency and customer satisfaction. In the first half of the year, the order amount of "AI+" projects soared by over 55%, of which 56 projects were innovative applications of "AI LLM + BSS". Leveraging the proprietary Yuansi industry LLM product system, the Company actively utilised tools such as ChatCRM and ChatBI to promote the intelligence upgrade of CRM business for telecom operators in multiple provinces. The operation analysis capability was remarkably strengthened. The construction of LLM infrastructure and the efficiency of code development were significantly improved. For the first half of 2024, revenue from BSS business amounted to RMB1,747 million, representing a decrease of 17.0% year-on-year.

Similarly, revenue from the OSS business of the Company experienced a slight decline in the first half of the year due to various factors such as slowdown of the growth in the telecommunications industry, being in the trough of the industry investment cycle and steep increase in cost compression by telecom operators. Facing such challenges, the Company actively responded and endeavoured to inject new vitality into the OSS business through AI technology, exploring the incremental market opportunities, and successfully developing more than 10 commercial projects of "AI LLM + OSS". Leveraging the Yuansi industry LLM product system, the Company provided cutting-edge solutions such as Network CoPilot platform and Intelligence Patrol Cloud Network Brain for multiple telecom operators' head offices and various provincial branches which deeply helped analyse network issues, provided tools such as guided knowledge conversations and conversation-based data surveys, to comprehensively empower the digital transformation of customers, and assist customers to the development of a higher level of autonomous network. For the first half of 2024, revenue from OSS business amounted to RMB280 million, representing a slight decrease of 1.6% year-on-year.

Revenue from the digital intelligence-driven operation business steadily improved

In the first half of 2024, iDigital completed the restructuring of its organisation, where the new organisational structure could better strengthen the coverage of the regional market and efficiently respond to the demand of customers, and the business gradually recovered. The Company leveraged the factor data resources, as well as the advantages of data operation, striving to open new paths of business growth in the non-telecommunications markets, such as consumer, finance and automobile, to improve revenue momentum of the digital intelligence-driven operation business. In the telecommunications industry, the Company deepened its cooperation with telecom operators in the CHBN markets, continued to innovate its business model, and launched a series of highly efficient digital intelligent products and operation services, helping customers maintain and expand their existing customers and increase their value. In terms of privileges and traffic promotion business, the Company successfully achieved scale replication of telecom operators in 16 provinces such as Yunnan, Tibet and Fujian. In the consumer industry, the Company integrated telecommunications big data resources to perform accurate analysis of fast-moving consumer goods (FMCG), tobacco, pan-cultural tourism and other industries. It also built highly efficient data insight and digital marketing solutions, etc. around core settings including membership marketing, private domain operation, and customer flow insights. In the first half of 2024, the Company successfully assisted a leading FMCG brand to achieve a significant increase in membership base to over 30 million. For the finance industry, the Company focused on the two core areas, namely, precision marketing and risk control rating, providing financial customers with advanced tools based on multiple sources of data such as marketing points, customer data platforms, and SCRM, etc. to help customers make accurate decisions. For the automobile industry, the Company considered media, live broadcasting and lead as the three cornerstones and fully utilised telecommunications big data to create innovative data services on incremental and exchange purchases, and precise promotion spending for lead, etc. for customers in the automobile industry. In the first half of the year, the Company successfully introduced Alibaba, Volcano Engine and other ecological partners, broadened the boundaries of the data source and provided a full range of support for user insights, marketing digitalisation platform for a number of brands of new energy vehicles, independent brands and joint venture brands of automobiles.

In the first half of 2024, the digital intelligence-driven operation business realised revenue of RMB447 million, representing a slight year-on-year decrease of 1.9% and an improving revenue trend. Revenue from results-based and commission-based charging models accounted for 26.7% of digital intelligence-driven operation business revenue, representing a year-on-year increase of 3.7 percentage points.

Double-digit growth continued in the vertical industries digitalisation business

In the first half of 2024, the Company continued to progress in the vertical industries digitalisation market and enhanced the expansion efforts in key areas such as energy, transportation and government affairs by continuously optimising the development model of “Standardised Product + Solution”. Meanwhile, the Company properly controlled the level of risk and pace of development to achieve high-quality development.

In the energy industry, our 5G private network products and solutions continued to expand market coverage, with more than 30 new projects signed in the first half of the year. Our 5G private network cumulatively covered 23 units in five major nuclear power bases, with a coverage rate of almost 30%, while the Company was also closely monitoring the 5G construction opportunities of the units in operation and under construction of the China National Nuclear Corporation. In terms of photovoltaic, the innovative model of the Company took the lead in the market and connected the data of more than 600 stations, winning a number of key projects, such as the 5G wireless private network of CEIC New Energy and the 5G network coverage of Datang Photovoltaic in Hunan Province. In terms of wind power, the Company continued to consolidate its leading position in the area of intelligent wind farm construction. Its 5G private network project covered nearly 200 wind farms. In the first half of the year, the Company successfully won the bid for CGN New Energy wind power wireless network and other projects. In terms of mining sites, the Company continued to win numerous projects by leveraging its standardised products and solutions, namely, 5G private network, Edge AI and big data, etc., including the intelligent construction and upgrading project of an open coal mine of China Coal Technology Engineering Group, and the planning and design project of the intelligent construction of a coking company.

In the transportation industry, the Company’s efforts to deploy across multiple settings demonstrated tangible results, with a year-on-year increase of 2.9 times in revenue. In terms of intelligent highway, we successfully integrated the LLM technology into the cross-network toll collection system of a provincial highway customer, setting up a benchmark application of “LLM + intelligent customer service”. In the intelligent transportation hubs business, the smooth progress of the Chongqing East Railway Station project and the renewal of Shanghai Railway Transportation Phase III project provided strong support for the intelligent transformation of transportation hubs. In terms of digital smart logistics, the Company further enriched logistics data sources, completing the integration of four major data sources of railroads, water transportation, highways and aviation, and endeavoured to build model cases and benchmark projects that covered various fields such as iron and steel, coal mines, ports and aviation.

In the first half of 2024, revenue from vertical industries digitalisation business was RMB473 million, representing a year-on-year increase of 34.6%, maintaining a relatively fast growth.

Focus on the three major product portfolio and strengthen R&D innovation and technology leadership capabilities

The Company has always attached great importance to its core R&D strength, continuously focused on the three major product systems of “Cloud Network”, “Digital Intelligence” and “IT”, and continuously strengthened its capacity of R&D innovation and technology. The product portfolio has evolved towards the comprehensive integration of AI Native, promoting the implementation of the “Four Shifts” strategic goal. In the first half of the year, R&D expenses amounted to RMB436 million, accounting for 14.6% of revenue.

Cloud Network products continued its international leadership. Our 5G private network products further expanded its market share. 5G private network core network, base station and operation platform were successfully included in the 5G ToB private network project of China Broadnet Network and became the first winning bidder. Benefited from the extensive case application and experience of 5G private network products in the nuclear power industry, the Company was selected for the OMDIA’s Best Practice Report on 5G Private Network in the nuclear power sector. Facing 5G-A and 6G, the Company actively conducted research on the technologies of integrated telecommunications, sensing, computing and intelligence, integrated space, air and land, and reconfigurable intelligence surface, and accelerated the application of 5G-A/6G key technologies in private network products. Based on the deep integration of LLM and telecommunications technology, the Company carried out AI Native reconstruction and evolution of the 5G network intelligent product system, and innovatively established the accelerator and catalyst for the higher-level evolution of autonomous network — AN CoPilot product, which currently has been applied in China Mobile, China Unicom headquarters and many other provincial branches.

Digital intelligence products demonstrated our domestic leadership and advancement in selected products by international standards. The Company released the “Yuansi” industry LLM product series, with one general artificial intelligence and cognitive enhancement platform, TAC MaaS, three industry-specific LLMs, eight cognitive enhancement tools, with more than 80 business leads. In addition, the Company was awarded “Leaders” status in Gartner’s first-ever global “Magic Quadrant for AI in CSP Customer and Business Operations” and ranked first in all three sub-divided settings. Software-hardware integration products such as Edge AI and Privacy-Enhancing Computation were actively expanding into the international markets with customised R&D catering the specific needs of overseas customers, and successful receipt of proof of concept (POC) validation for multiple customers in the Middle East, Southeast Asia and other regions, accelerating the process of product internationalisation.

Our IT products maintained tier-1 position in domestic market. Towards cloud-native, the PaaS platform products had been fully integrated and evolved to AI Native technology system. In respect of application construction, the new LLM programmer, TuringCoder, provided users with intelligent development support. In respect of application deployment, AI Infra infrastructure products provided support to the training on reasoning and algorithm optimisation and deployment of AI applications. In respect of application operation and maintenance, our products provided multimodal interaction to reduce the threshold of operation and maintenance. Facing digital trust, the Company continued to promote blockchain product innovation, develop digital trust infrastructure, and provide digital trust computing components to further empower the construction of reliability for enterprise digitalisation.

By continuously participating deeply in the work of 20 international/national technical standard setting organisations such as 3GPP, ITU, ETSI, IEEE, TMF, O-RAN, etc., the proportion of international standards of the Company increased gradually and from being followers to drivers. In the first half of the year, the Company newly joined the setting of a total of 30 international/domestic standards. In the first half of the year, our products and technologies accumulated 44 international/domestic patents and 58 software copyrights.

OUTLOOK

It is expected that in the second half of the year, the Company will achieve a performance rebound, with full effort to achieve better full year profit than last year. The Company will accelerate the process of business negotiation of BSS orders to mitigate the impact of order prices pressure and signing delays. At the same time, the Company will seize technological upgrade opportunities brought by “AI+” and “LLM+”, etc., actively participate in joint R&D with customers, and ensure the leading position of the BSS business in the telecommunications industry. It is expected that the rate of decline in BSS business revenue will be significantly narrowed for the full year. In terms of the Three New Business, the full year revenue is expected to maintain decent growth. The Company will accelerate the promotion and replication of digital intelligence-driven operation business, expand the revenue scale of results-based and commission-based charging models, and strengthen collaboration with telecom operators in government and corporate business, and international business expansion to strive for a larger share of these cooperation opportunities and expand revenue scale. Additionally, the Company will continue to deepen its efforts in key industries such as energy, transportation, and government affairs, achieving continuous high-quality growth in non-telecommunications market businesses. While promoting revenue trend improvement, the Company will further step up cost control efforts in the second half of the year by rigorously controlling workforce scale, strengthening process management of labour costs linked to performance, and reasonably allocate resources. The Company will promote centralised procurement and one-stop business expense platforms to be fully used so as to effectively control daily costs and expenditures, striving to achieve full year profit exceeding that of last year.

In the first half of this year, despite the most severe challenges in the consolidation of the traditional businesses since listing, the Company considers that telecommunications industry remains a high-quality industry. We believe that as long as we continue to build on our technological leadership, seize new technology upgrade opportunities brought by “AI+” and “LLM+”, and actively participate in joint R&D with telecom operators, we can maintain our leading position in the traditional business and seize the high quality development on the Three New Business, seeking growth through challenges. Meanwhile, the Company will actively apply new technologies like AI to improve the automatization level of R&D and delivery process, enhance production efficiency, reduce costs, and boost efficiency. We believe after a short-term hit on results, the fundamentals for the Company’s long-term development remain solid, and its revenue and profit would maintain a stable and healthy momentum.

Finally, on behalf of the Board, I would like to express heartfelt thanks to all Shareholders, customers and all sectors of the community for their support of AsiaInfo Technologies. Sincere gratitude is also given to all our staff for their persistent efforts and contributions. Let’s work together to build AsiaInfo Technologies into an enterprise that commands the respect of the public and makes our staff proud.

Dr. TIAN Suning
Chairman and Executive Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Revenue	4	2,994,262	3,281,994
Cost of sales		<u>(2,255,981)</u>	<u>(2,137,887)</u>
Gross profit		738,281	1,144,107
Other income	5	31,445	55,835
Impairment losses under expected credit loss model, net of reversal		(32,127)	(32,249)
Other gains and losses		318	18,028
Selling and marketing expenses		(220,714)	(283,570)
Administrative expenses		(183,144)	(166,713)
Research and development (“R&D”) expenses		(436,012)	(504,778)
Share of results of associates		17,586	(1,744)
Finance costs		<u>(7,025)</u>	<u>(8,200)</u>
(Loss)/profit before tax		(91,392)	220,716
Income tax credit/(expenses)	6	<u>21,261</u>	<u>(8,420)</u>
(Loss)/profit for the period	7	<u><u>(70,131)</u></u>	<u><u>212,296</u></u>
Item that will not be reclassified to profit or loss:			
Changes in the fair value of financial assets measured at fair value through other comprehensive Income (“FVOCI”)		—	11,128
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>(143)</u>	<u>(5,066)</u>
Other comprehensive income for the period		<u>(143)</u>	<u>6,062</u>
Total comprehensive income for the period		<u><u>(70,274)</u></u>	<u><u>218,358</u></u>

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

For the six months ended 30 June 2024 — unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended 30 June	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(59,490)	215,713
Non-controlling interests		<u>(10,641)</u>	<u>(3,417)</u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		(59,633)	221,079
Non-controlling interests		<u>(10,641)</u>	<u>(2,721)</u>
(Loss)/earnings per share			
— Basic (RMB)	<i>9</i>	(0.06)	0.24
— Diluted (RMB)	<i>9</i>	<u>(0.06)</u>	<u>0.23</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 — unaudited

(Expressed in thousands of Renminbi)

		30 June	31 December
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		280,555	275,507
Right-of-use assets		253,607	255,772
Intangible assets		92,699	70,903
Goodwill		1,932,246	1,932,246
Investments in associates		43,495	72,112
Financial assets at fair value through profit or loss (“FVTPL”)		64,848	25,111
Financial assets at FVOCI		58,619	58,619
Deferred tax assets		180,157	155,787
Restricted bank deposits		148	100
Other non-current assets		39,412	39,745
		2,945,786	2,885,902
Current assets			
Inventories		94,515	101,530
Trade and notes receivables	<i>10</i>	1,482,138	1,513,032
Prepayments, deposits and other receivables		318,814	265,114
Contract assets		3,410,603	3,105,931
Financial assets at FVTPL		156,526	363,008
Amounts due from related parties		19,781	18,179
Restricted bank deposits		172,034	172,848
Term deposits		76,967	246,217
Cash and cash equivalents		1,326,432	2,612,771
		7,057,810	8,398,630

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION —
CONTINUED**

*As at 30 June 2024 — unaudited
(Expressed in thousands of Renminbi)*

	<i>Note</i>	30 June 2024 RMB'000	31 December 2023 RMB'000
Current liabilities			
Trade and notes payables	<i>11</i>	1,055,736	993,618
Contract liabilities		217,250	212,913
Other payables, deposits received and accrued expenses		1,777,981	2,655,547
Amounts due to related parties		4,991	3,645
Income tax payable		339,834	360,517
Lease liabilities		68,144	63,584
		3,463,936	4,289,824
Net current assets		3,593,874	4,108,806
Total assets less current liabilities		6,539,660	6,994,708
Non-current liabilities			
Deferred tax liabilities		280,038	280,500
Lease liabilities		112,032	113,809
		392,070	394,309
NET ASSETS		6,147,590	6,600,399
CAPITAL AND RESERVES			
Share capital		—	—
Reserves		6,170,889	6,615,739
Equity attributable to equity holders of the Company		6,170,889	6,615,739
Non-controlling interests		(23,299)	(15,340)
TOTAL EQUITY		6,147,590	6,600,399

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Merger reserve	Translation reserve	Statutory surplus reserve	Fair value reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	—	2,367,119	263,344	(26,357)	196,038	3,464	1,659,172	2,152,959	6,615,739	(15,340)	6,600,399
Loss for the period	—	—	—	—	—	—	—	(59,490)	(59,490)	(10,641)	(70,131)
Other comprehensive income for the period	—	—	—	(143)	—	—	—	—	(143)	—	(143)
Total comprehensive income	—	—	—	(143)	—	—	—	(59,490)	(59,633)	(10,641)	(70,274)
Recognition of equity-settled share-based payments	—	—	—	—	—	—	47,861	—	47,861	—	47,861
Lapse of share options and restricted stock units	—	—	—	—	—	—	(16,400)	16,400	—	—	—
Vesting of restricted stock units	—	63,679	—	—	—	—	(63,679)	—	—	—	—
Acquisition of additional equity interests in a subsidiary	—	—	(2,682)	—	—	—	—	—	(2,682)	2,682	—
Purchase of Shares for share award scheme	—	(69,214)	—	—	—	—	—	—	(69,214)	—	(69,214)
Dividends declared in respect of the previous year (note 8)	—	—	—	—	—	—	—	(361,182)	(361,182)	—	(361,182)
At 30 June 2024	—	2,361,584	260,662	(26,500)	196,038	3,464	1,626,954	1,748,687	6,170,889	(23,299)	6,147,590
At 1 January 2023	—	2,236,362	285,200	(21,661)	191,189	(4,091)	1,641,480	2,467,104	6,795,583	10,056	6,805,639
Profit for the period	—	—	—	—	—	—	—	215,713	215,713	(3,417)	212,296
Other comprehensive income for the period	—	—	—	(5,120)	—	10,486	—	—	5,366	696	6,062
Total comprehensive income	—	—	—	(5,120)	—	10,486	—	215,713	221,079	(2,721)	218,358
Recognition of equity-settled share-based payments	—	—	—	—	—	—	42,361	—	42,361	—	42,361
Lapse of share options and restricted stock units	—	—	—	—	—	—	(1,843)	1,843	—	—	—
Vesting of restricted stock units	—	56,602	—	—	—	—	(56,602)	—	—	—	—
Exercise of share options	—	81,593	—	—	—	—	(19,719)	—	61,874	—	61,874
Purchase of Shares for share award scheme	—	(2,557)	—	—	—	—	—	—	(2,557)	—	(2,557)
Dividends declared in respect of the previous year (note 8)	—	—	—	—	—	—	—	(337,884)	(337,884)	—	(337,884)
At 30 June 2023	—	2,372,000	285,200	(26,781)	191,189	6,395	1,605,677	2,346,776	6,780,456	7,335	6,787,791

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024 — unaudited

(Expressed in thousands of Renminbi)

	Six months ended 30 June	
	2024	2023
Note	RMB'000	RMB'000
Net cash used in operating activities	(919,009)	(470,551)
Investing activities		
Purchases of property, plant and equipment and intangible assets	(54,277)	(15,938)
Purchases of financial assets at FVTPL	(966,392)	(1,004,966)
Proceeds on disposal of property, plant and equipment	22	90
Proceeds on disposal of financial assets at FVTPL	1,177,657	1,166,004
Placement of term deposits	(135,886)	(49,708)
Withdrawal of term deposits	305,621	148,314
Interest received on bank balances and deposits	4,035	17,379
Loans provided to related parties	—	(7,100)
Other cash flows arising from investing activities	(2,405)	4,251
Net cash generated from investing activities	328,375	258,326
Financing activities		
Capital element of lease rentals paid	(45,664)	(52,612)
Interest element of lease rentals paid	(5,099)	(6,777)
Proceeds from issue of shares under share option schemes	—	46,687
Payment for discounted bills	(30,000)	—
Acquisition of additional equity interests in subsidiaries	(24,538)	—
Payment for repurchase of shares	(69,214)	—
Dividends paid	8 (509,675)	(338,938)
Other cash flows arising from financing activities	(12,006)	—
Net cash used in financing activities	(696,196)	(351,640)
Net decrease in cash and cash equivalents	(1,286,830)	(563,865)
Cash and cash equivalents at 1 January	2,612,771	1,933,250
Effect of exchange rate changes	491	4,133
Cash and cash equivalents at 30 June	1,326,432	1,373,518

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

AsiaInfo Technologies Limited (the “**Company**”) is incorporated in the British Virgin Islands (“**BVI**”) as a company with limited liability and the Company’s ordinary shares (the “**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 2024 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 14 August 2024.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 judgements, 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 2023 annual financial statements. The condensed consolidated interim 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 have 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.

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.

Application of new and amendments to HKFRSs

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

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current period 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
<i>Timing of revenue recognition</i>		
At a point in time	272,964	197,009
Over time	<u>2,721,298</u>	<u>3,084,985</u>
	<u>2,994,262</u>	<u>3,281,994</u>
<i>Types of goods and services</i>		
Provision of services	2,769,909	3,142,042
Software development, operation and related services	2,648,172	3,049,292
Others	121,737	92,750
Sales of goods	<u>224,353</u>	<u>139,952</u>
	<u>2,994,262</u>	<u>3,281,994</u>

Segment information

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

Geographical information

The Group's operations are in the PRC. Substantially all revenue of the Group and non-current assets of the Group are generated from and located in the PRC. Information about the Group's revenue from external customers is presented based on the location of the signing parties of the sales or service contracts.

5 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants ⁽ⁱ⁾	17,758	17,096
Interest income on bank balances, restricted bank deposits and term deposits	13,180	22,938
Net gains on disposal of financial assets at FVTPL ⁽ⁱⁱ⁾	4,609	5,182
Changes in fair value of financial assets at FVTPL	(3,791)	225
Gain from additional input VAT credit ⁽ⁱⁱⁱ⁾	—	5,958
Others	(311)	4,436
	<u>31,445</u>	<u>55,835</u>

Notes:

- (i) During the six months ended 30 June 2024, government grants amounted to RMB13,424,000 (2023: RMB12,202,000) are related to high-tech industrial development. Government grants amounted to RMB4,334,000 (2023: RMB4,894,000) are mainly related to human resources related subsidies. The amounts have been recognised as other income, and there was no unfulfilled condition attached to these government grants in the period in which they were recognised.
- (ii) The financial assets at FVTPL substantially represent the financial products bought from banks, with no principal or return guaranteed.
- (iii) During the period from 1 January 2023 to 30 June 2023, the subsidiaries of the Group operating in China were entitled to apply an additional 5% to the deductible input Value-added Tax (“VAT”) amount to offset the VAT payable upon meeting the requirements. During the period from 1 January 2024 to 30 June 2024, the subsidiaries were no longer entitled to the aforesaid preferential VAT policy since the policy expired on 31 December 2023.

6 INCOME TAX CREDIT/(EXPENSES)

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	3,571	6,329
Deferred tax	(24,832)	2,091
	<u>(21,261)</u>	<u>8,420</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 was 25% during the six months ended 30 June 2024 (2023: 25%). Certain subsidiaries of the Company are entitled to enjoy the preferential tax rate of 10% and 15% (2023: 10%, 12.5% and 15%).

6 INCOME TAX CREDIT/(EXPENSES) — Continued

The Group's subsidiaries operating in the PRC were eligible for certain tax credits of 200% deduction rates on certain R&D expenses for the six months ended 30 June 2024 (2023: 200%).

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.

Hong Kong government will amend tax laws to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, which expected to come into effect from 1 January 2025. The Group continues to monitor the local legislation for Hong Kong and development of Pillar Two model rules in other jurisdictions the Group operates, and assess the potential impact.

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

7 (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
(Loss)/profit for the period has been arrived at after charging:		
Staff costs, including Directors' and chief executive's remuneration		
Directors' remuneration	6,820	10,933
Employee benefit expenses		
Other staff costs (salaries, wages, allowance, bonus and others)	1,583,824	1,779,426
Contribution to retirement benefits scheme	184,729	180,679
Share-based compensation expenses	45,430	35,948
Total staff costs	<u>1,820,803</u>	<u>2,006,986</u>
Cost of inventories recognised as expenses		
(transferred into cost of sales)	190,919	84,839
Depreciation of property, plant and equipment	20,133	22,934
Depreciation of right-of-use assets	47,666	46,386
Amortisation of intangible assets	4,769	13,742
Expense of short-term and low value lease	<u>27,311</u>	<u>31,047</u>

8 DIVIDENDS

Dividends payable to equity holders attributable to the previous financial year:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$0.412 (equivalent to RMB0.376) per Share ⁽ⁱ⁾ (2023: HK\$0.401 (equivalent to RMB0.370) per Share) ⁽ⁱ⁾	351,697	337,884
Special dividend approved in the previous financial year, and paid during the following interim period, of HK\$0.600 (equivalent to RMB0.545) per Share ⁽ⁱ⁾ (2023: N/A)	<u>510,014</u>	<u>—</u>

Note:

- (i) The final dividend and special dividend are translated into RMB for disclosure with reference to the exchange rate at the end of the respective reporting periods.

9 (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
(Loss)/earnings:		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	<u>(59,490)</u>	<u>215,713</u>
Number of Shares:		
Weighted average number of shares for the purpose of calculating basic (loss)/earnings per share	915,519,744	915,048,769
Effect of dilutive potential shares:		
Share options and RSUs	<u>—</u>	<u>14,124,651</u>
Weighted average number of shares for the purpose of calculating diluted (loss)/earnings per share	<u>915,519,744</u>	<u>929,173,420</u>

The calculation of basic (loss)/earnings per share for the six months periods ended 30 June 2024 and 2023 was based on the (loss)/profit for the period attributable to the ordinary equity holders of the Company.

9 (LOSS)/EARNINGS PER SHARE — Continued

The calculation of the number of Shares for the purpose of basic (loss)/earnings per share for the six months periods ended 30 June 2024 and 2023 had taken into account the issuance of Shares upon the exercise and vesting of share options and RSUs, purchase of Shares for the six months period ended 30 June 2024 and 2023.

The computation of diluted loss per share for the six months period ended 30 June 2024 did not assume the exercise of the share options under the 2014 stock incentive plan, share options under the Pre-IPO share option scheme of the Company, share options under the share option scheme adopted on 25 November 2019 and the relevant RSUs scheme since such share options and RSUs had an antidilutive effect.

The computation of diluted earnings per share for the six months period ended 30 June 2023 did not assume the exercise of the share options under the 2014 stock incentive plan, certain share options under the Pre-IPO share option scheme of the Company, certain share options under the share option scheme adopted on 25 November 2019 since such share options had an antidilutive effect.

10 TRADE AND NOTES RECEIVABLES

	30 June 2024 RMB'000	31 December 2023 RMB'000
Notes receivables	115,985	215,548
Trade receivables	1,464,738	1,385,750
Amounts due from third parties	686,060	697,415
Amounts due from related parties	778,678	688,335
Less: allowance for credit losses	(98,585)	(88,266)
	<u>1,482,138</u>	<u>1,513,032</u>

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

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.

	30 June 2024 RMB'000	31 December 2023 RMB'000
1–30 days	642,151	817,278
31–90 days	249,519	310,865
91–180 days	216,323	162,157
181–365 days	260,867	120,948
Over 365 days	113,278	101,784
	<u>1,482,138</u>	<u>1,513,032</u>

10 TRADE AND NOTES RECEIVABLES — Continued

As at 30 June 2024, total notes receivables amounting to RMB115,985,000 (31 December 2023: RMB215,548,000) are held by the Group for settlement of trade receivables. Notes receivables are bank acceptance notes and commercial acceptance notes issued by large enterprise customers, which management believes that all the counterparties are of high credit quality and the expected credit loss is not significant. All notes receivables of the Group are with a maturity period of less than one year.

11 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 2024 RMB'000	31 December 2023 RMB'000
1–90 days	575,752	668,112
91–180 days	185,479	46,680
181–365 days	159,457	85,801
1–2 years	64,572	118,075
Over 2 years	70,476	74,950
	<u>1,055,736</u>	<u>993,618</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Results

In the first half of 2024, due to the decrease in revenue growth from the telecommunications industry, increased cost suppression, and ongoing uncertainties in the external environment, the Group is currently experiencing significant operational pressures. However, it is expected that business fundamentals will remain stable in the long term.

In the first half of 2024, our revenue amounted to approximately RMB2,994 million (the corresponding period in 2023: approximately RMB3,282 million), decreasing by 8.8% year-on-year. Among which, the Three New Business maintained its continuous growth, with a revenue of approximately RMB1,200 million (the corresponding period in 2023: approximately RMB1,091 million), up by 10.0% year-on-year, and accounting for 40.1% of revenue (the corresponding period in 2023: 33.3%).

In the first half of 2024, our gross profit amounted to approximately RMB738 million (the corresponding period in 2023: approximately RMB1,144 million), decreasing by 35.5% year-on-year, and our gross profit margin was 24.7% (the corresponding period in 2023: 34.9%), decreasing by 10.2 percentage points year-on-year. Our net loss was approximately RMB70 million (the corresponding period in 2023: net profit approximately RMB212 million), net loss margin was 2.3% (the corresponding period in 2023: net profit margin 6.5%), decreasing by 8.8 percentage points year-on-year.

In the first half of 2024, the net cash used in operating activities amounted to approximately RMB919 million (the corresponding period in 2023: approximately RMB471 million), representing a year-on-year expansion of 95.3%.

Revenue

In the first half of 2024, the Company realised revenue amounted to approximately RMB2,994 million (the corresponding period in 2023: approximately RMB3,282 million), decreasing by 8.8% year-on-year. Among which, revenue from the traditional business was approximately RMB1,794 million (the corresponding period in 2023: approximately RMB2,191 million), decreasing significantly by 18.1% year-on-year, due to factors such as customer cost reductions and extended business processes, which have led to delays in order signing. Revenue from the Three New Business was approximately RMB1,200 million (the corresponding period in 2023: approximately RMB1,091 million), increasing by 10.0% year-on-year, and accounting for 40.1% of the revenue (the corresponding period in 2023: 33.3%), and continued to grow steadily. 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			
	2024		2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Traditional business	1,794,180	59.9	2,190,577	66.7
BSS	1,746,823	58.3	2,105,066	64.1
Three New Business	1,200,082	40.1	1,091,417	33.3
Digital intelligence-driven operation	447,001	14.9	455,462	13.9
Digitalisation of vertical industries	472,785	15.8	351,188	10.7
OSS	280,296	9.4	284,767	8.7
Total revenue	<u>2,994,262</u>	<u>100.0</u>	<u>3,281,994</u>	<u>100.0</u>

Traditional business includes the BSS business and sales of third-party hardware and software, and system integration services. In the first half of 2024, the development of traditional business faced pressures and challenges due to cost reductions by operator customers. Extended business communication time led to delays in order signing, resulting in a significant decline in revenue. Revenue from traditional business of the Company amounted to approximately RMB1,794 million (the corresponding period in 2023: approximately RMB2,191 million), decreasing by 18.1% year-on-year. Among which, revenue from the BSS business amounted to approximately RMB1,747 million (the corresponding period in 2023: approximately RMB2,105 million), decreasing by 17.0% year-on-year.

In the first half of 2024, the impact of internal organisational adjustments on the development of the digital intelligence-driven operation business gradually diminished. The digital intelligence-driven operation business achieved revenue of approximately RMB447 million (the corresponding period in 2023: approximately RMB455 million), accounting for 14.9% of the revenue, with a slight year-on-year decrease of 1.9%, a narrower decline compared to 2023.

In the first half of 2024, the vertical industries digitalisation business continued to achieve large-scale growth, realised revenue of approximately RMB473 million (the corresponding period in 2023: approximately RMB351 million), increasing its revenue share to 15.8%. This represents a significant year-on-year growth of 34.6%, becoming the core driver of growth among the Three New Business.

In the first half of 2024, the Company continued to maintain its technological leadership in network intelligent products and its leading position in the industry, the OSS business realised revenue of approximately RMB280 million (the corresponding period in 2023: approximately RMB285 million), representing 9.4% of the revenue, a slight decrease of 1.6% year-on-year due to cost reductions by operator customers.

Cost of Sales

In the first half of 2024, the cost of sales was approximately RMB2,256 million (the corresponding period in 2023: approximately RMB2,138 million), up by 5.5% year-on-year, which was mainly due to the increased corresponding cost investment caused by the growth of the Company's business in the vertical industries digitalisation.

Gross Profit and Gross Profit Margin

In the first half of 2024, our gross profit was approximately RMB738 million (the corresponding period in 2023: approximately RMB1,144 million), decreasing by 35.5% year-on-year, and our gross profit margin was 24.7% (the corresponding period in 2023: 34.9%), decreasing by 10.2 percentage points year-on-year. The decline in gross profit is primarily due to limited growth in scale during the first half of the year, while business cost inputs have shown rigid demand in the short term.

Selling and Marketing Expenses

In the first half of 2024, selling and marketing expenses amounted to approximately RMB221 million (the corresponding period in 2023: approximately RMB284 million), accounting for 7.4% of the revenue (the corresponding period in 2023: 8.6%), decreasing by 22.2% year-on-year, primarily due to the Company's enhanced marketing efficiency control and a decrease in various expenses.

Administrative Expenses

In the first half of 2024, administrative expenses amounted to approximately RMB183 million (the corresponding period in 2023: approximately RMB167 million), accounting for 6.1% of the revenue (the corresponding period in 2023: 5.1%), up by 9.9% year-on-year. It was mainly affected by the increase in compensation arising from employee structure adjustment.

R&D Expenses

In the first half of 2024, R&D expenses amounted to approximately RMB436 million (the corresponding period in 2023: approximately RMB505 million), accounting for 14.6% of the revenue (the corresponding period in 2023: 15.4%), decreasing by 13.6% year-on-year, which was mainly due to that the Company maintained a moderate level of R&D investment in line with its operational situation to evolve its R&D product system, supporting the Company's strategic transformation.

Income Tax Credit/Expenses

Due to short-term pressure on the Company's performance resulting in a temporary loss, income tax credit of the first half of 2024 amounted to approximately RMB21 million, compared to an income tax expense of approximately RMB8 million for the corresponding period in 2023.

Net Loss/Profit

In the first half of 2024, the Company reported a net loss of approximately RMB70 million (the corresponding period in 2023: net profit of approximately RMB212 million). The net loss margin was 2.3% (the corresponding period in 2023: net profit margin of 6.5%), primarily due to the decrease in revenue.

Interim Dividend

The Board has resolved not to declare any interim dividend for the Reporting Period (the corresponding period in 2023: nil).

Financial Position

The overall financial position of the Group remained sound and healthy. As at 30 June 2024, total assets amounted to approximately RMB10,004 million (31 December 2023: approximately RMB11,285 million), decreasing by 11.4% year-on-year. Total liabilities amounted to approximately RMB3,856 million (31 December 2023: approximately RMB4,684 million), decreasing by 17.7% year-on-year. Net assets were approximately RMB6,148 million (31 December 2023: approximately RMB6,600 million), decreasing by 6.9% year-on-year. The changes mentioned above are mainly due to the payment of special dividends, approval of annual dividends, and normal variations arising from business operations during the Reporting Period.

Net Current Assets

As at 30 June 2024, net current assets amounted to approximately RMB3,594 million (31 December 2023: approximately RMB4,109 million), decreasing by 12.5% year-on-year. The changes mentioned above are mainly due to normal variations arising from business operations during the Reporting Period.

Goodwill

As at 30 June 2024, total goodwill amounted to approximately RMB1,932 million (31 December 2023: approximately RMB1,932 million). During the Reporting Period, we assessed that there was no indication of impairment and no impairment risk. The Company will appoint a professional independent valuer to conduct an annual impairment assessment of the goodwill at the end of each year.

Restricted Bank Deposits

Restricted bank deposits were mainly deposit margin for the purposes of acquiring banking facilities, secure letters of guarantee and notes payables. As at 30 June 2024, restricted bank deposits were approximately RMB172 million (31 December 2023: approximately RMB173 million), decreasing by 0.5% year-on-year.

Trade and Notes Receivables

Trade and notes receivables represented the outstanding trade and notes receivables from our customers for purchasing our products or services. As at 30 June 2024, trade and notes receivables amounted to approximately RMB1,482 million (31 December 2023: approximately RMB1,513 million), decreasing by 2.0% year-on-year (the above figures include trade and notes receivables with China Mobile Group).

Contract Assets and Contract Liabilities

As at 30 June 2024, contract assets amounted to approximately RMB3,411 million (31 December 2023: approximately RMB3,106 million), up by 9.8% year-on-year; contract liabilities amounted to approximately RMB217 million (31 December 2023: approximately RMB213 million), up by 2.0% year-on-year. The changes mentioned above are mainly due to normal variations arising from business operations during the Reporting Period (the above figures include contract assets and contract liabilities with China Mobile Group).

Financial assets at 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 2024, financial assets at FVTPL — current amounted to approximately RMB157 million (31 December 2023: approximately RMB363 million), decreasing by 56.9% year on-year, which was mainly due to the redemption of the expired wealth management products. 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 the outstanding trade and notes payables to hardware, software and outsourcing service providers. As at 30 June 2024, the trade and notes payables amounted to approximately RMB1,056 million (31 December 2023: approximately RMB994 million), up by 6.3% year-on-year, which was mainly the result of the normal change in line with our business development.

Other Payables, Deposits Received and Accrued Expenses

As at 30 June 2024, other payables, deposits received and accrued expenses were approximately RMB1,778 million (31 December 2023: approximately RMB2,656 million), decreasing by 33.1% year-on-year; the above changes were mainly due to payment of 2023 special dividends and annual bonuses.

Borrowings

As at 30 June 2024, the Group had no bank borrowings (31 December 2023: nil) and thus, the gearing ratio¹ was nil (31 December 2023: nil).

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

Contingent Liabilities

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: nil).

Cash Flow

In the first half of 2024, net cash used in operating activities was approximately RMB919 million (the corresponding period in 2023: approximately RMB471 million), representing a year-on-year increase of 95.3%, which was mainly due to a decline in cash receipts compared to the corresponding period of last year, caused by an increase in payment approval steps and a slowdown in payment processes of the clients.

In the first half of 2024, net cash generated from investing activities was approximately RMB328 million (the corresponding period in 2023: approximately RMB258 million), up by 27.1% year-on-year, which was mainly due to the redemption of the expired wealth management products.

In the first half of 2024, net cash used in financing activities was approximately RMB696 million (the corresponding period in 2023: approximately RMB352 million), representing a year-on-year increase of 98.0%, which was mainly used for the payment of 2023 special dividends.

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 the 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 administration measures on various aspects of 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 the Group faces mainly comes from movements in the HKD/RMB and USD/RMB exchange rates.

As of 30 June 2024, 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.

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

The Group had no significant investments held or material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period. As at 30 June 2024, the Group had no clear defined plans relating to significant capital asset acquisitions or material investments, nor future plans of significant disposals of subsidiaries, associates and joint ventures.

CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance in order to safeguard the interests of Shareholders and to 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 to review and oversee 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. Having made specific enquiries of all Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, save for the purchase of a total of 10,260,800 Shares by the trustee on the Stock Exchange pursuant to the 2023 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.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT OF THE GROUP

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.asiainfo.com) and the 2024 interim report containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

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

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CHBN”	the “Customer” market (C), the “Home” market (H), the “Business” market (B), and the “New” market (N)
“Company”, “we”, “AsiaInfo” or “AsiaInfo Technologies”	AsiaInfo Technologies Limited (亞信科技控股有限公司), an international business company incorporated in the British Virgin Islands on 15 July 2003, whose Shares are listed on the Stock Exchange (stock code: 1675)
“Director(s)”	the director(s) of the Company
“ETSI”	the European Telecommunications Standards Institute, a non-profit communication standardisation organisation approved and established by the European Commission
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“iDigital”	Chongqing iResearch Digital Intelligent Technology Co., Ltd., an indirect non-wholly subsidiary of the Company
“IEEE”	the Institute of Electrical and Electronics Engineers
“ITU”	the International Telecommunication Union

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“PRC” or “China”	the People’s Republic of China
“R&D”	research and development
“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TMF”	the International Telecommunication Management Forum
“2023 Share Award Scheme”	the share award scheme adopted by the Company on 4 December 2023
“US”	the United States of America
“USD” or “US\$”	US dollars, the lawful currency of US
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

“AI”	Artificial Intelligence
“BSS”	business support systems, used for the management of customer information, customer business and service processes and customer related services and resources, often used together with OSS to form end-to-end comprehensive business and operation management systems for the communications industry
“CRM”	customer relationship management
“IT”	information technology, the application of computers and communications equipment to store, retrieve, transmit and manipulate data

“OSS”	operations support systems, a software solution used by communications operators for supporting their network operations, often used together with BSS to support various end-to-end communications services
“O-RAN”	Open Radio Access Network
“SCRM”	supply chain risk management
“Three New Business”	consists of digital intelligence-driven operation, vertical industries digitalisation and OSS business
“3GPP”	3rd Generation Partnership Project
“4G”	the fourth-generation of mobile communications technology, applied in amended mobile web access, IP telephony, gaming services, high-definition mobile TV, video conferencing, 3D television and cloud computing
“5G”	the fifth-generation of mobile communications technology which has higher speed and capacity and lower latency than 4G
“6G”	the sixth-generation of mobile communications technology which has higher speed and capacity and lower latency than 5G

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

Hong Kong, 14 August 2024

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

Executive Directors: Dr. TIAN Suning, Mr. GAO Nianshu and Mr. XIN Yuesheng

Non-executive Directors: Mr. ZHANG Yichen, Mr. DING Jian, Mr. YANG Lin, Ms. LIU Hong and Mr. CHENG Xike

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