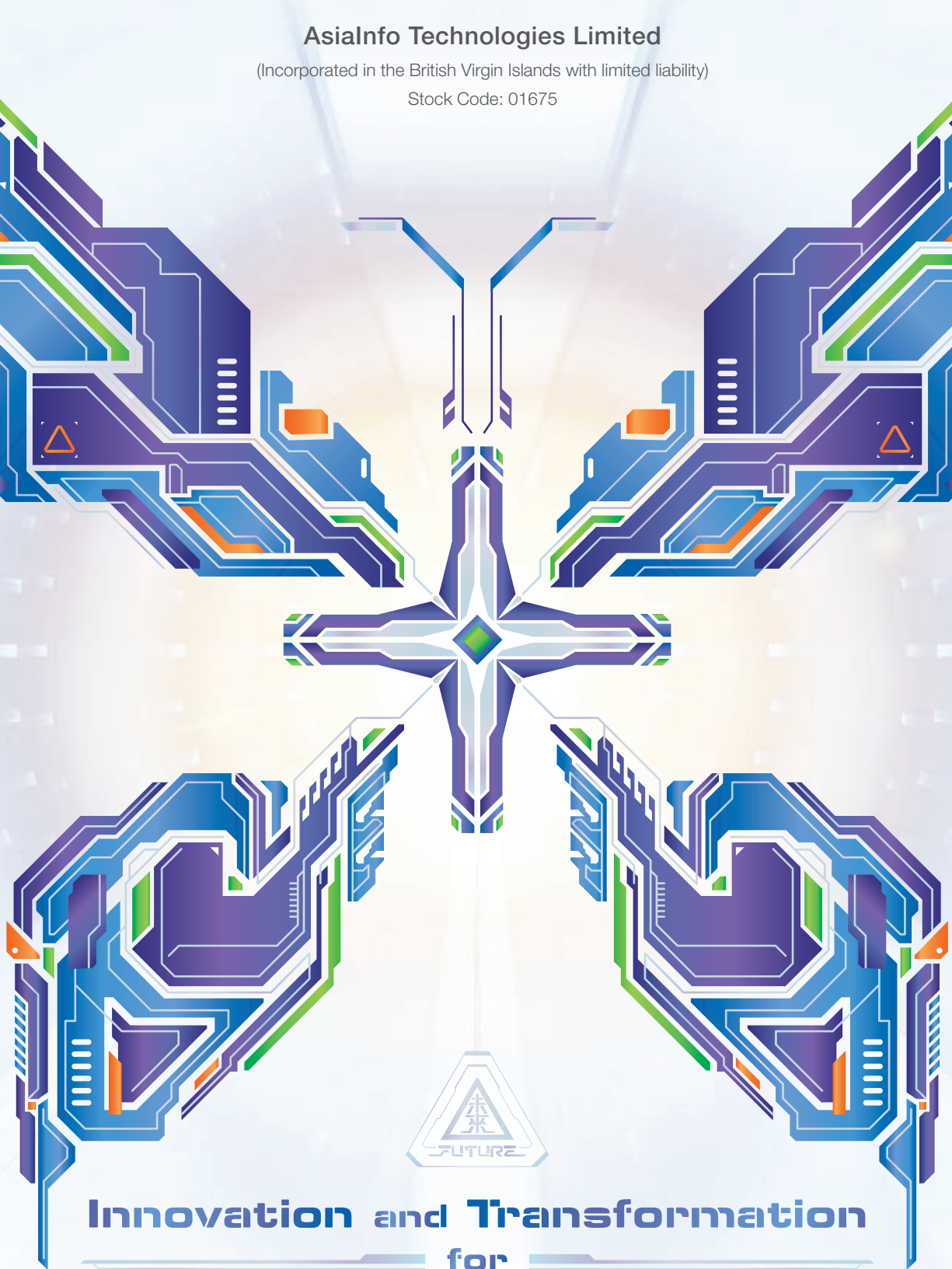




AsialInfo Technologies Limited

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 01675



Innovation and Transformation
for
Prosperous Future

Interim Report 2024



CONTENTS

2	Definitions and Glossary of Technical Terms
6	Financial Highlights
7	Chairman's Statement
13	Management Discussion and Analysis
19	Other Information
31	Report on Review of Interim Financial Report
32	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
33	Condensed Consolidated Statement of Financial Position
35	Condensed Consolidated Statement of Changes in Equity
36	Condensed Consolidated Statement of Cash Flows
37	Notes to the Interim Financial Report

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

DEFINITIONS

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

“AsialInfo Security”	AsialInfo Security Technologies Company Limited (亞信安全科技股份有限公司), a limited liability company incorporated in the PRC on 25 November 2014, which is ultimately and beneficially owned as to approximately 51.35% by Dr. TIAN Suning
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“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)
“China Mobile Group”	China Mobile Limited and its subsidiaries
“Company”, “We” “AsialInfo” or “AsialInfo Technologies”	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)
“Director(s)”	the director(s) of the Company
“ETSI”	the European Telecommunications Standards Institute, a non-profit telecommunication standardisation organisation approved and established by the European Commission
“Group”	the Company and its subsidiaries
“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-owned subsidiary of the Company

DEFINITIONS AND GLOSSARY OF
TECHNICAL TERMS

“IEEE”	the Institute of Electrical and Electronics Engineers
“ITU”	the International Telecommunication Union
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme of the Company adopted on 26 June 2018
“Prospectus”	the prospectus of the Company dated 6 December 2018
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency of the PRC
“RSUs”	the restricted share units
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TMF”	the TeleManagement Forum
“US”	the United States of America
“USD” or “US\$”	US dollars, the lawful currency of the US
“2019 Share Option Scheme”	the share option scheme adopted by the Company on 25 November 2019
“2020 Share Award Scheme”	the share award scheme adopted by the Company on 7 January 2020
“2023 Share Award Scheme”	the share award scheme adopted by the Company on 4 December 2023
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

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

“AI”	Artificial Intelligence
“BSS”	business support systems, used for the management of customer information, customer business and service processes and customer related services and resources, often used together with OSS to form end-to-end comprehensive business and operation management systems for the telecom industry

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“CRM”	customer relationship management
“IT”	information technology, the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data
“O-RAN”	Open Radio Access Network
“OSS”	operations support system, a software solution used by communications operators for supporting their network operations, often used together with BSS to support various end-to-end telecommunications services
“SCRM”	supply chain risk management
“Three New Business”	consists of digital intelligence-driven operation, vertical industries digitisation and OSS business
“3GPP”	Third-generation (3G) Partnership Project
“4G”	the fourth-generation of mobile communications technology, applied in 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

FINANCIAL HIGHLIGHTS



Financial data	For the six months period ended 30 June		
	2024 RMB million	2023 RMB million	Changes
Revenue	2,994	3,282	-8.8%
Including: Revenue from Three New Business	1,200	1,091	10.0%
Gross profit	738	1,114	-35.5%
Gross profit margin	24.7%	34.9%	-10.2 percentage points
Net (loss)/profit	(70)	212	-133.0%
Net (loss)/profit margin	-2.3%	6.5%	-8.8 percentage points
Net cash used in operating activities	(919)	(471)	95.3%

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.

DR. TIAN SUNING

Chairman and
Executive Director

CHAIRMAN'S STATEMENT

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.

**CHAIRMAN'S
STATEMENT****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.

CHAIRMAN'S STATEMENT

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.

**CHAIRMAN'S
STATEMENT**

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.

CHAIRMAN'S STATEMENT

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 AsialInfo Technologies. Sincere gratitude is also given to all our staff for their persistent efforts and contributions. Let's work together to build AsialInfo Technologies into an enterprise that commands the respect of the public and makes our staff proud.

Dr. TIAN Suning

Chairman and Executive Director

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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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 for the reporting period, both in absolute amounts and as percentages of our total revenue:

	For the six months period ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
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
Vertical industries digitalisation	472,785	15.8	351,188	10.7
OSS	280,296	9.4	284,767	8.7
Total revenue	2,994,262	100.0	3,281,994	100.0

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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), accounting for 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Cash and cash equivalents include cash at banks and other short-term deposits. The Group's bank balances and fixed deposits are denominated in RMB, USD and HKD.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance in order to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. 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.

OTHER INFORMATION

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

As at 30 June 2024, 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 Part XV 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 A)	Number of Shares	Approximate percentage of total number of Shares in issue (Note B)
Dr. TIAN Suning ¹	Beneficial owner (L)	48,932,670	5.23%
	Interest in controlled corporation (L)	1,151,111	0.12%
	Interest in controlled corporation (L)	31,209,360	3.34%
	Interest in controlled corporation (L)	39,442,000	4.22%
	Interest in controlled corporation (L)	190,016,976	20.32%
		310,752,117	33.23%
Mr. DING Jian ²	Beneficial owner (L)	11,516,704	1.23%
	Interest in controlled corporation (L)	1,198,440	0.13%
		12,715,144	1.36%
Mr. GAO Nianshu ³	Beneficial owner (L)	20,342,257	2.17%
	Other (L)	3,798,656	0.41%
		24,140,913	2.58%
Mr. ZHANG Yichen ⁴	Interest in controlled corporation (L)	213,924,952	22.87%
Dr. GAO Jack Qunyao ⁵	Beneficial owner (L)	112,000	0.01%
Dr. ZHANG Ya-Qin ⁵	Beneficial owner (L)	112,000	0.01%
Mr. GE Ming ⁵	Beneficial owner (L)	112,000	0.01%
Ms. TAO Ping ⁵	Beneficial owner (L)	112,000	0.01%

Notes:

A (L) — Long position; (S) — Short position.

B As of 30 June 2024, a total of 935,304,312 Shares had been in issue.

¹ 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. 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. Approximately 51.35% of the equity interest in Asialnfo Security is ultimately controlled and beneficially owned by Dr. TIAN and therefore Dr. TIAN is deemed to be interested in the 190,016,976 Shares in which Asialnfo Security became interested pursuant to a share purchase agreement entered into on 16 January 2024 in which Asialnfo Security shall purchase up to 190,016,976 Shares from Skipper Investment Limited. As of the date of this report, the share purchase transaction is not yet completed.

² 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.

³ These interests comprise (i) 20,342,257 Shares; and (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.

⁴ 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.), 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), CP Management Holdings Limited (which holds 51% shareholding of Trustar Capital Holdings Limited), OP Co., Ltd. (as the sole shareholder of CP Management Holdings Limited) and Mr. ZHANG Yichen (which holds 46% shareholding of OP Co., Ltd.) 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.

⁵ 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 2024, 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 the provisions of 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 A)	Number of Shares	Approximate percentage of total number of Shares in issue (Note B)
Skipper Investment Limited ⁶	Beneficial owner (L)	213,924,952	22.87%
Power Joy (Cayman) Limited ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
CITIC Capital China Partners II, L.P. ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
CCP II GP Ltd. ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
CCP Ltd. ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
Trustar Capital Partners Limited ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
Trustar Capital Company Limited ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
Trustar Capital Holdings Limited ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
CP Management Holdings Limited ⁶	Interest in controlled corporation (L)	213,924,952	22.87%
OP Co., Ltd. ⁶	Interest in controlled corporation (L)	213,924,952	22.87%

Notes:

A (L) — Long position; (S) — Short position.

B As at 30 June 2024, a total of 935,304,312 Shares had been in issue.

⁶ 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.), 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), CP Management Holdings Limited (which holds 51% shareholding of Trustar Capital Partners Limited), OP Co., Ltd. (as the sole shareholder of CP Management Holdings Limited) and Mr. ZHANG Yichen (which holds 46% shareholding of OP Co., Ltd.) 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.

OTHER INFORMATION

Name of Shareholders	Nature of interest (Note A)	Number of Shares	Approximate percentage of total number of Shares in issue (Note B)
AsiaInfo Security ⁷	Beneficial owner (L)	190,016,976	20.31%
Beijing AsiaInfo Voyager Consulting Co., Ltd. ⁷	Interest in controlled corporation (L)	190,016,976	20.31%
China Mobile International Holdings Limited ⁸	Beneficial owner (L)	182,259,893	19.48%
China Mobile Limited ⁸	Interest in controlled corporation (L)	182,259,893	19.48%
China Mobile Hong Kong (BVI) Limited ⁸	Interest in controlled corporation (L)	182,259,893	19.48%
China Mobile (Hong Kong) Group Limited ⁸	Interest in controlled corporation (L)	182,259,893	19.48%
China Mobile Communications Group Co., Ltd. ⁸	Interest in controlled corporation (L)	182,259,893	19.48%
Ocean Voice Investment Holding Limited ⁹	Beneficial owner (L)	60,129,928	6.42%
Sino Venture Capital 1B ⁹	Interest in controlled corporation (L)	60,129,928	6.42%
Sino Venture Capital 1 VCC ⁹	Interest in controlled corporation (L)	60,129,928	6.42%
Sino Capital Management Company Ltd. ⁹	Interest in controlled corporation (L)	60,129,928	6.42%
Mr. LIAO Hsueh-Hsuan ⁹	Interest in controlled corporation (L)	60,129,928	6.42%
Sino Suisse Financial Holding Limited ⁹	Interest in controlled corporation (L)	60,129,928	6.42%
A.M.Y. (Sinosuisse) Ltd. ⁹	Interest in controlled corporation (L)	60,129,928	6.42%
Mr. LIU Chung Hsing ⁹	Interest in controlled corporation (L)	60,129,928	6.42%
Noble (Nominees) Limited ¹⁰	Custodian (L)	47,395,170	5.06%
The Core Trust Company Limited ¹⁰	Trustee (L)	47,395,170	5.06%

OTHER INFORMATION

Notes:

- A (L) — Long position; (S) — Short position.
- B As at 30 June 2024, a total of 935,304,312 Shares had been in issue.
- ⁷ Approximately 51.35% of the equity interest in AsialInfo Security is ultimately controlled and beneficially owned by Dr. TIAN, with details as follows: AsialInfo Security is directly held by Dr. TIAN as to 0.15%. Beijing AsialInfo Voyager Consulting Co., Ltd. (“AsialInfo Voyager”) is owned as to 100% by Dr. TIAN. AsialInfo Security is directly held as to 20.24% by AsialInfo Xinyuan (Nanjing) Enterprise Management Co., Ltd (“AsialInfo Xinyuan”), and AsialInfo Xinyuan is in turn directly held as to 50% by each of Dr. TIAN and AsialInfo Voyager, respectively. AsialInfo Security is directly held as to 7.66% by Tianjin AsialInfo Xinhe Economic Information Consulting Co., Ltd. (“AsialInfo Xinhe”), and AsialInfo Xinhe is in turn owned as to 100% by AsialInfo Voyager. AsialInfo Voyager is the general partner of Tianjin Yaxin Hengxin Consulting Service Partnership (Limited Partnership) (“Yaxin Hengxin”) and AsialInfo Security is owned as to 1.55% by AsialInfo Voyager through Yaxin Hengxin. AsialInfo Voyager is also the general partner of Nanjing Yaxin Rongxin Enterprise Management Center (Limited Partnership) (“Yaxin Rongxin”) and AsialInfo Security is owned as to 15.50% by AsialInfo Voyager through Yaxin Rongxin. AsialInfo Security is directly held as to 2.77% by Beijing Yaxin Rongchuang Consulting Center (Limited Partnership) (“Yaxin Rongchuang”), and Dr. TIAN directly and indirectly holds all the partnership interests in Yaxin Rongchuang. Therefore, Dr. TIAN is deemed to be interested in all the Shares in which AsialInfo Security became interested pursuant to a share purchase agreement entered into on 16 January 2024 in which AsialInfo Security shall purchase up to 190,016,976 Shares from Skipper Investment Limited. As of the date of this report, the share purchase transaction is not yet completed.
- ⁸ 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.
- ⁹ 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 5 March 2024. 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 Limited (as the management shareholder of Sino Venture Capital 1 VCC) and Mr. LIAO Hsueh-Hsuan (holding 99% equity interest of Sino Capital Management Company Limited) 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.
- ¹⁰ Noble (Nominees) Limited is wholly owned by The Core Trust Company Limited which is the trustee, and Noble (Nominees) Limited is the custodian for the administration of the 2020 Share Award Scheme. Noble (Nominees) Limited holds the award Shares granted by the Company under the 2020 Share Award Scheme for the benefit of eligible participants. Both Noble (Nominees) Limited and The Core Trust Company Limited are deemed or taken to be interested in such Shares for the purpose of Part XV of the SFO.

Save as disclosed above, as at 30 June 2024, 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 Group 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.

SHARE SCHEMES

Share Option Schemes

The (i) Pre-IPO Share Option Scheme and (ii) 2019 Share Option Scheme were approved and adopted by the Shareholders on 26 June 2018 and 25 November 2019, respectively, in order to grant eligible Directors, management and employees of the Group such related share-based compensation. The Remuneration Committee will, from time to time, determine the eligibility of participants to be granted any option as an incentive pursuant to, including but not limited to, the current and expected contribution of such participant, general financial position of the Group, general business targets and future plans of the Group. The Pre-IPO Share Option Scheme and the 2019 Share Option Scheme are aimed to approve and reward eligible participants who have contributed to the Group's growth and development.

Pre-IPO Share Option Scheme

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 share 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 2024	Number of options exercised/ lapsed during the Reporting Period		Outstanding as at 30 June 2024	Exercise Price (US\$)
			Exercised	Lapsed		
Director						
Mr. 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>	
Employees						
	1 August 2018	11,721,824	—	197,472	11,524,352	1.2725
	11 July 2018	22,857,688	—	451,576	22,406,112	1.9225
	1 August 2018	39,234,360	—	1,215,416	38,018,944	1.9225
<i>Sub-total</i>		<i>73,813,872</i>	—	<i>1,864,464</i>	<i>71,949,408</i>	
Total		77,612,528	—	1,864,464	75,748,064	

Notes:

- The validity period of all the options is ten years from the date of grant.
- The options were fully vested and are exercisable upon vesting within the validity period.
- No 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. As of 30 June 2024, the Company can further grant 48,849,931 share options under the 2019 Share Option Scheme (as of 31 December 2023: 46,811,821).

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

Grantees	Date of Grant	Outstanding as at 1 January 2024	During the Reporting Period			Outstanding as at 30 June 2024	Exercise Price (HK\$)
			Granted	Exercised	Lapsed		
Directors							
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
Employees							
	16 June 2020	7,812,360	—	—	450,400	7,361,960	9.56
	9 June 2021	11,007,888	—	—	629,576	10,378,312	12.54
	11 March 2022	13,287,900	—	—	874,872	12,413,028	13.24
	10 May 2022	3,254,477	—	—	258,662	2,995,815	13.32
	14 June 2023	16,640,000	—	—	275,000	16,365,000	11.72
<i>Sub-total</i>		<i>52,002,625</i>	<i>—</i>	<i>—</i>	<i>2,488,510</i>	<i>49,514,115</i>	
Total		52,450,625	—	—	2,488,510	49,962,115	

Note:

- No option was being cancelled during the Reporting Period.

SHARE AWARD SCHEMES

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. All award shares granted under the 2020 Share Award Scheme relate to existing Shares only and do not involve the issue of new Shares.

According to the 2020 Share Award Scheme, the Company may (i) issue and allot Shares to the trustee; and/or (ii) 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 did not acquire any Shares.

The maximum number of Shares underlying all grants to be made pursuant to the 2020 Share Award Scheme (excluding award Shares which have been forfeited in accordance with the 2020 Share Award Scheme) had been refreshed on 20 April 2021 and shall not exceed 46,013,946 Shares, representing 5.0% of the total number of issued Shares as at the date of refreshment (accounting for approximately 4.92% of the total number of issued Shares as at 30 June 2024). As of 30 June 2024, the Company can further grant 2,656,500 award Shares under the 2020 Share Award Scheme (as of 31 December 2023: 2,360,400 Shares).

The terms of the 2020 Share Award Scheme do not specify any period for an award to be vested, but specify that the Trust Management Committee may from time to time determine such vesting criteria and conditions or periods for the award to be vested.

The terms of the 2020 Share Award Scheme do not specify any amount required to be paid on acceptance of an award nor the payment period; and also do not provide for any basis of determining the purchase price of shares awarded.

On 26 May 2021, 11 March 2022 and 29 June 2023, the Company respectively granted a total of 15,260,449 award Shares, 1,000,000 award Shares and 7,400,000 award Shares to eligible persons. The closing prices of the Share immediately before the dates of grant (26 May 2021, 11 March 2022 and 29 June 2023) are HK\$13.12, HK\$13.24 and HK\$10.8, respectively.

The 2020 Share Award Scheme should be valid and effective for a period of ten (10) years from the date of adoption (being 7 January 2020) unless the Board may decide to terminate in advance. The remaining effective period for the 2020 Share Award Scheme was approximately 6 years and 5 months. Please refer to the announcements of the Company dated 8 January 2020, 27 February 2020 and 20 April 2021, respectively, for further details of the 2020 Share Award Scheme.

OTHER
INFORMATION

Grantee	Date of Grant	Number of Award Shares not yet vested as at 1 January 2024	Number of Award Shares granted during the Reporting Period	Number of Award Shares vested during the Reporting Period ¹	Number of Award Shares lapsed during the Reporting Period	Number of Award Shares not yet vested as at 30 June 2024
Director						
Mr. GAO Nianshu	26 May 2021	1,452,089	—	1,452,089	—	—
Employees						
	26 May 2021	2,927,145	—	2,226,045	296,100	405,000
	11 March 2022	600,000	—	300,000	—	300,000
	29 June 2023	7,400,000	—	2,338,400	—	5,061,600
Total		12,379,234	—	6,316,534	296,100	5,766,600

Notes:

- For award Shares granted on 26 May 2021, 11 March 2022 and 29 June 2023, the vesting period shall commence from 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. The weighted average closing price of the Shares immediately before the vesting date of the award Shares held by Mr. GAO Nianshu and the employees are approximately HK\$7.04 and HK\$7.03, respectively.
- No consideration is required to be paid upon the vesting of award Shares.
- No award Shares were canceled during the Reporting Period.

2023 Share Award Scheme

On 4 December 2023, the Board adopted the 2023 Share Award Scheme, which is a scheme funded by existing Shares and the transfer of existing Shares and/or treasury Shares, and will not involve the issue of any new Shares. The purposes of the 2023 Share Award Scheme are (i) to recognise the contributions and fully motivate the potential and vitality of talents of the eligible persons, being those core management personnel of the Group; and (ii) to encourage the eligible persons to continue contributing to the strategic transformation, business growth and long-term development of the Group. Subject to the criteria and conditions of the 2023 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 2023 Share Award Scheme, the Company may transfer to the trustee the necessary funds for the purchase of the Shares through on-market transactions at the prevailing market price or off-market purchase at the price determined by the Company; or transfer to the trustee Shares repurchased by the Company subject to the compliance with the applicable rules and regulations; or instruct the trustee to accept Shares transferred, gifted, assigned, or conveyed to the trust from any Shareholder or any party designated by the Company from time to time in such number as such Shareholder or such party designated by the Company may at their sole and absolute discretion determine, for the operation of the 2023 Share Award Scheme. During the Reporting Period, the trustee purchased a total of 10,260,800 Shares.

OTHER INFORMATION

The maximum number of Shares underlying all grants to be made pursuant to the 2023 Share Award Scheme (excluding award shares which have been forfeited in accordance with the 2023 Share Award Scheme) shall not exceed 46,765,215 Shares, representing 5.0% of the total number of issued Shares as at the date of the adoption of the 2023 Share Award Scheme (accounting for approximately 5.0% of the total number of issued Shares as at 30 June 2024). As the Company has not yet granted any award Shares under the 2023 Share Award Scheme, as of 30 June 2024, the Company can further grant 46,765,215 award Shares.

The terms of the 2023 Share Award Scheme do not specify the maximum entitlement for an individual participant.

The terms of the 2023 Share Award Scheme do not specify any period for an award to be vested, but specify that the Trust Management Committee (as defined in the 2023 Share Award Scheme) may from time to time determine such vesting criteria and conditions or periods for the award to be vested.

The terms of the 2023 Share Award Scheme do not specify any amount required to be paid on acceptance of an award nor the payment period; and also do not provide for any basis of determining the purchase price of Shares awarded.

The 2023 Share Award Scheme should be valid and effective for a period of ten (10) years from the date of adoption (being 4 December 2023) unless the Board may decide to terminate in advance. The remaining effective period for the 2023 Share Award Scheme was approximately 9 years and 5 months. Please refer to the announcement of the Company dated 4 December 2023 for further details of the 2023 Share Award Scheme.

The Company did not grant award Shares to any eligible person under the 2023 Share Award Scheme during the Reporting Period.

GENERAL

The number of Shares that may be issued in respect of share options or award Shares granted under all the share schemes of the Company divided by the weighted average number of shares of the relevant classes, excluding the treasury Shares, in issue during the Reporting Period is 0% because no share options or award Shares were granted by the Company during the Reporting Period.

EMPLOYMENT MANAGEMENT

During the Reporting Period, the Group had strictly complied with the Labour Law of the PRC and the Labour Contract Law of the PRC and other applicable laws and regulations. The labour 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 labour relationship. Meanwhile, the Group has strictly complied with the Provisions on the Prohibition of Using Child Labour and will not employ child labour under any circumstances. As of 30 June 2024, the total number of full-time employees of the Group was 12,929 (31 December 2023: 13,577).

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 the 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 rules and 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 improvement 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 for 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 INTERIM FINANCIAL REPORT



REVIEW REPORT

TO THE BOARD OF DIRECTORS OF ASIAINFO TECHNOLOGIES LIMITED

(Incorporate in the British Virgin Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 32 to 52 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 2024 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 months period then ended 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 interim financial report as at 30 June 2024 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

14 August 2024

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)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	4	2,994,262	3,281,994
Cost of sales		(2,255,981)	(2,137,887)
Gross profit		738,281	1,144,107
Other income	5	31,445	55,835
Impairment losses under expected credit loss model, net of reversal	13	(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		(7,025)	(8,200)
(Loss)/profit before tax		(91,392)	220,716
Income tax credit/(expenses)	6	21,261	(8,420)
(Loss)/profit for the period	7	(70,131)	212,296
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		(143)	(5,066)
Other comprehensive income for the period		(143)	6,062
Total comprehensive income for the period		(70,274)	218,358
(Loss)/profit for the period attributable to:			
Equity holders of the Company		(59,490)	215,713
Non-controlling interests		(10,641)	(3,417)
Total comprehensive income for the period attributable to:			
Equity holders of the Company		(59,633)	221,079
Non-controlling interests		(10,641)	(2,721)
(Loss)/earnings per share			
— Basic (RMB)	9	(0.06)	0.24
— Diluted (RMB)	9	(0.06)	0.23

The accompanying notes on pages 37 to 52 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	10	280,555	275,507
Right-of-use assets	10	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")	18	64,848	25,111
Financial assets at FVOCI	18	58,619	58,619
Deferred tax assets	11	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	12	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	18	156,526	363,008
Amounts due from related parties	20	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
Current liabilities			
Trade and notes payables	14	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	20	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

The accompanying notes on pages 37 to 52 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current liabilities			
Deferred tax liabilities	11	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	15	—	—
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

Approved and authorised for issue by the board of directors on 14 August 2024.

Dr. TIAN Suning
DIRECTOR

Mr. GAO Nianshu
DIRECTOR

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		Fair value reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total equity
					reserve	reserve						
RMB'000	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	

The accompanying notes on pages 37 to 52 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 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

The accompanying notes on pages 37 to 52 form part of this interim financial report.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — 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 (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 interim financial report for the six months ended 30 June 2024 has 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 interim financial report has 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 interim financial report 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 interim financial report 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 interim financial report 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 31.

3 PRINCIPAL ACCOUNTING POLICIES

The interim financial report has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

3 PRINCIPAL ACCOUNTING POLICIES (Continued)

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 interim financial report. 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 RMB'000	2023 RMB'000
<i>Timing of revenue recognition</i>		
At a point in time	272,964	197,009
Over time	2,721,298	3,084,985
	2,994,262	3,281,994
<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	224,353	139,952
	2,994,262	3,281,994

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — 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.

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
	RMB'000	RMB'000
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
	31,445	55,835

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.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

6 INCOME TAX CREDIT/(EXPENSES)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax	3,571	6,329
Deferred tax (note 11)	(24,832)	2,091
	(21,261)	8,420

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%).

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.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

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	1,820,803	2,006,986
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	27,311	31,047

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)	510,014	—

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.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

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	(59,490)	215,713
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	—	14,124,651
Weighted average number of shares for the purpose of calculating diluted (loss)/earnings per share	915,519,744	929,173,420

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.

For the six months period ended 30 June 2024, the calculation of the number of shares for the purpose of basic loss per share had taken into account the purchase of shares in respect of RSUs. For the six months period ended 30 June 2023, the calculation of the number of shares for the purpose of basic earnings per share had taken into account the purchase of shares in respect of RSUs and the issuance of shares upon the exercise of share options.

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, the Pre-IPO Share Option Scheme and the 2019 Share Option Scheme, nor did it assume the vesting of the RSUs under each share award 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 certain share options under the 2014 stock incentive plan, the Pre-IPO Share Option Scheme and the 2019 Share Option Scheme since such share options had an antidilutive effect.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

10 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 RMB25,248,000 and disposed of certain assets of leasehold improvements and furniture, fixtures and equipment with an aggregate carrying amount of RMB67,000 for cash proceeds of RMB22,000, resulting in a loss on disposal of RMB45,000. During the six months ended 30 June 2023, the Group incurred expenditure on leasehold improvements and furniture, fixtures and equipment with a cost of RMB5,815,000 and disposed of certain assets of leasehold improvements and furniture, fixtures and equipment with an aggregate carrying amount of RMB454,000 for cash proceeds of RMB90,000, resulting in a loss on disposal of RMB364,000.

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 RMB47,254,000 of right-of-use asset and RMB41,048,000 of lease liability (six months ended 30 June 2023: right-of-use asset was RMB26,345,000, lease liability was RMB21,850,000).

11 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 loss	Tax losses	Accrued payroll and welfare	Accrued expense	Lease liabilities	Right-of-use assets	Withholding tax on undistributable profits of the PRC subsidiaries	Fair value changes	Intangible assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023	24,063	38,828	90,071	2,825	27,061	(27,068)	(271,688)	(6,407)	(2,398)	(124,713)
(Charged) credited to profit or loss	(3,455)	52,161	(23,899)	(324)	(11,916)	12,117	—	—	148	24,832
At 30 June 2024	20,608	90,989	66,172	2,501	15,145	(14,951)	(271,688)	(6,407)	(2,250)	(99,881)
At 31 December 2022	16,294	13,204	89,823	6,237	26,966	(27,251)	(186,714)	(3,479)	(20,664)	(85,584)
(Charged) credited to profit or loss	2,661	16,886	(13,995)	(1,522)	(11,215)	11,738	(8,492)	1	1,847	(2,091)
Credited to other comprehensive income	—	—	—	—	—	—	—	(2,249)	—	(2,249)
At 30 June 2023	18,955	30,090	75,828	4,715	15,751	(15,513)	(195,206)	(5,727)	(18,817)	(89,924)

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

11 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

For the purpose 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 purpose:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Deferred tax assets	180,157	155,787
Deferred tax liabilities	(280,038)	(280,500)
	(99,881)	(124,713)

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 2024 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.

12 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)
	1,482,138	1,513,032

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.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

12 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.

	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
	1,482,138	1,513,032

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.

13 IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Impairment loss recognised, net of reversal	32,127	32,249
	32,127	32,249

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are materially the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

14 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
	1,055,736	993,618

15 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
Authorised			
At 30 June 2024 and 2023	800,000,000,000	HK\$0.0000000125	HK\$10,000.00
Issued			
At 31 December 2023 and 30 June 2024	935,304,312	HK\$0.0000000125	HK\$11.69
At 31 December 2022	929,315,321	HK\$0.0000000125	HK\$11.62
Exercise of share options ⁽ⁱ⁾	5,975,591	HK\$0.0000000125	HK\$0.07
At 30 June 2023	935,290,912	HK\$0.0000000125	HK\$11.69

Note:

- (i) During the six months ended 30 June 2023, the Company issued and allotted 784,000 shares, 2,793,091 shares and 2,398,500 shares, respectively, resulting from the exercising of options to certain employees and directors pursuant to the stock share option under the 2014 stock incentive plan, the Pre-IPO Share Option Scheme, and 2019 Share Option Scheme.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

16 PURCHASE OF SHARES

During the six months ended 30 June 2024 and 2023, the Company, through the trustee of the 2023 share award scheme adopted by the Company on 4 December 2023 (the “**2023 Share Award Scheme**”) and the 2020 share award scheme adopted by the Company on 7 January 2020 (the “**2020 Share Award Scheme**”), 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
Jan 2024	4,261,200	8.10	7.55	33,418
Mar 2024	2,595,600	7.47	7.10	19,057
Apr 2024	1,400,000	7.00	6.81	9,661
May 2024	700,000	7.29	7.08	5,008
Jun 2024	1,304,000	7.12	6.72	9,031
				76,175
Mar 2023	200,000	15.38	13.84	2,921
				2,921

The Company purchased Shares through the trustee for the implementation of the 2023 Share Award Scheme and the 2020 Share Award Scheme under the instructions of the Company. During the six months ended 30 June 2024, the Company had purchased 10,260,800 Shares for 2023 Share Award Scheme using the deposits placed in the trustee at a total consideration of HK\$76,175,000 (equivalent to RMB69,214,000). 6,136,534 RSUs were vested by using the Shares purchased from the market under the instructions from the Company.

During the six months ended 30 June 2023, the Company had purchased 200,000 Shares for 2020 Share Award Scheme using the deposits placed in the trustee at a total consideration of HK\$2,921,000 (equivalent to RMB2,557,000). 4,925,235 RSUs were vested by using the Shares purchased from the market under the instructions from the Company.

17 SHARE-BASED PAYMENTS

For the six months ended 30 June 2024, the Company did not grant any share options or RSUs.

For the six months ended 30 June 2024, the Company recognised a total share-based compensation expenses of RMB47,861,000 in relation to the share options and RSUs issued under the Pre-IPO Share Option Scheme, the 2019 Share Option Scheme, the 2020 Share Award Scheme and the 2023 Share Award Scheme in profit or loss (for the six months ended 30 June 2023: RMB42,361,000).

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INSTRUMENTS

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

The following table presents the fair value of the Group's financial assets measured at the end of the Reporting Period on a recurring basis, which was categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value as at 30 June 2024 RMB'000	Fair value as at 31 December 2023 RMB'000	Fair value hierarchy	Valuation technique	Key inputs and correlation
Financial assets at FVTPL					
— Wealth management products	156,526	363,008	Level 3	Discounted cashflow method	Estimated return rate, negatively correlated
— Investment funds	21,144	24,969	Level 3	Market approach	Discount for lack of marketability, negatively correlated
— Unlisted equity investments	43,562	—	Level 3	Market approach	Recent transaction price, positively correlated
— Listed equity investments	142	142	Level 1	N/A	N/A
Financial assets at FVOCI					
— Unlisted equity investments	58,619	58,619	Level 3	Market approach	Discount for lack of marketability, negatively correlated

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

18 FINANCIAL INSTRUMENTS (Continued)

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

During the six months ended 30 June 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	As at 31 December 2023 RMB'000	Addition RMB'000	Disposal RMB'000	Recognised in profit or loss RMB'000	Recognised in other comprehensive income RMB'000	As at 30 June 2024 RMB'000
Financial assets measured at FVOCI	58,619	—	—	—	—	58,619
Financial assets measured at FVTPL	387,977	1,009,953	(1,177,657)	818	141	221,232
	446,596	1,009,953	(1,177,657)	818	141	279,851

	As at 31 December 2022 RMB'000	Addition RMB'000	Disposal RMB'000	Recognised in profit or loss RMB'000	Recognised in other comprehensive income RMB'000	As at 30 June 2023 RMB'000
Financial assets measured at FVOCI	47,929	—	—	—	13,092	61,021
Financial assets measured at FVTPL	714,319	1,004,966	(1,166,004)	5,442	551	559,274
	762,248	1,004,966	(1,166,004)	5,442	13,643	620,295

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 interim financial report approximate their fair values due to short maturity, initially recognised close to each reporting date, or with floating interest rates.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

19 COMMITMENTS

As at 30 June 2024, the Group was committed to acquire property, plant and equipment and intangible assets for its business operation amounting to approximately RMB17,947,000 (31 December 2023: RMB15,001,000).

20 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 2024 RMB'000	31 December 2023 RMB'000
Trade and notes receivables⁽ⁱ⁾	766,248	679,915
Contract assets⁽ⁱ⁾	1,872,936	1,632,506
Amounts due from related parties:		
Amounts due from a shareholder ⁽ⁱ⁾	15,970	14,967
Amounts due from entities controlled by a director	3,811	3,212
Sub-total	19,781	18,179
Total	2,658,965	2,330,600

Note:

- (i) Trade receivables and contract assets are arising from the software business services provided to a shareholder, China Mobile Group. The carrying amount of trade receivables from China Mobile Group as at 30 June 2024 included the original value and the loss allowance amounting to RMB778,678,000 (31 December 2023: RMB688,335,000) and RMB12,430,000 (31 December 2023: RMB8,420,000), respectively. The carrying amounts of contract assets from China Mobile Group as at 30 June 2024 included the original value and the loss allowance amounting to RMB1,884,298,000 (31 December 2023: RMB1,639,385,000) and RMB11,362,000 (31 December 2023: RMB6,879,000), respectively.

Amounts due from a shareholder mainly represents deposits for performance of the contract placed with China Mobile Group.

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

20 RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

(a) Balances with related parties (Continued)

(ii) Balances due to related parties

	30 June 2024 RMB'000	31 December 2023 RMB'000
Contract liabilities⁽ⁱ⁾	72,759	54,063
Amounts due to related parties:		
Amounts due to a shareholder ⁽ⁱ⁾	2,653	3,067
Amounts due to entities controlled by a director	2,338	578
Total	77,750	57,708

Note:

- (i) Contract liabilities represent the receipt in advance from China Mobile Group in relation to the provision of software business services.

Amounts due to a shareholder mainly represents payables arising from telecommunication services purchased from China Mobile Group.

(b) The significant transactions with related parties during the six months ended 30 June 2024 and 2023 are listed out below

For the six months ended 30 June 2024 and 2023, the Group had the following major transactions with related companies, other than those disclosed elsewhere in the interim financial report:

	Six months ended 30 June 2024 RMB'000	2023 RMB'000
A shareholder of the Group:		
— Software business services provided to	1,706,772	2,080,097
— Information and telecommunication technology services and products charged by	6,734	5,824
An associate of the Group:		
— Loan provided to	—	47,700
— Repayment of loan provided to	—	40,600
— Interest income from loan provided to	—	1,669

NOTES TO THE INTERIM FINANCIAL REPORT

For the six months ended 30 June 2024 — unaudited
(Expressed in thousands of Renminbi, unless otherwise stated)

20 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	
	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	7,142	7,353
Discretionary bonus	4,794	4,794
Contributions to retirement benefits scheme	153	126
Share-based compensation expenses	13,422	16,809
Total emoluments	25,511	29,082

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.