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**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY  
LIMITED**

**金蝶國際軟件集團有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 268)

**ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR  
ENDED 31 DECEMBER 2023  
AND  
PROPOSED ADOPTION OF AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE  
COMPANY**

The board (the “Board”) of directors (the “Directors”) of Kingdee International Software Group Company Limited (“Kingdee International” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023, together with the comparative audited consolidated figures for the year ended 31 December 2022 are as follows:

**Financial highlights for the year ended 31 December 2023**

- Revenue increased by approximately 16.7% compared with 2022 to approximately RMB5,679,073,000, including the cloud services business revenue increased by 21.3% compared with 2022, and revenue contribution increased from 76.3% in 2022 to 79.3% in 2023. (2022: revenue of approximately RMB4,865,769,000)
- Loss attributable to owners of the Company amounted to approximately RMB209,890,000. (2022: loss of approximately RMB389,158,000)
- Net cash generated from operating activities amounted to approximately RMB653,319,000 (2022: approximately RMB374,437,000)
- Basic losses per share attributable to owners of the Company during the year amounted to approximately RMB6.07 cents. (2022: basic losses per share of RMB11.31 cents).

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## BUSINESS REVIEW AND OUTLOOK

### 1. Financial Results

For the twelve months ended 31 December 2023, the Group recorded total revenue of approximately RMB5,679,073,000, representing an approximately 16.7% year-on-year (yoy) growth as compared to the same period in 2022 (2022: RMB4,865,769,000). The Group continued to push forward cloud subscription service model transition, and realized 21.3% yoy growth in cloud services, accounting for 79.3% of the Group revenue. The Annual Recurring Revenue (ARR) of Kingdee Cloud subscription services reached approximately RMB2.86 billion, with an increase of 33.1% yoy. Contract liabilities to cloud subscription services achieved growth of 29.6% yoy.

For the twelve months ended 31 December 2023, loss attributable to owners of the Company was approximately RMB209,890,000 (2022: a loss of approximately RMB389,158,000 attributable to owners of the Company). The loss narrowed was due to the Company's long-term development of cloud subscription business and the improvement of business quality.

Basic loss per share attributable to owners of the Company amounted to approximately RMB6.07 cents. (2022: basic loss per share of approximately RMB11.31 cents).

Net cash flow from operating activities of the Company was approximately RMB653,319,000, representing an increase of 74.5% yoy (2022: net cash inflow of approximately RMB374,437,000).

### 2. Strategy Review

Kingdee adheres to the strategy of "Platform + Finance & HR & Tax + Ecosystem", with the mission of "wholeheartedly serving the enterprise and growing together with users around the world." Kingdee is committed to becoming the "most trustworthy enterprise service platform", aiming to help enterprises build Enterprise Business Capability (EBC), achieve resilient and high-quality development.

#### **The Group's key strategic initiatives include:**

**1. Creating world-class products:** Kingdee adheres to the product strategy of "One Arrow, Many Stars", taking the cloud native Kingdee Cloud Cosmic PaaS platform with Kingdee Dynamic Domain Model (KDDM) as the technical core. Integrating AI and other advanced technologies, Kingdee builds packageable SaaS applications and solutions enabling world-class product capabilities and customer experience. In addition, combining the ecological power of ISVs, Kingdee is committed to help enterprises to build digital business capabilities linking customers, partners, employees and everything, and quickly respond to the demands of the ever-changing market with data intelligence.

**2. Creating a world-class ecosystem:** Kingdee is committed to constructing a collaborative, co-constructed, and co-existing grand ecosystem. Guided by a design and service-oriented approach, Kingdee collaborates with a diverse array of ecosystem partners including internationally leading consulting, implementation, development, channels, and services to assist clients in confronting and resolving enterprise management issues within the context of the new era.

**3. Creating world-class implementation:** Kingdee is committed to transitioning to a cloud subscription service model, focusing on products and redefining implementation methodologies and partnerships in the cloud era. By combining partner-led direct signing and remote implementation, and introducing strategic-level implementation partners, Kingdee aims to deliver digital transformation

applications efficiently and with high quality.

**4. Creating World-Class Services:** Upholding the mission of “wholeheartedly serving the enterprise and growing together with users around the world,” based on Kingdee’s Customer Success methodology and the new generation of end-to-end experience, Kingdee is building a world-class global service operation system, empowering enterprises and their personnel to achieve “success, growth, and achievement.”

**5. Creating World-Class Reputation:** Kingdee is dedicated to winning the recognition and reputation of a wide range of customers by providing world-class products, ecosystems, implementation, and services, establishing a broad reputation and loyalty worldwide, and realizing “customer referral to customer.”

### **3. Group Business Review**

As a global leader and China’s top enterprise management cloud SaaS company, Kingdee has consistently received recognition from renowned research institutions at home and abroad, winning numerous honors, including:

- 1) Awarded the IDC 2023 Global Customer Satisfaction Award for Financial SaaS, the only company in China to sweep both the Financial and ERP satisfaction awards.
- 2) Awarded the No.1 market share in China for IDC 2023 H1 SaaS ERM (Enterprise Resource Management Cloud Services) and Financial cloud services.
- 3) Only Chinese vendor ranked among the top ten global high-productivity aPaaS platforms by Gartner for three consecutive years, and the only Chinese vendor entered into IDC’s Asia Pacific SaaS and Cloud-based ERP Applications 2023 Vendor Assessment.
- 4) Maintaining the No.1 market share in the application software market for growing enterprises in China for 19 consecutive years, as reported by IDC.
- 5) Honored with the highest national award in the field of standardization in China, the “China Standard Innovation Contribution Award” - First Prize.

### **Cloud services business**

During the Reporting Period, Kingdee firmly implemented the transformation strategy of cloud subscription service model and met the market demand of different types of enterprises by creating a “One Arrow, Many Stars” product matrix. The cloud service business maintained rapid growth, with revenue increasing to RMB4,504,983,000 from RMB3,714,093,000 for the same period in 2022, representing an increase of approximately 21.3% yoy and accounting for approximately 79.3% of the Group revenue.

#### **(1) Rapidly penetrating the large enterprise market, with AI-driven digital governance at the forefront of transformation**

Kingdee Cloud Cosmic and Kingdee Clouds Constellation have become the new choices for many Fortune 500 companies as the main products targeting the high-end market. During the Reporting Period, Kingdee launched an enterprise-level large language model (LLM) capability platform – Kingdee Clouds Cosmic GPT, which extensively connects with the general-purpose LLMs from Baidu, Microsoft, and others. Cosmic GPT has helped enterprises achieve multi-model capability access, multi-task orchestration, intelligent knowledge engine, and personalized expansion in complex business scenarios, building a rich array of intelligent applications in complex enterprise management scenarios. Based on Cosmic GPT, Kingdee introduced China’s first financial model, encapsulating 30 years of financial

knowledge and best practices from serving over 7.4 million customers. The financial model can provide enterprises with comprehensive analysis and forecasting, expert support, report generation, and interpretation services. Through the application practices of enterprises like C&D Property and Hisense, it demonstrated a more innate financial DNA compared to general-purpose large models.

Kingdee Clouds Constellation continued to improve and expand product capability, achieving a more advanced platform, superior quality, smarter applications, and richer scenarios. Constellation maintained a continuous lead in high-end financial and taxation applications, with EPM (enterprise performance management) leveraging its independently controllable multi-dimensional database to surpass foreign products in performance. Treasury module fully met the requirements of SASAC and assisted Fortune 500 companies like China Merchants Group in building a global treasury. Constellation further enriched Supply chain and Manufacturing application scenarios for Fortune 500 companies, with core functions such as cost and profitability analysis, equipment manufacturing, and more matching the world's best. Verified by the Weichai Lovol project, Constellation has fully replaced well-known foreign ERP products, significantly improving 21 key business indicators, integrating 18 peripheral systems, enhancing 29 core functional points, achieving business transformation, and becoming the first successful case of domestic replacement in the large-scale equipment manufacturing industry. Constellation filled the gap of independent controllable intelligent manufacturing in the large-scale equipment manufacturing industry. Constellation HR Cloud continued to build a world-class HR product, helping large enterprises including Huawei, Shanxi State-Owned Capital Operation, China Construction Bank, Geely Automobile, Dongfeng Motor, Xiangyu Group, and Belle Group achieve digital transformation of human resources. With a global perspective, Constellation established a comprehensive global platform (language, deployment, privacy, etc.) and global business capabilities (global sharing, global employment, international taxation, etc.), and has been verified by the application practices of multiple international large enterprises such as China Merchants Group, Hisense, Huawei, and HAECO.

During the Reporting Period, Kingdee Cloud Cosmic and Kingdee Cloud Constellation recorded revenue of approximately RMB981 million, representing a yoy growth of approximately 40.9%. The subscription ARR increased by approximately 48.7% yoy, and the Net Dollar Retention ("NDR") rate was 105.3%. During the period, 1,458 customers were signed, of which 647 were new customers, including well-known enterprises such as Sinochem, China National Building Material, Dongfeng Motor, Tongwei, China National Petroleum International, Shijiazhuang Siyao Pharmaceuticals, Fuyao Glass, Mercedes-Benz China, Hongtong Gas, etc. As of the reporting period, Kingdee has helped 221 enterprises to complete localization substitution.

## **(2) Continuously leading in the Specialized and New fields, further solidifying leadership in the medium-size enterprise market**

During the Reporting Period, Kingdee Clouds Galaxy Enterprise Edition continued to expand its integrated advantages in R&D, production, supply, and sales, as well as the deep integration of business and finance. Galaxy introduced features such as the electronic invoice pool and refined manufacturing role-based workstations to continuously enhance user experience. Kingdee Clouds Galaxy Ultra Edition, leveraging the "AI priority, platform-leading" advantages, completed coverage of financial, supply chain, manufacturing, and other scenarios; and achieved AI intelligence in multiple scenarios, including IPO intelligence center, BOSS assistant, smart sales forecasting, supply chain risk intelligent monitoring, data mart, and more. At the same time, Galaxy Ultra steadily advanced the "all online model," and the verifications of online implementation service processes were completed for the first batch of customers, which can significantly improve the implementation quality and reduce the implementation costs. The

"co-creation business model" was realized in the fields of pharmaceuticals and hi-tech, laying the foundation for the deep and rapid expansion of the industry.

During the Reporting Period, Kingdee Cloud Galaxy signed more than 1,400 national and provincial specialties and new enterprises, and the market share of national specialized and new "small giants" reached 43%, further consolidating the leading position in the market. Kingdee Cloud Galaxy achieved revenue of approximately RMB1,952 million, representing a yoy growth of approximately 16.2%. Star Cloud subscription ARR increased by approximately 29.2% yoy, with the NDR of 97.2% and a customer base of approximately 39,000. Newly signed customers such as REPT Power Battery System, Jietai Solar, Lexin Medical, Higo Technology, Greater Bay Technology, Subway China, SK Automation Technology, Haini Biotech and Laifen Technology.

### **(3) Small and Micro Finance Cloud maintaining high growth, with win-win cooperation with partners**

During the Reporting Period, Kingdee Cloud Stellar Ultra Edition was released, providing an integrated production, supply, and marketing solutions to small and micro manufacturing and trade enterprises. Kingdee Jingdou Cloud further enhanced intelligent finance and taxation and digital operations, and upgrading its cloud-native technology architecture to comprehensively improve product reliability, ease of use, and user experience. SME partner ecosystem was further developed and expanded, with the number of marketing and service partners exceeding 1,900.

During the Reporting Period, SME finance cloud continued to grow rapidly, realizing revenue of approximately RMB1,080 million, representing a yoy increase of approximately 25.4%, and the subscription ARR increased by approximately 45.6% yoy; among which, Kingdee Cloud Stellar revenue increased by approximately 108.6% yoy, and the NDR was 90.8%.

### **(4) Deepening business cooperation ecosystem and expanding the digital future together**

During the Reporting Period, the Group entered into new strategic cooperation with cloud service vendors such as CTYun, Baidu and Microsoft, continued to deepen cooperation with strategic consulting and implementation partners such as KPMG, iSoftStone, Ernst & Young, Deloitte and HAND Information, and entered into strategic cooperation with five partners such as DHC and MOORE. At present, nearly 200 ISV partners have built digital products based on Cosmic and formed joint industry solutions by integrating with Kingdee's standard products, covering 19 major industries including energy and resources, transportation and logistics, life sciences, process manufacturing, equipment manufacturing, food and beverage, daily chemicals, modern services, finance and investment, and electronic high-tech. Kingdee and ecosystem partners link up the business chain of "research, production, supply, marketing and service" to fully support enterprise digital transition.

### **(5) Focusing on advantageous industries, empowering high-quality development**

During the Reporting Period, Kingdee continued to focus on its core advantageous industries, using "digital governance" innovation to boost the digital transformation of enterprises and achieve high-quality development. In the tobacco industry, Kingdee secured major projects such as the national unified tobacco logistics control system construction project and digital manufacturing platform project for Changde Tobacco Machinery, resulting in a significant increase in order value. Kingdee Credit Technology maintained its leading position in the domestic corporate finance and tax data credit market, breaking through to over 200 financial institution partners. Its "Jingwei Cloud" enterprise big data credit platform introduced risk control solutions such as multiple loan inquiries and anti-fraud scoring,

with data request volume increasing by 204% yoy and data processing volume growing by 243%. Kingdee Credit Technology successfully signed and complete projects for well-known enterprises such as Junlebao Dairy and Geely Remote New Energy Commercial Vehicle Group. Kingdee Apusic passed the CMMI Level 5 certification, achieving continuous optimization of the full process of software research and development management, and released a domestic cloud-native middleware suite and Middleware Cloud Platform 8.0, helping customers realize cloud-native transformation and upgrades of their applications. Kingdee Apusic participation in the drafting of two national information technology standards further solidifies Kingdee's leadership in national standards.

**(6) Maintaining optimization of the customer success system to continuously enhance customer satisfaction**

During the Reporting Period, the Group achieved a significant improvement in the timeliness of response and handling of customer feedback through a series of service innovations and changes; and established a world-class global service operation system based on a new generation of full-journey experience with a customer success methodology. Among them, Xu Shao Chun Public Account received 879 customer commendations, representing a yoy increase of 121%, and the overall number of customer complaints dropped by 45% year on year.

**ERP Business and Others**

During the Reporting Period, revenue from the ERP business and others increased approximately 1.9% yoy, from RMB1,151,676,000 in the same period last year to approximately RMB1,174,090,000.

**Investment Property Business**

As of 31 December 2023, the Group had amount of investment properties of approximately RMB1,726,750,000 in total (31 December 2022: RMB1,734,079,000). During the Reporting Period, the Group generated rental income of approximately RMB66,087,000 (2022: RMB70,187,000), and the drop of rental income was due to the increase of self-use area of properties.

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	<b>As at 31 December</b>	
		<b>2023</b>	<b>2022</b>
		RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,919,498	1,376,694
Right-of-use assets	5	203,446	156,165
Intangible assets		1,231,955	1,192,375
Investment properties	6	1,726,750	1,734,079
Investments in associates		434,461	421,593
Deferred income tax assets		49,055	38,826
Financial assets at fair value through profit or loss		964,748	931,164
Financial assets at fair value through other comprehensive income		4,463	4,463
Trade and other receivables	7	131,503	104,051
Loans to third parties	7	90,071	63,081
Long-term bank deposits		1,680,000	1,725,000
		8,435,950	7,747,491
<b>Current assets</b>			
Inventories		45,611	44,871
Trade and other receivables	7	364,332	293,030
Loans to third parties	7	231,596	268,274
Contract assets	3	362,378	346,542
Contract obtaining costs	3	643,497	393,871
Financial assets at fair value through profit or loss		43,182	66,255
Pledged bank deposits		3,928	2,809
Short-term bank deposits		1,045,000	625,559
Cash and cash equivalents		2,963,723	1,942,735
		5,703,247	3,983,946
<b>Total assets</b>		14,139,197	11,731,437

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

	Notes	<b>As at 31 December</b>	
		<b>2023</b>	<b>2022</b>
		RMB'000	RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank borrowings	10	756,700	385,000
Lease liabilities	5	38,159	39,246
Deferred income tax liabilities		112,972	133,925
		907,831	558,171
<b>Current liabilities</b>			
Trade and other payables	11	1,231,203	899,496
Contract liabilities	3	3,176,589	2,631,035
Bank borrowings	10	20,200	85,000
Lease liabilities	5	26,451	24,648
Current income tax liabilities		22,787	19,004
Deferred income		51,984	106,500
		4,529,214	3,765,683
<b>Total liabilities</b>		5,437,045	4,323,854
<b>Net assets</b>		8,702,152	7,407,583
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	8	87,098	83,537
Share premium	8	6,512,406	5,084,953
Other reserves	9	979,146	866,567
Retained earnings		1,020,406	1,230,296
		8,599,056	7,265,353
<b>Non-controlling interests</b>		103,096	142,230
<b>Total equity</b>		8,702,152	7,407,583

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

**CONSOLIDATED INCOME STATEMENT**

	Notes	<b>Year ended 31 December</b>	
		<b>2023</b> RMB'000	<b>2022</b> RMB'000
Revenue from contracts with customers	3,12	5,679,073	4,865,769
Cost of sales	13	(2,035,084)	(1,868,136)
<b>Gross profit</b>		<u>3,643,989</u>	<u>2,997,633</u>
Selling and marketing expenses	13	(2,319,645)	(2,026,584)
Administrative expenses	13	(489,964)	(503,857)
Net impairment losses on financial assets and contract assets	13	(71,055)	(92,461)
Research and development costs	13	(1,439,671)	(1,295,476)
Fair value losses on investment properties	6	(28,858)	(15,587)
Other income and gains - net	14	285,257	348,988
<b>Operating loss</b>		<u>(419,947)</u>	<u>(587,344)</u>
Finance income		112,268	107,937
Finance costs		(21,953)	(7,661)
Finance income - net	15	90,315	100,276
Share of profits of associates		28,506	12,850
<b>Loss before income tax</b>		<u>(301,126)</u>	<u>(474,218)</u>
Income tax credit	16	31,320	21,814
<b>Loss for the year</b>		<u>(269,806)</u>	<u>(452,404)</u>
<b>Loss attributable to:</b>			
Owners of the Company		(209,890)	(389,158)
Non-controlling interests		(59,916)	(63,246)
		<u>(269,806)</u>	<u>(452,404)</u>
<b>Losses per share for loss attributable to owners of the Company (expressed in RMB cents per share)</b>			
- Basic	18	<u>(6.07)</u>	<u>(11.31)</u>
- Diluted	18	<u>(6.07)</u>	<u>(11.31)</u>

KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>Loss for the year</b>	(269,806)	(452,404)
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified to income or loss:</i>		
Currency translation differences	(1,785)	(8,242)
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties, net of tax	68,866	94,105
<b>Other comprehensive income for the year, net of tax</b>	67,081	85,863
<b>Total comprehensive loss for the year</b>	(202,725)	(366,541)
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(142,809)	(303,295)
Non-controlling interests	(59,916)	(63,246)
	(202,725)	(366,541)

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Notes	<u>Attributable to owners of the Company</u>					<b>Non- controlling interests</b>	<b>Total equity</b>
		<b>Share capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2022</b>		83,484	5,149,350	744,204	1,619,454	7,596,492	206,647	7,803,139
Loss for the year		-	-	-	(389,158)	(389,158)	(63,246)	(452,404)
<b>Other comprehensive income</b>								
Currency translation differences		-	-	(8,242)	-	(8,242)	-	(8,242)
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties, net of tax		-	-	94,105	-	94,105	-	94,105
<b>Total comprehensive loss</b>		-	-	85,863	(389,158)	(303,295)	(63,246)	(366,541)
<b>Transactions with owners</b>								
Employees share option scheme:								
- Proceeds from shares issued	8	182	24,478	-	-	24,660	-	24,660
Share award plan:								
- Value of employee services received	8	-	115,140	-	-	115,140	-	115,140
- Transfer shares to the awardees upon vesting	9	-	(117,840)	117,840	-	-	-	-
- Buy-back of shares for the purpose of share award plan	9	-	-	(81,340)	-	(81,340)	-	(81,340)
Buy-back of shares for the purpose of cancellation	9	-	-	(86,304)	-	(86,304)	-	(86,304)
Cancellation of shares	8	(129)	(86,175)	86,304	-	-	-	-
Disposal of a subsidiary		-	-	-	-	-	(4,271)	(4,271)
Capital injection from non-controlling interests		-	-	-	-	-	3,100	3,100
<b>Total transactions with owners, recognised directly in equity</b>		53	(64,397)	36,500	-	(27,844)	(1,171)	(29,015)
<b>Balance at 31 December 2022</b>		83,537	5,084,953	866,567	1,230,296	7,265,353	142,230	7,407,583

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Notes	<u>Attributable to owners of the Company</u>					<b>Non- controlling interests</b>	<b>Total equity</b>
		<b>Share capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>Balance at 1 January 2023</b>		83,537	5,084,953	866,567	1,230,296	7,265,353	142,230	7,407,583
Loss for the year		-	-	-	(209,890)	(209,890)	(59,916)	(269,806)
<b>Other comprehensive income</b>								
Currency translation differences		-	-	(1,785)	-	(1,785)	-	(1,785)
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties, net of tax		-	-	68,866	-	68,866	-	68,866
<b>Total comprehensive loss</b>		-	-	67,081	(209,890)	(142,809)	(59,916)	(202,725)
<b>Transactions with owners</b>								
Issuing new shares	8	3,519	1,408,328	-	-	1,411,847	-	1,411,847
Employees share option scheme:								
- Proceeds from shares issued	8	42	5,481	-	-	5,523	-	5,523
Share award plan:								
- Value of employee services received	8	-	96,278	-	-	96,278	-	96,278
- Transfer shares to the awardees upon vesting	8	-	(82,634)	79,866	-	(2,768)	-	(2,768)
- Buy-back of shares for the purpose of share award plan	9	-	-	(61,138)	-	(61,138)	-	(61,138)
Transactions with non-controlling interests		-	-	26,770	-	26,770	20,782	47,552
<b>Total transactions with owners, recognised directly in equity</b>		3,561	1,427,453	45,498	-	1,476,512	20,782	1,497,294
<b>Balance at 31 December 2023</b>		87,098	6,512,406	979,146	1,020,406	8,599,056	103,096	8,702,152

**KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**

	Notes	<b>Year ended 31 December</b>	
		<b>2023</b>	<b>2022</b>
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations excluding net cash inflow in loans to third parties from the micro-credit business		626,671	337,839
Net cash inflow in loans to third parties from the micro-credit business		48,551	44,019
Interest paid		(18,172)	(3,443)
Income tax paid		(3,731)	(3,978)
<b>Net cash inflow from operating activities</b>		<b>653,319</b>	<b>374,437</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(417,120)	(399,420)
Proceeds from disposals of property, plant and equipment and right-of-use assets		2,618	29,080
Purchases of intangible assets		(479,475)	(488,293)
Pledged bank deposits and short-term and long-term bank deposits placed - net		(375,560)	(652,810)
Interest received		42,715	58,441
Purchases of financial assets at fair value through profit or loss		(134,635)	(139,010)
Proceeds from disposal of financial assets at fair value through profit or loss		61,142	829,459
Purchases of financial assets at fair value through other comprehensive income		-	(4,463)
Acquisition of subsidiaries, net of cash acquired		(9,056)	-
Disposal of a subsidiary, net of cash disposed		-	(21,961)
Investments in an associate		-	(17,336)
Proceeds from disposal of associates		4,818	19,282
<b>Net cash outflow from investing activities</b>		<b>(1,304,553)</b>	<b>(787,031)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of new shares	8	1,411,847	-
Proceeds from issue of shares as a result of exercise of options	8	5,523	24,660
Capital injection from non-controlling interests		45,000	3,100
Proceeds from borrowings		480,000	503,000
Repayments of borrowings		(173,100)	(30,200)
Principal elements of lease payments		(37,141)	(32,391)
Payments for buy-back of shares	9	(61,138)	(167,644)
<b>Net cash inflow from financing activities</b>		<b>1,670,991</b>	<b>300,525</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,019,757</b>	<b>(112,069)</b>
Effects of exchange rate changes on cash and cash equivalents		1,231	7,989
Cash and cash equivalents at beginning of the year		1,942,735	2,046,815
<b>Cash and cash equivalents at end of year</b>		<b>2,963,723</b>	<b>1,942,735</b>

## **1 General information**

Kingdee International Software Group Company Limited (the “Company”) was incorporated in the Cayman Islands in 1999 as an exempted company with limited liability. The address of its place of business is Kingdee Software Park, No.2 Kejinan 12 Road, South district, Hi-tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China (the “PRC”).

The Company is an investment holding company. The Company and its subsidiaries (together the “Group”) are principally engaged in the cloud services, including enterprise cloud services, small & micro business finance cloud services and industry cloud services; and ERP business, including development and sales of software products, sales of hardware products, provision of implementation, software solution consulting, maintenance, upgrade software and other supporting services.

The Company has its primary listing on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 February 2001.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated. The consolidated financial statements for the year ended 31 December 2023 have been approved for issue by the Board of Directors of the Company on 18 March 2024.

## **2 Material accounting policy information**

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

### **2.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards as issued by the IASB (“IFRS Accounting Standards”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and other comprehensive income (“OCI”) and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involve a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

**2 Material accounting policy information (continued)**

**2.1 Basis of preparation (continued)**

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- Insurance Contracts - IFRS 17
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
- International Tax Reform Pillar Two Model Rules - Amendments to IAS 12

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet been adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a sales and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate	To be determined

**3 Segment information**

The chief operating decision-maker (the “CODM”) has been identified as executive directors of the Company. The executive directors review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors consider the business from product perspective. The Group has identified the following operating segments:

- |  |   |   |
|--|---|---|
| Cloud services business                  | – | Including enterprise cloud services, small & micro business finance cloud services and industry cloud services.   |
| ERP business and others                  | – | Including sales of software and hardware products, provision of software implementation, software solution consulting, maintenance, upgrade and other supporting services, and others |
| Investment properties operating business | – | Operation of investment properties  |

The CODM assesses the performance of the operating segments based on the profit or loss for the year of each segment. There were no segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segments. Substantially all of the businesses of the Group are carried out in the PRC.

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**3 Segment information (continued)**

The segment information for the year ended 31 December 2023 is as follows:

	<b>Cloud services business</b>	<b>ERP business and others</b>	<b>Investment properties operating business</b>	<b>The Group total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue (from external customers)	4,504,983	1,174,090	-	5,679,073
- Products transferred at a point in time	-	284,305	-	284,305
- Services transferred over time	4,504,983	889,785	-	5,394,768
<b>Operating (loss)/profit</b>	(369,181)	(79,619)	28,853	(419,947)
Finance income	88,064	24,204	-	112,268
Finance costs	(17,148)	(4,805)	-	(21,953)
<b>Finance income – net</b>	70,916	19,399	-	90,315
Share of profits of associates	-	28,506	-	28,506
<b>(Loss)/profit before income tax</b>	(298,265)	(31,714)	28,853	(301,126)
Income tax credit/(expense)	32,435	580	(1,695)	31,320
<b>Segment results</b>	(265,830)	(31,134)	27,158	(269,806)
Depreciation and amortisation	374,994	124,023	-	499,017
Impairment of goodwill	(20,109)	-	-	(20,109)
Net impairment losses on financial assets and contract assets	(1,289)	72,344	-	71,055
Fair value losses on investment properties	-	-	(28,858)	(28,858)
Share-based payments	79,584	16,694	-	96,278

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**3 Segment information (continued)**

The segment information for the year ended 31 December 2022 is as follows:

	<b>Cloud services business</b>	<b>ERP business and others</b>	<b>Investment properties operating business</b>	<b>The Group total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue (from external customers)	3,714,093	1,151,676	-	4,865,769
- Products transferred at a point in time	-	286,260	-	286,260
- Services transferred over time	3,714,093	865,416	-	4,579,509
<b>Operating (loss)/profit</b>	(561,062)	(80,882)	54,600	(587,344)
Finance income	80,046	27,891	-	107,937
Finance costs	(5,399)	(2,262)	-	(7,661)
<b>Finance income – net</b>	74,647	25,629	-	100,276
Share of profits of associates	-	12,850	-	12,850
<b>(Loss)/profit before income tax</b>	(486,415)	(42,403)	54,600	(474,218)
Income tax credit/(expense)	28,401	(1,127)	(5,460)	21,814
<b>Segment results</b>	<b>(458,014)</b>	<b>(43,530)</b>	<b>49,140</b>	<b>(452,404)</b>
Depreciation and amortisation	336,012	77,725	-	413,737
Net impairment losses on financial assets and contract assets	3,083	89,378	-	92,461
Fair value losses on investment properties	-	-	(15,587)	(15,587)
Share-based payments	96,019	19,121	-	115,140

**3 Segment information (continued)**

The Company is incorporated in the Cayman Islands while the Group mainly operates its business in the PRC. Revenue from external customers from the PRC and other locations is RMB5,636,312,000 (2022: RMB4,828,350,000) and RMB42,761,000 (2022: RMB37,419,000), respectively, for the year ended 31 December 2023.

There was no single customer that contributed to over 10% of the Group's revenue for the years ended 31 December 2023 and 2022.

(a) Assets and liabilities related to contracts with customers

	<b>At 31 December</b>	
	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Current contract assets relating to ERP and cloud implementation contracts	510,410	431,131
Loss allowance	(148,032)	(84,589)
<b>Total</b>	<b>362,378</b>	<b>346,542</b>
 Contract obtaining costs (i)	 643,497	 393,871
Contract liabilities – Cloud services business	2,867,294	2,239,473
Contract liabilities – ERP business and others	309,295	391,562
<b>Total</b>	<b>3,176,589</b>	<b>2,631,035</b>

(i) Contract obtaining costs

Management expects the incremental costs, primarily sale commissions paid/payable, as a result of obtaining the cloud services contracts are recoverable. The Group capitalised these incremental costs and amortised them in "Sales promotion" expenses when the related revenue is recognised. There was no impairment loss in relation to the costs capitalised.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Cloud services business	1,773,859	1,320,693
ERP business and others	391,562	451,358
	<b>2,165,421</b>	<b>1,772,051</b>

**3 Segment information (continued)**

(a) Assets and liabilities related to contracts with customers (continued)

(iii) Unsatisfied long-term cloud services contracts

The following table shows unsatisfied performance obligations resulting from long-term fixed-price cloud services contracts.

	<b>At 31 December</b>	
	<b>2023</b> RMB'000	<b>2022</b> RMB'000
Aggregate amount of the transaction price allocated to long-term cloud services contracts that are partially or fully unsatisfied as at 31 December	<u>1,223,046</u>	<u>922,400</u>

Management expects that approximately 41.92% of the transaction price allocated to the unsatisfied contracts as of 31 December 2023 will be recognised as revenue during the next reporting period (RMB512,751,000). The remaining approximately 58.08% (RMB 710,295,000) will be recognised in and after the 2024 financial year.

All other cloud services and ERP business contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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4 **Property, plant and equipment**

	<b>Buildings</b> RMB'000	<b>Computer and related equipment</b> RMB'000	<b>Office equipment</b> RMB'000	<b>Motor vehicles</b> RMB'000	<b>Leasehold improvements</b> RMB'000	<b>Construction in process</b> RMB'000	<b>Total</b> RMB'000
<b>Year ended 31 December 2022</b>							
Opening net book amount	642,056	70,973	10,467	9,489	12,102	299,793	1,044,880
Additions	-	22,978	2,529	1,380	16,185	456,337	499,409
Disposals	-	(420)	(217)	(181)	-	-	(818)
Transfer to investment properties	(36,506)	-	-	-	-	(65,519)	(102,025)
Depreciation charge	(22,735)	(21,962)	(2,702)	(2,415)	(14,938)	-	(64,752)
<b>Closing net book amount</b>	<b>582,815</b>	<b>71,569</b>	<b>10,077</b>	<b>8,273</b>	<b>13,349</b>	<b>690,611</b>	<b>1,376,694</b>
<b>At 31 December 2022</b>							
Cost	759,653	166,504	29,739	30,904	86,109	690,611	1,763,520
Accumulated depreciation	(176,838)	(94,935)	(19,662)	(22,631)	(72,760)	-	(386,826)
<b>Net book amount</b>	<b>582,815</b>	<b>71,569</b>	<b>10,077</b>	<b>8,273</b>	<b>13,349</b>	<b>690,611</b>	<b>1,376,694</b>

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4 **Property, plant and equipment (continued)**

	<b>Buildings</b> RMB'000	<b>Computer and related equipment</b> RMB'000	<b>Office equipment</b> RMB'000	<b>Motor vehicles</b> RMB'000	<b>Leasehold improvements</b> RMB'000	<b>Construction in process</b> RMB'000	<b>Total</b> RMB'000
<b>Year ended 31 December 2023</b>							
Opening net book amount	582,815	71,569	10,077	8,273	13,349	690,611	1,376,694
Additions	-	18,428	5,504	5,937	4,525	516,383	550,777
Disposals	-	(1,549)	(91)	(865)	-	-	(2,505)
Transfer from construction in process	197,471	-	-	-	-	(197,471)	-
Transfer from investment properties	150,532	-	-	-	-	-	150,532
Transfer to investment properties	(12,467)	-	-	-	-	(87,032)	(99,499)
Depreciation charge	(23,220)	(23,746)	(2,228)	(2,377)	(4,930)	-	(56,501)
<b>Closing net book amount</b>	<b>895,131</b>	<b>64,702</b>	<b>13,262</b>	<b>10,968</b>	<b>12,944</b>	<b>922,491</b>	<b>1,919,498</b>
<b>At 31 December 2023</b>							
Cost	1,090,097	170,512	35,124	31,108	90,634	922,491	2,339,966
Accumulated depreciation	(194,966)	(105,810)	(21,862)	(20,140)	(77,690)	-	(420,468)
<b>Net book amount</b>	<b>895,131</b>	<b>64,702</b>	<b>13,262</b>	<b>10,968</b>	<b>12,944</b>	<b>922,491</b>	<b>1,919,498</b>

Depreciation of approximately RMB5,364,000 (2022: RMB7,795,000), RMB9,798,000 (2022: RMB15,685,000) and RMB39,520,000 (2022: RMB41,272,000) and RMB1,819,000 (2022: nil) has been charged to selling and marketing expenses, research and development costs, administrative expenses and cost of sales, respectively.

As at 31 December 2023, none of the property, plant and equipment was used as security for bank borrowings (2022: nil).

**5 Leases**

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	<b>At 31 December</b>	
	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
<b>Right-of-use assets</b>		
Land use rights (i)	143,236	101,416
Buildings	60,210	54,749
	<b>203,446</b>	<b>156,165</b>
<b>Lease liabilities</b>		
Current	26,451	24,648
Non-current	38,159	39,246
	<b>64,610</b>	<b>63,894</b>

Additions to the right-of-use assets during the 2023 financial year were RMB37,857,000 (2022: RMB16,794,000).

(i) The Group has land lease arrangement with Mainland China government. The land use rights are located in the PRC and held on leases of between 28 to 39 years, and for self-use.

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
<b>Depreciation charge of right-of-use assets</b>		
Land use rights	3,717	4,262
Buildings	25,602	27,124
	<b>29,319</b>	<b>31,386</b>
Interest expense (included in finance cost)	3,298	3,849
Expense relating to short-term leases (included in cost of sales and administrative expenses)	10,157	12,884

The total cash outflow for leases in 2023 was RMB47,298,000 (2022: RMB45,275,000).

**5 Leases (continued)**

- (c) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 8 years, but may have extension options as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

- (d) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

**6 Investment properties**

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
<b>At fair value</b>		
<b>At 1 January</b>	1,734,079	1,538,286
Transfer to property, plant and equipment and right-of-use assets	(197,709)	-
Transfer from property, plant and equipment	99,499	102,025
Transfer from right-of-use assets	1,638	4,794
Addition	41,582	-
Fair value changes recognised in profit or loss	(28,858)	(15,587)
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties	76,519	104,561
<b>At 31 December</b>	<u>1,726,750</u>	<u>1,734,079</u>

## (a) Amounts recognised in profit and loss for investment properties

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Rental income	66,087	70,295
Direct operating expenses from property that generates rental income	<u>(379)</u>	<u>(108)</u>

An independent valuation of the Group's investment properties was performed by the valuer, Avista Group, to determine the fair value of the investment properties based on highest and best use as at 31 December 2023. The Group's investment properties, which comprised office buildings in the PRC, were carried at fair value and measured using significant unobservable inputs (Level 3) as at 31 December 2023 and 2022.

## (b) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. When considered necessary to reduce credit risk, the Group required the tenants to provide deposits for the term of lease contract.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

## 6 Investment properties (continued)

### Valuation processes of the Group

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held among the CFO, the valuation team and the valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At the end of each reporting period the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuer.

As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

### Valuation techniques

For completed office buildings, the valuation was determined using income approach based on significant unobservable inputs. These inputs include:

Unobservable inputs	Description	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Term yields	Based on yields extracting from terms of current leases	4.75% (2022: 4.75%)	The higher the term yields rate, the lower the fair value
Reversionary yields	Based on expected yields after expiry of any current lease	5.00% (2022: 5.00%)	The higher the reversionary yields, the lower the fair value
Fair market rents	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts and external evidence such as current market rents for similar properties	RMB 49– RMB 137 per month per square meter (2022: RMB 50– RMB 138 per month per square meter)	The higher the rental value, the higher the fair value

There were no changes to the valuation techniques during the year.

**7 Trade and other receivables, and loans to third parties**

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Trade receivables (a)	245,992	269,548
Less: allowance for impairment of trade receivables	<u>(124,538)</u>	<u>(140,244)</u>
Trade receivables – net	121,454	129,304
Other receivables		
– Notes receivable	58,854	39,209
– Advances to employees (b)	5,457	5,414
– Prepayments	43,428	48,841
– VAT recoverable	31,423	17,940
– Interest receivables	174,742	79,924
– Receivables from related parties (Note 19(c))	22,457	22,070
– Receivables from non-controlling shareholders	40,415	37,619
– Others	10,698	33,284
– Less: allowance for impairment of other receivables (excluding prepayments)	<u>(13,093)</u>	<u>(16,524)</u>
	495,835	397,081
Less: non-current portion	<u>(131,503)</u>	<u>(104,051)</u>
Current portion	<u>364,332</u>	<u>293,030</u>
Loans to third parties (d)		
– Current portion	231,596	268,274
– Non-current portion	<u>90,071</u>	<u>63,081</u>
	<u>321,667</u>	<u>331,355</u>

The carrying amounts of trade and other receivables approximate their fair value. The Group's trade and other receivables are mainly denominated in RMB.

- (a) Sales are generally made without prescribed credit terms in the sales contracts but customers usually take 1 to 3 months to settle the receivables. At 31 December 2023 and 2022, the aging analysis of trade receivables based on invoice date were as follows:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
0 - 90 days	80,207	99,724
91 - 180 days	20,402	11,459
181 - 360 days	11,373	14,690
Over 360 days	<u>134,010</u>	<u>143,675</u>
	<u>245,992</u>	<u>269,548</u>

**7 Trade and other receivables, and loans to third parties (continued)**

(b) Advances to employees

The amounts advanced to employees were restricted for business purpose only, such as advances for selling expenses. Such advances were interest free, unsecured and repayable on demand. During the years ended on 31 December 2023 and 2022, the Group did not advance any cash to the directors for use on business activities.

(c) Receivables from related parties were unsecured, interest-free, and repayable on demand and denominated in RMB.

(d) Loans to third parties

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Loans to third parties	324,916	334,702
Less: Provision for collective impairment assessment of the loans	(3,249)	(3,347)
Loans to third parties, net of provision	321,667	331,355
Less: non-current portion	(90,071)	(63,081)
Current portion	231,596	268,274

The loans to third parties represented loans made under the micro-credit business, which bear interest from 4.28% to 24.00% (2022: 4.28% to 24.00%) per annum and are repayable with fixed terms agreed with the customers, and all denominated in RMB.

The fair values of the loans to third parties approximated their carrying amounts. The interest accrued was due within 12 months and presented in interest receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group performed expected credit loss assessment of loans to third parties collectively by grouping loans with similar credit risk characteristics. During the years ended 31 December 2023 and 2022, the majority of the loans were in stage 1 and there was no significant change in credit quality for loans for both years.

**8 Share capital and share premium**

	<b>Number of shares</b> (thousands)	<b>Share capital</b> RMB'000	<b>Share premium</b> RMB'000	<b>Total</b> RMB'000
<b>At 1 January 2022</b>	3,472,181	83,484	5,149,350	5,232,834
Employee share option scheme				
– Exercise of share options	8,390	182	24,478	24,660
Share award plan				
– Value of services received	-	-	115,140	115,140
– Transfer shares to the awardees upon vesting	-	-	(117,840)	(117,840)
Cancellation of shares	(6,172)	(129)	(86,175)	(86,304)
<b>At 31 December 2022</b>	<u>3,474,399</u>	<u>83,537</u>	<u>5,084,953</u>	<u>5,168,490</u>
<b>At 1 January 2023</b>	3,474,399	83,537	5,084,953	5,168,490
Issue of new shares	154,627	3,519	1,408,328	1,411,847
Employee share option scheme				
– Exercise of share options	2,322	42	5,481	5,523
Share award plan				
– Value of services received	-	-	96,278	96,278
– Transfer shares to the awardees upon vesting	-	-	(82,634)	(82,634)
<b>At 31 December 2023</b>	<u>3,631,348</u>	<u>87,098</u>	<u>6,512,406</u>	<u>6,599,504</u>

- (a) The total authorised share capital as at 31 December 2023 was 6,000,000,000 (2022: 4,000,000,000) shares with a par value of HKD0.025 (2022: HKD0.025) per share. All issued shares were fully paid.
- (b) On 14 December 2023, the Company issued 154,627,000 ordinary shares at a subscription price of HKD10.1 per share to Al-Rayyan Holding LLC (a limited liability company established under the regulations of the Qatar Financial Centre Authority in the State of Qatar, and is a subsidiary of Qatar Investment Authority, the sovereign wealth fund of the State of Qatar). Gross proceeds from the issue were USD 199,999,000 (equivalent to approximately RMB1,421,793,000), and the net proceeds (after deducting all applicable costs and expenses) arising from the Subscription were RMB1,411,847,000.

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9 Other reserves

	<b>Merger reserve</b>	<b>Capital reserve</b>	<b>Statutory surplus reserve fund</b>	<b>Property revaluation</b>	<b>Shares held for share award plan</b>	<b>Translation</b>	<b>Other reserves</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (b)	Note (c)	Note (d)		Note (a)			
<b>At 1 January 2022</b>	6,570	253,488	138,762	476,049	(265,371)	43,445	91,261	744,204
Currency translation differences	-	-	-	-	-	(8,242)	-	(8,242)
Buy-back of shares for the purpose of cancellation	-	-	-	-	-	-	(86,304)	(86,304)
Cancellation of shares	-	-	-	-	-	-	86,304	86,304
Buy-back of shares for the purpose of share award plan	-	-	-	-	(81,340)	-	-	(81,340)
Transfer shares to the awardees upon vesting	-	-	-	-	117,840	-	-	117,840
Revaluation gains on properties upon transfer from property, plant and equipment and right- of-use assets to investment properties, net of tax	-	-	-	94,105	-	-	-	94,105
<b>At 31 December 2022</b>	<b>6,570</b>	<b>253,488</b>	<b>138,762</b>	<b>570,154</b>	<b>(228,871)</b>	<b>35,203</b>	<b>91,261</b>	<b>866,567</b>

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9 Other reserves (continued)

	<b>Merger reserve</b>	<b>Capital reserve</b>	<b>Statutory surplus reserve fund</b>	<b>Property revaluation</b>	<b>Shares held for share award plan</b>	<b>Translation</b>	<b>Other reserves</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (b)	Note (c)	Note (d)		Note (a)			
<b>At 1 January 2023</b>	6,570	253,488	138,762	570,154	(228,871)	35,203	91,261	866,567
Currency translation differences	-	-	-	-	-	(1,785)	-	(1,785)
Equity transaction with NCI	-	26,770	-	-	-	-	-	26,770
Buy-back of shares for the purpose of share award plan (Note a)	-	-	-	-	(61,138)	-	-	(61,138)
Transfer shares to the awardees upon vesting	-	-	-	-	79,866	-	-	79,866
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties, net of tax	-	-	-	68,866	-	-	-	68,866
<b>At 31 December 2023</b>	<u>6,570</u>	<u>280,258</u>	<u>138,762</u>	<u>639,020</u>	<u>(210,143)</u>	<u>33,418</u>	<u>91,261</u>	<u>979,146</u>

**9 Other reserves (continued)**

- (a) During the year ended 31 December 2023, the Company bought back a total of 5,571,000 ordinary shares of the Company from the market at a total consideration of HKD68,618,000 (equivalent to RMB61,138,000) for the purpose of share award plan under the Company's employee share award scheme.
- (b) The merger reserve represented the difference between the carrying amounts of the capital of the subsidiaries at the date on which they were acquired by the Company and the nominal amounts of the Company's shares issued as consideration for the acquisitions.
- (c) The capital reserve arose mainly from the reinvestment of dividends into the PRC subsidiaries and capitalisation of reserves of certain subsidiaries.
- (d) The Company's subsidiaries in the PRC are required to follow the laws and regulations of the PRC and their articles of association. These subsidiaries are required to allocate at least 10% of their net profits to the reserve fund until the balance of such fund has reached 50% of their registered capital. The reserve fund can only be used, upon approval by the shareholders' meeting or similar authorities, to offset accumulated losses or increase capital.

**10 Bank borrowings**

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
<b>Non-current</b>		
Bank borrowings- unsecured	776,900	400,000
Less: current portion of long-term bank borrowings	<u>(20,200)</u>	<u>(15,000)</u>
	<u>756,700</u>	<u>385,000</u>
<b>Current</b>		
Bank borrowings- unsecured	-	70,000
Current portion of long-term bank borrowings	<u>20,200</u>	<u>15,000</u>
	<u>20,200</u>	<u>85,000</u>

At 31 December 2023, the Group's bank borrowings were repayable as follows:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Within 1 year	20,200	85,000
Between 1 and 2 years	562,700	85,000
Between 2 and 5 years	<u>194,000</u>	<u>300,000</u>
	<u>776,900</u>	<u>470,000</u>

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
RMB	<u>776,900</u>	<u>470,000</u>

The Group's bank borrowings bear average interest rate of 2.72% (2022: 2.82%) per annum.

Bank borrowings are at floating rates and the exposure of the Group's bank borrowings to interest-rate changes and the contractual repricing dates at the balance sheet dates are within 1 year (2022: within 1 year).

The carrying amount of the current bank borrowings approximate their fair value, as the impact of discounting using a current borrowing rate is not significant.

**11 Trade and other payables**

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Trade payables ((a) and (b))	27,820	19,500
Note payables	42,491	23,805
Salary and staff welfare payables	301,276	267,861
Deposits payable	157,901	169,407
Accrual for expenses	271,616	209,492
Unpaid consideration for acquisition of subsidiaries	4,000	18,112
Construction payables	350,755	127,071
Others	75,344	64,248
	1,231,203	899,496

- (a) The fair values of trade and other payables approximate their carrying amounts. The carrying amounts of the Group's trade and other payables are mainly denominated in RMB.
- (b) At 31 December 2023 and 2022, the aging analysis of the trade payables based on invoice date is as follows:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
0 - 180 days	18,793	18,721
181 - 360 days	4,010	42
Over 360 days	5,017	737
	27,820	19,500

**12 Revenue from contracts with customers**

The Group's revenue includes revenues from cloud services business and ERP business. Revenue is stated net of applicable VAT in the PRC and comprises the following:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Cloud business	4,504,983	3,714,093
- Enterprise cloud services	3,127,280	2,576,130
- Small & micro business finance cloud services	1,080,010	861,046
- Industry cloud services	297,693	276,917
ERP business and others	1,174,090	1,151,676
- Sales of software and hardware products	284,305	286,260
- Software implementation services	465,604	402,391
- Software solution consulting, maintenance, upgrade and other supporting services	424,181	463,025
	<b>5,679,073</b>	<b>4,865,769</b>

**13 Expenses by nature**

Expenses included in cost of sales, selling and marketing expenses, research and development costs, administrative expenses and net impairment losses on financial assets and contract assets are analysed as follows:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Research and development costs		
Amounts incurred	1,509,919	1,458,246
Less: development costs capitalised	(478,349)	(480,508)
Add: amortisation	408,101	317,738
	<u>1,439,671</u>	<u>1,295,476</u>
Employee benefit expenses	4,107,968	3,985,770
Less: amount included in development costs	(1,446,657)	(1,399,174)
	<u>2,661,311</u>	<u>2,586,596</u>
Depreciation of property, plant and equipment (Note 4)	56,501	64,752
Less: amount included in development costs	(9,798)	(15,685)
	<u>46,703</u>	<u>49,067</u>
Outsourcing services	804,304	707,894
Sales promotion and advertising	742,116	532,613
Cost of inventories consumed	203,912	189,931
Rental and utilities	44,131	47,255
Traveling expenses	118,491	77,808
Office expenses	33,135	40,907
Other taxes and surcharges	51,873	41,983
Training costs	10,355	12,754
Professional service fees	61,022	46,217
Depreciation of right-of-use assets (Note 5)	29,319	31,386
Amortisation of trademarks, licenses and copyrights	10,844	11,583
Amortisation of computer software for own use	2,968	2,881
Amortisation of customer relationship	1,082	1,082
Auditors' remuneration	3,650	4,044
- Audit services	3,650	3,670
- Non-audit services	-	374
Net impairment losses on financial assets and contract assets	71,055	92,461
Others	19,477	14,576
<b>Total</b>	<u><u>6,355,419</u></u>	<u><u>5,786,514</u></u>

## 14 Other income and gains – net

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
<b>Other income</b>		
VAT refund (a)	115,441	115,570
VAT input tax surplus deduction	13,684	14,099
Program research income	100,910	94,268
Rental income - net (Note 6)	66,087	70,187
	<u>296,122</u>	<u>294,124</u>
<b>Other gains/(losses)</b>		
Realised and unrealised net losses/(gains) on financial assets at FVPL (b)	(51,080)	25,467
Impairment of goodwill	(20,109)	-
Impairment of associate	(1,726)	-
Losses/(gains) on disposal of associates	(1,512)	2,470
Gain on deemed disposal of an associate	21,461	-
Net foreign exchange gains	5,154	4,132
Gains/(losses) on disposal of property, plant and equipment and right-of-use assets	113	(343)
Realised losses on derivative financial instruments	-	(2,827)
Dilution gains of an associate	-	15,216
Others	36,834	10,749
	<u>(10,865)</u>	<u>54,864</u>
	<u>285,257</u>	<u>348,988</u>

- (a) According to the current tax regulations in the PRC, the development and sales of computer software products are subject to VAT with an applicable rate of 16%. From 1 April 2019, according to the circular “2019 No. 39 Notice of Ministry of Finance, the General Administration of Taxation and The General Administration of Customs”, the applicable rate for software industry has been changed from 16% to 13%.

In 2011, the State Council issued a circular regarding the “Taxation Policy for Encouraging the Development of Software and Integrated Circuits Industry” (Guo Fa [2011] No.4) (the “Circular”). Pursuant to the Circular, software enterprises engaged in the sales of self-developed software in the PRC are entitled to VAT refund to the extent that the effective VAT rate of the sales of the software in the PRC exceeds 3% of the sales amounts.

- (b) It mainly represented fair value changes of investments that are measured at FVPL.

## 15 Finance income– net

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Finance income		
– Interest income- derived from cash and cash equivalents	15,282	17,534
– Interest income- derived from short-term and long-term bank deposits	<u>96,986</u>	<u>90,403</u>
	<u>112,268</u>	<u>107,937</u>
Finance costs		
– Interest on borrowings	(18,655)	(3,812)
– Interest on lease liabilities	<u>(3,298)</u>	<u>(3,849)</u>
	<u>(21,953)</u>	<u>(7,661)</u>
	<u>90,315</u>	<u>100,276</u>

**16 Income tax credit**

Taxation on the PRC profits is calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC.

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Current income tax		
– Current tax on profits for the year	9,939	6,188
– Over-provision in prior year	(2,425)	(1,185)
Deferred income tax	<u>(38,834)</u>	<u>(26,817)</u>
	<u><u>(31,320)</u></u>	<u><u>(21,814)</u></u>

- (a) No provision for profits tax in the Cayman Islands and Hong Kong has been made as the Group has no assessable profits for the years in those jurisdictions.
- (b) Based on management's assessment, it is highly probable that Kingdee China will be qualified as national key software enterprise and subject to a preferential corporate tax rate of 10%. Therefore, Kingdee China used a preferential deferred income tax rate of 10% for the year ended 31 December 2023 (2022: 10%) by applying management's critical judgement.

**16 Income tax credit (continued)**

(c) Kingdee Deeking was qualified as a High-tech Enterprise from 2022 to 2024 and was entitled to a preferential corporate income tax rate of 15% in 2023 (2022: 15%).

Kingdee Apusic was qualified as a High-tech Enterprise from 2023 to 2025 and was entitled to a preferential corporate income tax rate of 15% in 2023 (2022: 15%).

Guanyi was qualified as High-tech Enterprise from 2022 to 2024 and were entitled to a preferential corporate income tax rate of 15% in 2023 (2022: 15%).

Yunji was qualified as High-tech Enterprise from 2022 to 2024 and was entitled to a preferential corporate income tax rate of 15% in 2023 (2022: 15%).

Shenzhen Wojiacloud Network Technology Co., Ltd. was qualified as High-tech Enterprise from 2022 to 2024, also qualified as Small and Micro enterprise and was entitled to a preferential corporate income tax rate of 20% in 2023 (2022: 20%).

The taxation on the Group's loss before income tax differs from the theoretical amount that would have arisen using the principal rate of the PRC corporate income tax due to the following:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
<b>Loss before income tax</b>	(301,126)	(474,218)
Tax calculated at the statutory tax rate of 25% (2022: 25%)	(75,282)	(118,555)
Tax effects of:		
Preferential tax rates	19,203	13,731
Tax losses for which no deferred income tax asset was recognised	141,897	143,589
Expenses not deductible for tax purposes	9,541	7,755
Utilisation of tax losses not recognised in previous years	(4,908)	(2,836)
Additional deductible allowance for research and development expenses	(119,346)	(64,313)
Over-provision in prior year	(2,425)	(1,185)
	(31,320)	(21,814)

**17 Dividends**

The board of directors did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

**18 Losses per share**

(a) Basic

Basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased and held for share award plan.

	<b>2023</b>	<b>2022</b>
<b>Loss attributable to owners of the Company (RMB'000)</b>	(209,890)	(389,158)
Weighted average number of ordinary shares in issue (thousands)	3,455,505	3,439,700
<b>Basic losses per share (RMB cents per share)</b>	(6.07)	(11.31)

(b) Diluted

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and share awards. For the share options and share awards, the number of shares that could have been issued upon the exercise of all dilutive share options and share awards less the number of shares that could have been issued at fair value (determined as the average annual market price of the Company's shares) for the same total proceeds is added to the denominator as the number of ordinary shares issued for no consideration.

As the Group incurred losses for the years ended 31 December 2023 and 2022, the dilutive potential ordinary shares were not included in the calculation of diluted losses per share as the effect of their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the years ended 31 December 2023 and 2022 was the same as basic losses per share of the respective year.

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**19 Related party transactions**

Mr. Xu Shao Chun, who owned 19.37% of the Company's shares as at 31 December 2023, is the Company's single largest shareholder.

(a) Transactions with related parties

The Group had following transactions with related parties for the year ended 31 December 2023 as follows:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Sales of products		
– Associates	2,451	4,986
– Companies controlled by Mr. Xu Shao Chun	<u>551</u>	<u>567</u>
	<u><u>3,002</u></u>	<u><u>5,553</u></u>
Sales of services		
– Associates	5,089	2,487
– Companies controlled by Mr. Xu Shao Chun	<u>161</u>	<u>192</u>
	<u><u>5,250</u></u>	<u><u>2,679</u></u>
Rental income		
– Associates	3,449	2,976
– Companies controlled by Mr. Xu Shao Chun	<u>4,732</u>	<u>7,154</u>
	<u><u>8,181</u></u>	<u><u>10,130</u></u>

Products and services are sold based on terms agreed with the counterparties in the ordinary course of business, and the rental rates and interest rates are determined in the same way.

**19 Related party transactions (continued)**

(b) Purchases of products and services

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Purchases of products		
– Associates	1,729	5,204
– Companies controlled by Mr. Xu Shao Chun	-	873
	<u>1,729</u>	<u>6,077</u>
Purchases of services		
– Associates	57,546	59,985
	<u>57,546</u>	<u>59,985</u>

Products and services purchased from associates and companies controlled by Mr. Xu Shao Chun are carried out on terms agreed with the counterparties in the ordinary course of business.

(c) Balances with related parties

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Receivables from related parties (Note 7)		
– Associates	10,422	11,526
– Companies controlled by Mr. Xu Shao Chun	12,035	10,544
	<u>22,457</u>	<u>22,070</u>
Payable to related parties recorded in “Contract liabilities”		
– Associates	2,536	409
– Companies controlled by Mr. Xu Shao Chun	109	195
	<u>2,645</u>	<u>604</u>
Payable to related parties recorded in “Trade payables”		
– Associates	241	2,653
– Companies controlled by Mr. Xu Shao Chun	12	74
	<u>253</u>	<u>2,727</u>

The above balances with related parties were interest free, unsecured and repayable on demand.

**19 Related party transactions (continued)**

(d) Key management compensation

Key management comprise the Company's directors and senior management. The compensation paid or payable to key management for employee services is shown below.

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Salaries and other short-term employee benefits	22,777	22,824
Share-based payments	15,997	16,058
	38,774	38,882

**20 Subsequent events**

From January 2024 to February 2024, the Company repurchased and cancelled 38,695,000 ordinary shares, representing approximately 1.07% of the total number of issued shares of the Company as at 31 December 2023. The total amounts paid were approximately HKD330,752,000 (equivalent to approximately RMB300,733,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Major Financial Information

#### Revenue

For the year ended 31 December 2023, the Group recorded total revenue of RMB5,679,073,000, representing a yoy growth of 16.7% (2022: RMB4,865,769,000). Revenue from the Cloud Services increased by 21.3% yoy to RMB4,504,983,000 (2022: RMB3,714,093,000). Revenue from the ERP business and others amounted to RMB1,174,090,000 (2022: RMB1,151,676,000), a yoy increase of 1.9%.

	2023 RMB'000	2022 RMB'000
Cloud business	4,504,983	3,714,093
- Enterprise cloud services	3,127,280	2,576,130
- Small & micro business finance cloud services	1,080,010	861,046
- Industry cloud services	297,693	276,917
ERP business and others	1,174,090	1,151,676
- Sales of software and hardware products	284,305	286,260
- Software implementation services	465,604	402,391
- Software solution consulting, maintenance, upgrade and other supporting services	424,181	463,025
	5,679,073	4,865,769

#### Gross Profit

The Group recorded gross profit of approximately RMB3,643,989,000 (2022: RMB2,997,633,000), a yoy increase of approximately 21.6%. The gross profit margin increased by 2.6 percentage points yoy to approximately 64.2% (2022: approximately 61.6%), mainly due to the increase in the proportion of subscription revenue.

#### Selling and marketing expenses

During the Reporting Period, selling and marketing expenses totaled approximately RMB2,319,645,000 (2022: RMB2,026,584,000), representing an increase of 14.5% yoy, mainly due to the increase in sales promotion & marketing expenses and travelling expenses. Selling and marketing expenses as a percentage of total revenue decreased from 41.6% in 2022 to 40.8% in 2023.

#### Administrative expenses

During the Reporting Period, administrative expenses totaled approximately RMB489,964,000, representing a yoy decrease of 2.8% (2022: RMB503,857,000). Administrative expenses as a percentage of total revenue decreased from 10.4% in 2022 to 8.6% in 2023.

#### Research and development expenses

During the Reporting Period, the Group continued to focus on “Platform + Financial & HR & Tax + Ecosystem” strategy, with total research and development costs amounting to approximately RMB1,509,919,000, representing an increase of 3.5% yoy (2022: RMB1,458,246,000), of which, the R&D capitalization rate dropped to 31.7% (2022: 33.0%), the capitalized amount was RMB478,349,000, decreased by approximately 0.4% yoy (2022: RMB480,508,000). Amortisation of research and development costs during the Reporting Period was RMB408,101,000, representing an increase of approximately 28.4% yoy (2022: RMB317,738,000). Research and development expenses recognised in

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the consolidated income statement was RMB1,439,671,000, increased by approximately 11.1% yoy (2022: RMB1,295,476,000). Research and development expenses as a percentage of revenue decreased from 26.6% in 2022 to 25.4% in 2023.

**Operating loss**

For the year ended 31 December 2023, the Group recorded an operating loss of approximately RMB419,947,000 (2022: operating loss of approximately RMB587,344,000). Cloud services segment's operating loss was approximately RMB369,181,000, representing a decrease of approximately 34.2% yoy (2022: loss of approximately RMB561,062,000), which was attributable to the operating results from the Company's long-term development of cloud subscription model. ERP business and others segment's operating loss was approximately RMB79,619,000 (2022: loss of approximately RMB80,882,000). Meanwhile, contribution from the Group's investment properties segment declined approximately 47.2% yoy to approximately RMB28,853,000 (2022: approximately RMB54,600,000).

**Finance income—net**

During the Reporting Period, the finance income—net amounted to approximately RMB90,315,000. In the same period of 2022, the finance income—net was amounted to approximately RMB100,276,000.

**Income tax credit**

During the Reporting Period, the income tax credit amounted to approximately RMB31,320,000 (2022: the income tax credit amounted to approximately RMB21,814,000).

**Loss and basic losses per share**

For the year ended 31 December 2023, the current loss attributable to owners of the Company was approximately RMB209,890,000 (2022: loss of approximately RMB389,158,000). Net loss margin attributable to owners of the Company was approximately 3.7% (2022: net loss margin of approximately 8.0%). Basic losses per share was approximately RMB6.07 cents (2022: basic losses per share of approximately RMB11.31 cents).

**Financial assets at fair value through profit or loss**

For the year ended 31 December 2023, the Group's financial assets at fair value through profit or loss amounted to approximately RMB1,007,930,000, representing an increase of approximately RMB10,511,000 as compared with 31 December 2022, including the non-current portion of approximately RMB964,748,000 (2022: approximately RMB931,164,000) and the current portion of approximately RMB43,182,000 (2022: approximately RMB66,255,000).

**Financial assets at fair value through profit or loss included the following:**

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Investments designated at fair value through profit or loss		
Wealth management products (i)	6,000	19,201
Listed equity securities	37,182	47,054
Unlisted equity investments (ii)	<u>964,748</u>	<u>931,164</u>
	1,007,930	997,419
Less: non-current portion	<u>(964,748)</u>	<u>(931,164)</u>
	<u>43,182</u>	<u>66,255</u>

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(i) This represented the Group's investments in various wealth management products issued by commercial banks. These products have a flexible term of 7 days (2022: 2 months to 24 months) with an expected annual return rate ranging from 1.05% to 2.30% (2022: 1.50% to 2.85%). No single wealth management product investment accounted for over 5% of the Group's total assets.

(ii) This represented the Group's investments in various unlisted equity investments, including Dmall Inc. and other companies in software industry.

**Investments in associates**

<b>At 1 January</b>	421,593	393,003
Additions	-	17,336
Dilution gains of an associate	-	15,216
Disposal	(6,329)	(16,812)
Deemed disposal	(7,583)	-
Impairment of an associate	(1,726)	-
Share of profits of associates	28,506	12,850
<b>At 31 December</b>	<u>434,461</u>	<u>421,593</u>

(a) Individually immaterial associates

In the opinion of the directors, none of the associates is material to the Group. Summarised aggregate financial information of the individually immaterial associates that are accounted for using the equity method are as following:

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Aggregate carrying amounts of individually immaterial associates	<u>434,461</u>	<u>421,593</u>
Aggregate amounts of the Group's share of:		
Profit for the year	28,506	12,850
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<u>28,506</u>	<u>12,850</u>

(b) All the associates of the Group are unlisted and operate in Mainland China. There are no significant contingent liabilities relating to liabilities of the associates for which the Group is severally liable.

(c) Unrecognised share of losses of associates

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
<b>At 1 January</b>	36,862	31,960
Unrecognised share of losses during the year	<u>3,724</u>	<u>4,902</u>
<b>At 31 December</b>	<u>40,586</u>	<u>36,862</u>

**Contract assets**

During the Reporting Period, contract assets of the Group were approximately RMB362,378,000 as at 31 December 2023 and the corresponding contract assets were approximately RMB346,542,000 as at

31 December 2022.

**Loans to third parties**

	<b>2023</b>	<b>2022</b>
	RMB'000	RMB'000
Loans to third parties	324,916	334,702
Less: Provision for collective impairment assessment of the loans	<u>(3,249)</u>	<u>(3,347)</u>
Loans to third parties, net of provision	321,667	331,355
Less: non-current portion	<u>(90,071)</u>	<u>(63,081)</u>
Current portion	<u>231,596</u>	<u>268,274</u>

The loans to third parties represented loans made under the micro-credit business, which bear interest from 4.28% to 24.00% (2022: 4.28% to 24.00%) per annum and are repayable with fixed terms agreed with the customers, and all denominated in RMB.

The fair values of the loans to third parties approximated their carrying amounts. The interest accrued was due within 12 months and presented in interest receivables

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

The Group performed expected credit loss assessment of loans to third parties collectively by grouping loans with similar credit risk characteristics. During the years ended 31 December 2023 and 2022, the majority of the loans were in stage 1 and there was no significant change in credit quality for loans for both years.

**Contract liabilities**

During the Reporting Period, the Group's contract liabilities amounted to approximately RMB3,176,589,000 as at 31 December 2023. The corresponding contract liabilities amounted to approximately RMB2,631,035,000 as at 31 December 2022. The increase in contract liabilities during the year was mainly due to the growth of the Group's cloud subscription service business.

**Liquidity, financial and capital resources**

As at 31 December 2023, the Group recorded a total cash and bank deposits of approximately RMB5,692,651,000 (31 December 2022: RMB4,296,103,000). As at 31 December 2023, the Group held asset management products of RMB6,000,000 (31 December 2022: RMB19,201,000). A substantial part of the Group's cash, bank deposits and wealth management products were denominated in RMB and the RMB-equivalent of the part denominated in foreign currencies were approximately RMB284,646,000 as at 31 December 2023 (31 December 2022: RMB87,142,000), which were mainly denominated in US dollar and Hong Kong dollar.

As at 31 December 2023, the Group's net current assets amounted to approximately RMB1,174,033,000 (31 December 2022: RMB218,263,000). As at 31 December 2023, the current ratio of current assets to current liabilities was approximately 1.26.

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As at 31 December 2023, the Group's borrowings amounted to RMB776,900,000 (31 December 2022: 470,000,000).

### **Cash flow and fair value interest rate risk**

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings carried at floating rates exposed the Group to cash flow interest-rate risk.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2023, bank borrowings of the Group which were bearing at floating rates amounted to RMB776,900,000 (2022: RMB470,000,000). As at 31 December 2023, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's post-tax loss for the years ended 31 December 2023 would have been approximately RMB3,496,050 (2022: approximately RMB2,115,000 higher/lower) higher/lower.

### **Foreign exchange risk**

The functional currency of the Company and its major subsidiaries is RMB. The majority of the revenues of the Group are derived from operations in the People's Republic of China.

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

At 31 December 2023, the Group did not have any derivative financial instrument for which hedging accounting was applied.

At 31 December 2023, if the RMB had weakened/strengthened by 5% against the HKD with all other variables held constant, loss before tax for the year would have been lower/higher by approximately RMB7,463,000 (2022: loss before tax for the year would have been lower/higher by approximately RMB3,206,000), mainly as a result of foreign exchange gains/losses on translation of HKD denominated cash at bank and in hand.

At 31 December 2023, if the RMB had weakened/strengthened by 5% against the USD with all other variables held constant, loss before tax for the year would have been lower/higher by approximately RMB6,693,000 (2022: loss before tax for the year would have been lower/higher by approximately RMB1,077,000), mainly as a result of foreign exchange gains/losses on translation of USD denominated cash at bank and in hand.

### **Credit risk**

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, at fair value through profit or loss (FVPL) and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The management manages the credit risk of cash and cash equivalents, pledged and short-term and long-term bank deposits and wealth management products (classified as financial assets at FVPL) by transacting with state-owned financial institutions and reputable commercial banks which are all high-credit-quality financial institutions in mainland China and Hong Kong.

In relation to trade receivables and contract assets, the Group has two kinds of distribution channels,

one is sales to distributors and the other is sales to end customers.

For sales to distributors, the Group has assessed the credit quality of the distributors, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The compliance with credit limits by distributors is regularly monitored by management.

For sales to end customers, the Group has no significant concentration of credit risk in trade receivables since the balance of trade receivables is composed of numerous individual small items and the exposure spreads over a large number of customers.

The Group's investments in debt instruments, including loans to the third parties and related parties as well as entrust loans are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

For other receivables, management considers the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an on-going basis. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balances of other receivables.

#### ***Fund and working capital management***

Our funds and liquidity management are centrally carried out by our fund management department. Our fund management department is generally responsible for overall management and implementation of funds, including formulating the capital management policy for our Group, guiding, coordinating and standardizing the fund management of regional companies, making annual funding plans, reviewing and summarizing annual capital budget, overseeing and assessing fund management of each regional company. Our finance departments of regional companies are committed to implementing the fund management policies formulated by our headquarters and are responsible for making funding plans and executing capital operations at subsidiary level. The Group has also adopted sophisticated fund management policies and implemented a set of rules and guidelines on fund management, such as the Group Capital Internal Control Management Measures (《集團資金基礎內控管理辦法》) and Fund Settlement Of Branch Offices Management Measures (《分支機構資金結算管理辦法》), to enhance the effectiveness and efficiency of fund management, thereby ensuring our financial security and reducing cost of capital.

To manage our idle cash on hand, the Group purchases and redeems wealth management products using them as our "cash pool" from which we could readily access cash as needed and generate higher yield than bank deposits. The underlying financial assets of the wealth management products in which the Group invested primarily consist of the low- risk wealth management products issued by financial institutions. The amount of the purchase will be determined based on our surplus funds. The Group's main treasury policy on fund management is the Wealth Management Administration Solution (《資金理財管理辦法》). The Group consistently complies with its treasury policy during the procedures of purchasing the wealth management products and managing the relevant departments, as well as in conducting business, accounting and filing.

The Group is committed to safeguarding overall financial security and maintaining a strong cash position and a healthy debt profile with strong repayment ability. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, the Group has

established disciplined fund management principal, which allows it to efficiently manage market risks.

For budget management, we have established a monthly, quarterly and annual budget management system, then seek approval from our chief financial officer. The capital budget plans should be made based on the objective basis of the Group’s business plans, project schedules, and contractual payment terms to ensure that the plan accurately matches the actual business needs.

**Major properties**

The following table sets forth the details of the major properties held by the Group as of 31 December 2023.

Property name	Location	Existing use	Lease term	Total Fair Value RMB’000
Beijing Kingdee Software Park	No. 4 Fuxing Street, Mapo Town, Shunyi District, Beijing City, the PRC	Offices	Long-term	652,722
Shanghai Kingdee Software Park	No. 88 Chenhui Road, Zhangjiang High Technology Park, Pudong District, Shanghai City, the PRC	Offices	Long-term	376,070
Shenzhen Kingdee Software Park (Phase 1)	No. 2, No.12 Technology Road South, High Kingdee Software Technology Park, Nanshan District, Shenzhen City, Guangdong Province, the PRC	Offices	Long-term	283,779
Shenzhen Kingdee Building 2)	No. 2, No.12 Technology Road South, High Cloud Technology Park, Nanshan District, Shenzhen City, Guangdong Province, the PRC	Offices	Long-term	342,649
Shenzhen W1-B	Level 4, Building W1, High-tech Industrial Village, No. 1 Technology Road South, Nanshan District, Shenzhen City, Guangdong Province, the PRC	Offices	Long-term	71,530
				<b><u>1,726,750</u></b>

**2. Employee and Remuneration Policy**

During the Reporting Period, the Group’s total headcount reached 12,348. The Group adheres to a “customer-centric, long-term commitment to professionalism” philosophy, continuing to encourage product innovation and quality enhancement, and implementing the three pillars of support: “Organization, Talent, and Culture.” The Group maintains a focus on “strivers-oriented, long-term adherence to clarity and purity of heart,” continuously attracting leading talent for cloud transformation and outstanding new graduates, encouraging managers and core employees to rotate positions, cultivating operational and innovative talents, and stimulating organizational vitality. The Group provides employees with a variety of training courses in professional skills and leadership, and has adopted several share plans to motivate and reward employees’ contributions.

**3. Social Responsibility**

The Group actively fulfills its corporate social responsibilities and contributes to sustainable development. During the Reporting Period, Kingdee was selected for the S&P Global Sustainable Yearbook (China Edition) 2023, becoming the highest-rated Chinese software company in S&P’s global ESG scores.

During the Reporting Period, Kingdee actively participated in scientific research and teaching reform initiatives in digital finance, intelligent finance and taxation, and new-generation information technology, led by the Ministry of Education. Kingdee supports universities in curriculum system development, teaching content reform, faculty training, practical condition building, scientific research, targeted talent training, employment and internship base construction, and human resource development. In collaboration with institutions such as Huazhong University of Science and Technology, Xi'an Jiaotong University, Fudan University, Sichuan University, Shanghai University of Finance and Economics, Central University of Finance and Economics, and Zhongnan University of Economics and Law, Kingdee has secured 168 projects funded by the Ministry of Education. In November 2023, Kingdee was honored with the “Outstanding Contribution Enterprise” and “Excellent Partner” titles for its significant contributions to industry-academia collaboration in collaborative education.

Kingdee continues to offer digital transformation training series for CEOs, CIOs, and other executives through the Kingdee Digital Academy, conducting specialized workshops and hosting two major circle events: the CFO50+ Forum and the CIO Digital Summit, with over 300 senior executives participating, to facilitate the digital transformation of Chinese enterprises. Kingdee also supports the China Management Model Excellence Award and the “China Management Model 50+” Forum (“China Management Global Forum”), collaborating with management scholars, entrepreneurs, and society to advance corporate management practices.

Kingdee remains committed to public welfare, continuing to support the Siyuan Foundation’s project for impoverished students in Ya’an, Sichuan, and launching the “Fourth Kingdee Education Immigration Class” to help 50 impoverished students complete their high school education, supporting students in Sichuan, Hunan, Jiangsu, and other regions to realize their growth dreams.

#### **4. Outlook**

2024 marks the beginning of Kingdee’s strategy towards world-class excellence. Kingdee will uphold our mission of “wholeheartedly serving enterprises and growing together with all users”, continue to deepen the cloud transformation, advance our core strategy of “Subscription priority, AI priority”, enhance the added value of digital management for Chinese enterprises, and help enterprises accelerate the construction of new-quality productivity and realize high-quality development.

### **Dividend**

The Board does not recommend the declaration and payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

### **Purchase, Sale or Redemption of Shares**

During the Reporting Period, the Company purchased 5,571,000 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$68,618,391 pursuant to the Share Award Scheme as adopted by the Company on 4 December 2015. Save as disclosed above, neither the Company, nor any of its subsidiaries, had repurchased, sold or redeemed any of its listed securities.

### **Closure of Register of Members**

The register of members of the Company will be closed from Thursday, 9 May 2024 to Thursday, 16 May 2024 (both days inclusive), during which periods no transfer of shares will be registered. In order to be qualified to attend, participate in and vote at the AGM to be held on Thursday, 16 May 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 8 May 2024.

### **Proposed Adoption of Amended and Restated Memorandum and Articles of Association of the Company**

Following the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published by the Stock Exchange in June 2023, the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") have been amended with effect from 31 December 2023 such that, among others, that the distribution of any "corporate communication" (as defined under the Listing Rules) must, to the extent permitted under all applicable laws and regulations, be satisfied by the listed issuer by (i) sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means or (ii) making the corporate communication available on its website and the Stock Exchange's website. Listed issuers must make any necessary amendments to their constitutional documents no later than the first annual general meeting following 31 December 2023 to facilitate their compliance with such requirements. In view of that, the Board of the Company proposes to amend the existing memorandum and articles of association of the Company (the "Proposed Amendments") in order to facilitate the Company's compliance with the said electronic communication requirements. The Proposed Amendments and the adoption of the amended and restated memorandum and articles of association of the Company are subject to the approval of the shareholders of the Company by way of a special resolution at the AGM. A circular containing, among other things, further information regarding the Proposed Amendments together with the notice of the AGM will be despatched to the shareholders of the Company as soon as practicable.

### **Corporate Governance**

The Company has applied and complied with all the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix C1 to the Listing Rules throughout the financial year ended 31 December 2023 except the following: during the Reporting Period, Mr. Xu Shao Chun assumed the roles of both the Chairman and Chief Executive Officer of the Company which deviated from code provision C.2.1 of the Code which specifies that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Board considers that Mr. Xu Shao Chun, as one of the main founders of the Group, has abundant knowledge of the IT industry and unique strategic perspectives. The Board believes that he can lead the Group to formulate effective strategies and react promptly to market changes. His continual

service in both roles is beneficial to the stable and healthy development of the Company. However, the Board will review and make appropriate changes when necessary in order to enhance the level of corporate governance.

### **Audit Committee**

As at 31 December 2023, the audit committee of the Company (the “Audit Committee”) comprised 2 independent non-executive Directors, namely Mr. Zhou Jun Xiang (Chairman) and Mr. Bo Lian Ming, and 1 non-executive Director, namely Mr. Gary Clark Biddle. The Audit Committee has reviewed the accounting principles and practices adopted by the Company, discussed auditing, internal control, risk management and financial reporting matters, and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023.

### **Auditor**

PricewaterhouseCoopers was appointed as the external auditor of the Company for the year of 2023, and there has been no change in the Company's auditor in any of the preceding three years. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor will be proposed at the forthcoming AGM.

### **Auditor's Procedures Performed on this Results Announcement**

The figures in respect of the announcement of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the related notes thereto for the year ended 31 December 2023 have been agreed to by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

By order of the Board  
Kingdee International Software Group Company Limited  
Chairman  
Xu Shao Chun

Shenzhen, the People's Republic of China, 18 March 2024.

*As at the date of this announcement, the Board comprises Mr. Xu Shao Chun (Chairman of the Board and Chief Executive Officer) and Mr. Lin Bo (Chief Financial Officer) as executive Directors; Ms. Dong Ming Zhu and Mr. Gary Clark Biddle as non-executive Directors; and Mr. Zhou Jun Xiang, Ms. Katherine Rong Xin and Mr. Bo Lian Ming as independent non-executive Directors.*