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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 2024**

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 2024, together with the comparative audited consolidated figures for the year ended 31 December 2023 are as follows:

Financial highlights for the year ended 31 December 2024

- Revenue increased by approximately 10.2% compared with 2023 to approximately RMB6,255,684,000, including the cloud services business revenue increased by 13.4% compared with 2023, and revenue contribution increased from 79.3% in 2023 to 81.6% in 2024. (2023: revenue of approximately RMB5,679,073,000)
- Loss attributable to owners of the Company amounted to approximately RMB142,068,000. (2023: loss of approximately RMB209,890,000)
- Net cash generated from operating activities amounted to approximately RMB933,530,000. (2023: approximately RMB653,319,000)
- Basic losses per share attributable to owners of the Company during the year amounted to approximately RMB4.01 cents. (2023: basic losses per share of RMB6.07 cents)

BUSINESS REVIEW AND OUTLOOK

I. Financial Performance

In 2024, the Group advanced its cloud subscription service model transformation. Cloud services revenue grew by 13.4% year-on-year, accounting for approximately 81.6% of total revenue. Kingdee Cloud Subscription Annual Recurring Revenue (ARR) reached RMB3.43 billion, up 20.0% YoY, with cloud subscription-related contract liabilities increasing by 28.5%.

For the year ended December 31, 2024, the Group recorded revenue of approximately RMB6,255,684,000, representing 10.2% growth compared to 2023 (2023: RMB 5,679,073,000).

For the year ended December 31, 2024, the Group reported a net loss attributable to owners of the Company approximately RMB142,068,000 (2023: net loss of RMB209,890,000), narrowing mainly due to better scale of economy for the Large Enterprise Business.

Basic loss per share attributable to owners of the Company during the year was RMB 4.01 cents (2023: loss of RMB 6.07 cents per share).

Net cash flow from operating activities amounted to RMB933,530,000 (2023: RMB 653,319,000).

II. Strategic Overview

Guided by its mission to "Empower every enterprise to achieve phenomenal success," Kingdee focuses on delivering premium products, innovative solutions, and robust digital capabilities. At the same time, it is committed to becoming the "most trustworthy enterprise service platform," growing alongside businesses and shaping a boundless future together. The "AI First, Subscription First, and Globalization" strategy drives innovation through AI integration, deepens subscription models, and accelerates global expansion.

Key Strategic Initiatives include the followings:

- AI First: Accelerate AI-ERP integration and prioritize AI-applicable scenarios.
- Large Enterprise Market: Strengthen core industry leadership and operational efficiency.
- Mid-Market: Enhance industry-specific solutions and brand influence.
- SME Market: Optimize product portfolios and increase market share.
- Global Markets: Capitalize on the dual opportunities of Chinese enterprises' global expansion and localized development to deepen global presence.

III. Business Highlights

As a global leader in Enterprise Management Cloud SaaS solutions, Kingdee has demonstrated exceptional performance across cloud services, securing #1 positions in China's SaaS EA (Enterprise Application Cloud), SaaS ERM (Enterprise Resource Management Cloud), Financial Cloud, EPM, and PLM markets according to IDC reports. The company has maintained its leadership for 20 consecutive years in China's growing enterprise application software sector, stands as the sole Chinese vendor recognized in the Asia-Pacific SaaS ERP Mid-Small Market Competitiveness Report, and has achieved four consecutive years of dominance in China's low-code/no-code aPaaS market. Notably, Kingdee's inclusion as the only Chinese management software provider in Gartner's Market Guide for AI Code Assistants further validates its technological prowess in AI-driven solutions.

Cloud services business

During the Reporting Period, Kingdee developed its "One-Arrow, Multiple Stars" product matrix to address diverse enterprise market demands, enhancing product competitiveness and driving steady growth in cloud services. Cloud services revenue increased from RMB4,504,983,000 in 2023 to RMB5,106,725,000 during the period, representing year-on-year growth of 13.4% and accounting for approximately 81.6% of the Group's total revenue.

1) High quality development in the Large Enterprise business, AI-driven operational excellence

During the Reporting Period, Kingdee Cloud Cosmic has evolved into an enterprise-grade AI platform, launching the AI Management Assistant and Cosmic APP to deliver rapid, scalable AI adoption. The Cosmic AI Agent Development Platform supports no-code development of enterprise-level AI agents, featuring secure, trustworthy, and domestically compatible capabilities. The AI Agent Platform was deployed with 20 customers including Hisense Group, Wens Group, Zhiyang Innovation and China Tobacco Hubei Industrial. The Cosmic APP focuses on enhancing employee efficiency and empowerment, offering functions such as enterprise knowledge Q&A and operational indicator queries, providing intelligent support for employees' daily work and professional development.

Kingdee Cloud Constellation concentrated on core business operations for large enterprises, delivering upgrades in finance, HR, and supply chain manufacturing with intelligent and globalized features. In Financial Management, Constellation continued to enhance global sharing, treasury, and tax management products to meet the needs of world-class financial management systems, validated by clients such as China Merchants Group, Hisense, and Feisu. Kingdee Cloud Constellation has launched over twenty AI applications, driving intelligent transformation for nearly 20 large enterprises. Wuchan Zhongda achieved efficiency gain in financial workflows through intelligent data insights. Tongwei Group transformed HR operations with AI HR Assistant, enabling conversational queries, automated ticket generation, and process navigation. CSSC Jiujiang redefined contract governance with AI-driven compliance auditing.

During the Reporting Period, Kingdee capitalized on the accelerated localization and industry-specific digital transformation opportunities among large enterprises, achieving significant progress in serving central state-owned enterprises, state-owned enterprises, and Fortune 500 companies. The high-end manufacturing sector saw a doubling in contract value, while the contract signing amount in the consumer industry increased by 56% year-on-year. Kingdee successfully secured contracts and bids with several industry-leading enterprises, including CNPC, CEC, AirChina, DENSO China, SHEIN Group, Tsingtao Beer and Transsion Holdings. At the same time, Kingdee Cloud Cosmic and Constellation recorded RMB1,304 million in revenue (up 32.9% YoY) and the contract value was approximately RMB2.1 billion, representing a YoY increase of 51.9% during the reporting period. Cosmic & Constellation achieved 30.0% subscription ARR growth with 108% Net Dollar Retention (NDR) rate.

2) Reinforced leadership in the High-growth Enterprise business, powering Chinese enterprises' global expansion

During the Reporting Period, Kingdee Cloud Galaxy further strengthened its product advantages in R&D-Production-Supply-Sales-Service integration and end-to-end business-finance integration, embraced AI transformation, and enhanced globalization capabilities. Anchored in its "AI First, Manufacturing Leadership" strengths, the Galaxy Ultra advanced capabilities across six dimensions: standardization, globalization, intelligence, industry specialization, online integration, and ecosystem collaboration. AI-driven solutions were implemented in multiple scenarios, including BOSS Assistant,

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AI bookkeeping, decision monitor. In 2024 Kingdee signed over 30 clients, such as Trans Manufacture and Trade, Jiefeng Hat Industry, Huaxin Insulator Technology, Hoome Information Technology and Xiasha Gears. Kingdee launched localized packages for Singapore, Vietnam, Thailand, Indonesia, Malaysia, and other countries, effectively supporting Chinese enterprises' overseas expansion. During the period, 340 globalizing clients across 18 industries were signed, including OPPO, Tangqun Seating, Maxcess, Xiongtai Power, and OTTO.

During the Reporting Period, Kingdee Cloud Galaxy recorded approximately RMB2,153 million in revenue (up 10.3% YoY) and achieving 18.7% subscription ARR growth, supported by a 95% Net Dollar Retention (NDR) rate. Serving 44,000 clients with new customers including robotics leader Unitree, Sony Precision, SK Automation, Dalian Insulator Group, Enpower Electric and China SuperCloud. Kingdee captured 46% market share among national-level Niche-and-Specialized Little Giants enterprises, with more than 1,500 newly signed.

3) Solidified leading position in the SME business, revolutionizing productivity with AI optimization

During the Reporting Period, Kingdee deployed comprehensive AI capabilities across SME products, launching AI Assistant with automated invoicing and bookkeeping modules. These features have empowered more than 7,500 SMEs, with 90% efficiency gain in billing operations and 10x acceleration in accounting processes. Kingdee Cloud Stellar released multi-language packages to deliver international SaaS to global clients. Kingdee Jingdou Cloud enhanced tax compliance engine with coverage across 36 tax jurisdictions across China and 19 core tax categories, ensuring alignment with statutory compliance frameworks.

During the Reporting Period, Kingdee continued to maintain its market leadership in the Small and Micro enterprise market. Small Business Financial Cloud generating approximately RMB1,229 million in revenue (up 13.8% YoY) and achieving 26.4% subscription ARR growth. Kingdee Cloud Stellar contributed significantly with 71.8% YoY revenue growth, underscored by a 93% Net Dollar Retention (NDR) rate.

4) Deepening AI and Localization Ecosystem Development

During the Reporting Period, Kingdee expanded its strategic ecosystem focused on AI and localization. For AI partnerships, Kingdee strengthened collaborations with leading AI foundation model providers such as ByteDance, Alibaba, Tencent and Microsoft. For localization ecosystem, Kingdee developed partners including OceanBase, VastData, Kingbase, and GienTech, and established strategic alliances with major digital technology firms such as General Digital, Data Industry Group, and BEWG Digital. For ISV ecosystem, Kingdee developed over 200 digital products with partners, such as Asset Cloud, Logistics Cloud, Audit Cloud, jointly covering 19 industry solutions.

ERP business and Others

During the Reporting Period, ERP businesses and Others revenues decreased by 2.1% year-on-year, from RMB1,174,090,000 in 2023 to RMB1,148,959,000.

Investment business

During the Reporting Period, Investment business including the investment properties, the investments in associates, the listed equity investments included in level 1 and the unlisted equity investments included in level 3, recorded a loss of RMB48,529,000, representing a loss expansion of 1851% YoY. (2023: a loss of RMB2,487,000), mainly due to fair value losses on investment properties.

KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	4	1,744,118	1,919,498
Right-of-use assets	5	188,074	203,446
Intangible assets		1,231,892	1,231,955
Investment properties	6	2,164,691	1,726,750
Investments in associates		523,449	434,461
Deferred income tax assets		102,696	49,055
Financial assets at fair value through profit or loss		872,587	964,748
Financial assets at fair value through other comprehensive income		4,463	4,463
Trade and other receivables	7	92,656	131,503
Loans to third parties	7	130,255	90,071
Long-term bank deposits		1,094,000	1,680,000
		<u>8,148,881</u>	<u>8,435,950</u>
Current assets			
Inventories		46,165	45,611
Trade and other receivables	7	416,239	364,332
Loans to third parties	7	240,862	231,596
Contract assets	3	365,707	362,378
Contract obtaining costs	3	906,426	643,497
Financial assets at fair value through profit or loss		575,561	43,182
Pledged bank deposits		14,472	3,928
Short-term bank deposits		1,537,000	1,045,000
Cash and cash equivalents		1,529,682	2,963,723
		<u>5,632,114</u>	<u>5,703,247</u>
Total assets		<u><u>13,780,995</u></u>	<u><u>14,139,197</u></u>

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

	Notes	As at 31 December	
		2024	2023
		RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Bank borrowings	10	-	756,700
Lease liabilities	5	25,961	38,159
Deferred income tax liabilities		146,435	112,972
		172,396	907,831
Current liabilities			
Trade and other payables	11	1,487,683	1,231,203
Contract liabilities	3	3,723,569	3,176,589
Bank borrowings	10	205,082	20,200
Lease liabilities	5	22,291	26,451
Current income tax liabilities		16,242	22,787
Deferred income		24,951	51,984
		5,479,818	4,529,214
Total liabilities		5,652,214	5,437,045
Net assets		8,128,781	8,702,152
Equity			
Equity attributable to owners of the Company			
Share capital	8	86,068	87,098
Share premium	8	6,174,163	6,512,406
Other reserves	9	911,387	979,146
Retained earnings		878,338	1,020,406
		8,049,956	8,599,056
Non-controlling interests		78,825	103,096
Total equity		8,128,781	8,702,152

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CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Revenue from contracts with customers	3,12	6,255,684	5,679,073
Cost of sales	13	(2,185,012)	(2,035,084)
Gross profit		<u>4,070,672</u>	<u>3,643,989</u>
Selling and marketing expenses	13	(2,502,852)	(2,319,645)
Administrative expenses	13	(538,687)	(489,964)
Net impairment losses on financial assets and contract assets	13	(40,890)	(71,055)
Research and development costs	13	(1,514,433)	(1,439,671)
Fair value losses on investment properties	6	(55,170)	(28,858)
Other income and gains - net	14	246,098	285,257
Operating loss		<u>(335,262)</u>	<u>(419,947)</u>
Finance income		110,415	112,268
Finance costs		(16,626)	(21,953)
Finance income - net	15	93,789	90,315
Share of profits of associates		11,745	28,506
Loss before income tax		<u>(229,728)</u>	<u>(301,126)</u>
Income tax credit	16	45,389	31,320
Loss for the year		<u>(184,339)</u>	<u>(269,806)</u>
Loss attributable to:			
Owners of the Company		(142,068)	(209,890)
Non-controlling interests		(42,271)	(59,916)
		<u>(184,339)</u>	<u>(269,806)</u>
Losses per share for loss attributable to owners of the Company (expressed in RMB cents per share)			
– Basic	18	<u>(4.01)</u>	<u>(6.07)</u>
– Diluted	18	<u>(4.01)</u>	<u>(6.07)</u>

KINGDEE INTERNATIONAL SOFTWARE GROUP COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Loss for the year	(184,339)	(269,806)
Other comprehensive income:		
<i>Items that may be reclassified to income or loss:</i>		
Currency translation differences	(2,756)	(1,785)
<i>Items that will not be reclassified to income or loss</i>		
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties, net of tax	210,301	68,866
Other comprehensive income for the year, net of tax	207,545	67,081
Total comprehensive income/(loss) for the year	23,206	(202,725)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	65,477	(142,809)
Non-controlling interests	(42,271)	(59,916)
	23,206	(202,725)

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

	Notes	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings			
		RMB'000	RMB'000	RMB'000	RMB'000			
Balance at 1 January 2023		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)
Other comprehensive income								
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
Total comprehensive loss		-	-	67,081	(209,890)	(142,809)	(59,916)	(202,725)
Transactions with owners								
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
Total transactions with owners, recognised directly in equity		3,561	1,427,453	45,498	-	1,476,512	20,782	1,497,294
Balance at 31 December 2023		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 STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	<u>Attributable to owners of the Company</u>					Non-contro	ling	Total			
	Notes	Share	Share	Other	Retained				Total	interests	equity
		RMB'000	RMB'000	RMB'000	RMB'000						
Balance at 1 January 2024		87,098	6,512,406	979,146	1,020,406	8,599,056	103,096	8,702,152			
Loss for the year		-	-	-	(142,068)	(142,068)	(42,271)	(184,339)			
Other comprehensive income											
Currency translation differences		-	-	(2,756)	-	(2,756)	-	(2,756)			
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties, net of tax		-	-	210,301	-	210,301	-	210,301			
Total comprehensive income		-	-	207,545	(142,068)	65,477	(42,271)	23,206			
Transactions with owners											
Employees share option scheme:											
- Proceeds from shares issued	8	45	7,208	-	-	7,253	-	7,253			
Share award plan:											
- Value of employee services received	8	-	85,169	-	-	85,169	-	85,169			
- Transfer shares to the awardees upon vesting	8	-	(69,158)	69,310	-	152	-	152			
- Buy-back of shares for the purpose of share award plan	9	-	-	(163,533)	-	(163,533)	-	(163,533)			
Buy-back of shares for the purpose of cancellation		-	-	(543,618)	-	(543,618)	-	(543,618)			
Cancellation of shares		(1,075)	(361,462)	362,537	-	-	-	-			
Capital injection from non-controlling interests		-	-	-	-	-	18,000	18,000			
Total transactions with owners, recognised directly in equity		(1,030)	(338,243)	(275,304)	-	(614,577)	18,000	(596,577)			
Balance at 31 December 2024		86,068	6,174,163	911,387	878,338	8,049,956	78,825	8,128,781			

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CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended 31 December	
		2024	2023
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		951,584	675,222
Interest paid		(12,991)	(18,172)
Income tax paid		(5,063)	(3,731)
Net cash inflow from operating activities		<u>933,530</u>	<u>653,319</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(191,190)	(417,120)
Proceeds from disposals of property, plant and equipment and right-of-use assets		2,039	2,618
Purchases of intangible assets		(489,390)	(479,475)
Pledged bank deposits and short-term and long-term bank deposits placed - net		83,456	(375,560)
Interest received		89,518	42,715
Purchases of financial assets at fair value through profit or loss		(1,812,685)	(134,635)
Proceeds from disposal of financial assets at fair value through profit or loss		1,314,851	61,142
Dividend received		19,469	-
Acquisition of subsidiaries, net of cash acquired		-	(9,056)
Investments in an associate		(90,000)	-
Proceeds from disposal of associates		-	4,818
Net cash outflow from investing activities		<u>(1,073,932)</u>	<u>(1,304,553)</u>
Cash flows from financing activities			
Proceeds from issue of new shares	8	-	1,411,847
Proceeds from issue of shares as a result of exercise of options	8	7,253	5,523
Capital injection from non-controlling interests		18,000	45,000
Proceeds from borrowings		5,082	480,000
Repayments of borrowings		(576,900)	(173,100)
Principal elements of lease payments		(37,560)	(37,141)
Payments for purchase of shares for share award plan	9	(163,533)	(61,138)
Payments for buy-back of shares	9	(543,618)	-
Net cash (outflow)/inflow from financing activities		<u>(1,291,276)</u>	<u>1,670,991</u>
Net (decrease)/increase in cash and cash equivalents		<u>(1,431,678)</u>	<u>1,019,757</u>
Effects of exchange rate changes on cash and cash equivalents		(2,363)	1,231
Cash and cash equivalents at beginning of the year		<u>2,963,723</u>	<u>1,942,735</u>
Cash and cash equivalents at end of year		<u><u>1,529,682</u></u>	<u><u>2,963,723</u></u>

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 2024 have been approved for issue by the Board of Directors of the Company on 17 March 2025.

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.

IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

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 involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed.

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 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

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 2024 reporting periods and have not been early adopted by the Group. These new standards and interpretations are:

		Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements	Annual Improvements to IFRS Accounting Standards—Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate	To be determined
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective, except for IFRS 18 which will impact the presentation of profit and loss statements. The Group is still in progress of evaluating the impact of IFRS 18.

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.

Starting from 2024, the Group revised its internal reporting structure to separately measure and review the performance of investment properties and equity investments as a segment. Previously, equity investments were included within the cloud services segment for segment results measurement. Accordingly, the Group has identified the following operating segments and has recasted the comparative segment information to align with the updated segment structure:

- | | |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cloud services business | – Including enterprise cloud services, small & micro business finance cloud services and industry cloud services. |
| ERP business | – Including sales of software and hardware products, provision of software implementation, software solution consulting, maintenance, upgrade and other supporting services |
| Investment | – Including the investment properties, the investments in associates, the listed equity investments included in level 1 and the unlisted equity investments included in level 3. |

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 2024 is as follows:

	Cloud services business	ERP business	Investment	The Group total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue (from external customers)	5,106,725	1,148,959	-	6,255,684
- Products transferred at a point in time	-	271,511	-	271,511
- Services transferred over time	5,106,725	877,448	-	5,984,173
Cost of sales	(1,744,918)	(440,094)	-	(2,185,012)
Fair value losses on investment properties	-	-	(55,170)	(55,170)
Operating loss	(240,648)	(46,085)	(48,529)	(335,262)
Finance income	89,023	21,392	-	110,415
Finance costs	(13,241)	(3,385)	-	(16,626)
Finance income – net	75,782	18,007	-	93,789
Share of profits of associates	-	-	11,745	11,745
Loss before income tax	(164,866)	(28,078)	(36,784)	(229,728)
Income tax credit/(expense)	32,292	14,470	(1,373)	45,389
Segment results	(132,574)	(13,608)	(38,157)	(184,339)
Rental income	-	-	58,995	58,995
Depreciation and amortisation	(410,614)	(188,441)	-	(599,055)
Realised and unrealised net losses on equity investment	-	-	(49,062)	(49,062)
Net impairment losses on financial assets and contract assets	(728)	(40,162)	-	(40,890)
Share-based payments	(66,111)	(19,058)	-	(85,169)

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3 Segment information (continued)

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

	Cloud services business	ERP business	Investment	The Group total
	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
Cost of sales	(1,577,714)	(457,370)	-	(2,035,084)
Fair value losses on investment properties	-	-	(28,858)	(28,858)
Operating loss	(344,705)	(72,755)	(2,487)	(419,947)
Finance income	88,064	24,204	-	112,268
Finance costs	(17,148)	(4,805)	-	(21,953)
Finance income – net	70,916	19,399	-	90,315
Share of profits of associates	-	-	28,506	28,506
Loss before income tax	(273,789)	(53,356)	26,019	(301,126)
Income tax credit/(expense)	32,435	580	(1,695)	31,320
Segment results	(241,354)	(52,776)	24,324	(269,806)
Rental income	-	-	66,087	66,087
Depreciation and amortisation	(374,994)	(124,023)	-	(499,017)
Impairment of goodwill	(20,109)	-	-	(20,109)
Realised and unrealised net losses on equity investment	-	-	(31,347)	(31,347)
Net impairment losses on financial assets and contract assets	1,289	(72,344)	-	(71,055)
Share-based payments	(79,584)	(16,694)	-	(96,278)

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 RMB6,185,824,000 (2023: RMB5,636,312,000) and RMB69,860,000 (2023: RMB42,761,000), respectively, for the year ended 31 December 2024.

There was no single customer that contributed to over 10% of the Group's revenue for the years ended 31 December 2024 and 2023.

(a) Assets and liabilities related to contracts with customers

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Current contract assets relating to ERP and cloud implementation contracts	540,991	510,410
Loss allowance	(175,284)	(148,032)
Total	365,707	362,378
 Contract obtaining costs (i)	 906,426	 643,497
Contract liabilities – Cloud services business	3,462,546	2,867,294
Contract liabilities – ERP business and others	261,023	309,295
Total	3,723,569	3,176,589

(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.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cloud services business	2,156,999	1,773,859
ERP business and others	309,295	391,562
	2,466,294	2,165,421

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.

	At 31 December	
	2024	2023
	RMB'000	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	1,603,306	1,223,046

Management expects that approximately 43.79% of the transaction price allocated to the unsatisfied contracts as of 31 December 2024 will be recognised as revenue during the next reporting period (RMB702,119,000). The remaining approximately 56.21% (RMB901,187,000) will be recognised in and after the 2026 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**

	Buildings RMB'000	Computer and related equipment RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in process RMB'000	Total RMB'000
Year ended 31 December 2023							
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)
Closing net book amount	895,131	64,702	13,262	10,968	12,944	922,491	1,919,498
At 31 December 2023							
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)
Net book amount	895,131	64,702	13,262	10,968	12,944	922,491	1,919,498

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

	Buildings	Computer and related equipment	Office equipment	Motor vehicles	Leasehold improvements	Construction in process	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024							
Opening net book amount	895,131	64,702	13,262	10,968	12,944	922,491	1,919,498
Additions	-	14,052	10,203	5,292	4,797	108,516	142,860
Disposals	-	(2,374)	(316)	(214)	-	-	(2,904)
Transfer from construction in process	956,326	-	-	-	-	(956,326)	-
Transfer from investment properties	4,910	-	-	-	-	-	4910
Transfer to investment properties	(238,250)	-	-	-	-	-	(238,250)
Depreciation charge	(51,126)	(18,965)	(3,522)	(2,763)	(5,620)	-	(81,996)
Closing net book amount	1,566,991	57,415	19,627	13,283	12,121	74,681	1,744,118
At 31 December 2024							
Cost	1,801,838	174,713	42,557	34,264	95,430	74,681	2,223,483
Accumulated depreciation	(234,847)	(117,298)	(22,930)	(20,981)	(83,309)	-	(479,365)
Net book amount	1,566,991	57,415	19,627	13,283	12,121	74,681	1,744,118

Depreciation of approximately RMB4,320,000 (2023: RMB5,364,000), RMB273,000 (2023:nil), RMB66,519,000 (2023: RMB 39,520,000) and RMB1,217,000 (2023: RMB1,819,000) has been charged to selling and marketing expenses, research and development costs, administrative expenses and cost of sales, respectively.

As at 31 December 2024, none of the property, plant and equipment was used as security for bank borrowings (2023: 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:

	At 31 December	
	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Land use rights (i)	135,478	143,236
Buildings	52,596	60,210
	<u>188,074</u>	<u>203,446</u>
Lease liabilities		
Current	22,291	26,451
Non-current	25,961	38,159
	<u>48,252</u>	<u>64,610</u>

Additions to the right-of-use assets during the 2024 financial year were RMB21,202,000 (2023: RMB37,857,000).

(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 27 to 38 years, and for self-use.

(b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets		
Land use rights	5,543	3,717
Buildings	25,787	25,602
	<u>31,330</u>	<u>29,319</u>
Interest expense (included in finance cost)	3,311	3,298
Expense relating to short-term leases (included in cost of sales and administrative expenses)	5,577	10,157

The total cash outflow for leases in 2024 was RMB43,416,000 (2023: RMB47,298,000).

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

	2024	2023
	RMB'000	RMB'000
At fair value		
At 1 January	1,726,750	1,734,079
Transfer to property, plant and equipment and right-of-use assets	(5,060)	(197,709)
Transfer from property, plant and equipment	238,250	99,499
Transfer from right-of-use assets	1,950	1,638
Addition	24,303	41,582
Fair value changes recognised in profit or loss	(55,170)	(28,858)
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties	233,668	76,519
At 31 December	<u>2,164,691</u>	<u>1,726,750</u>

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

	2024	2023
	RMB'000	RMB'000
Rental income	58,995	66,087
Direct operating expenses from property that generates rental income	<u>(192)</u>	<u>(379)</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 2024. 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 2024 and 2023.

(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. Where 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 and construction in progress 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% (2023: 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% (2023: 5%)	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	RMB49– RMB155 per month per square meter (2023: RMB49–RMB137 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

	2024	2023
	RMB'000	RMB'000
Trade receivables (a)	272,415	245,992
Less: allowance for impairment of trade receivables	(131,463)	(124,538)
Trade receivables – net	140,952	121,454
Notes receivable	40,396	58,854
Other receivables		
– Advances to employees (b)	5,816	5,457
– Prepayments	63,199	43,428
– VAT recoverable	27,600	31,423
– Interest receivables	181,565	174,742
– Receivables from related parties (c)	10,027	22,457
– Receivables from non-controlling shareholders	40,403	40,415
– Others	18,235	10,698
– Less: allowance for impairment of other receivables (excluding prepayments)	(19,298)	(13,093)
	508,895	495,835
Less: non-current portion	(92,656)	(131,503)
Current portion	416,239	364,332
Loans to third parties (d)		
– Current portion	240,862	231,596
– Non-current portion	130,255	90,071
	371,117	321,667

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 2024 and 2023, the aging analysis of trade receivables based on invoice date were as follows:

	2024	2023
	RMB'000	RMB'000
0 - 90 days	113,172	80,207
91 - 180 days	12,894	20,402
181 - 360 days	8,772	11,373
Over 360 days	137,577	134,010
	272,415	245,992

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 2024 and 2023, the Group did not advance any cash to the directors.

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

(d) Loans to third parties

	2024	2023
	RMB'000	RMB'000
Loans to third parties	374,866	324,916
Less: Provision for collective impairment assessment of the loans	(3,749)	(3,249)
Loans to third parties, net of provision	371,117	321,667
Less: non-current portion	(130,255)	(90,071)
Current portion	240,862	231,596

The loans to third parties represented loans made under the micro-credit business, which bear interest from 4.28% to 24.00% (2023: 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 2024 and 2023, 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

	Number of shares (thousands)	Share capital RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2023	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)
At 31 December 2023	<u>3,631,348</u>	<u>87,098</u>	<u>6,512,406</u>	<u>6,599,504</u>
At 1 January 2024	3,631,348	87,098	6,512,406	6,599,504
Employee share option scheme				
– Exercise of share options	1,973	45	7,208	7,253
Share award plan				
– Value of services received	-	-	85,169	85,169
– Transfer shares to the awardees upon vesting	-	-	(69,158)	(69,158)
Cancellation of shares	(47,306)	(1,075)	(361,462)	(362,537)
At 31 December 2024	<u>3,586,015</u>	<u>86,068</u>	<u>6,174,163</u>	<u>6,260,231</u>

- (a) 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 HKD 1,561,732,700 (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.
- (b) The total authorised share capital as at 31 December 2024 was 6,000,000,000 (2023: 6,000,000,000) shares with a par value of HKD0.025 (2023: HKD0.025) per share. All issued shares were fully paid.

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9 Other reserves

	Merger reserve	Capital reserve	Statutory surplus reserve fund	Property revaluation	Shares held for share award plan	Translation	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (b)	Note (c)	Note (d)		Note (a)			
At 1 January 2023	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
At 31 December 2023	<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>

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9 Other reserves (continued)

	Merger reserve	Capital reserve	Statutory surplus reserve fund	Property revaluation	Shares held for share award plan	Translation	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note (b)	Note (c)	Note (d)		Note (a)			
At 1 January 2024	6,570	280,258	138,762	639,020	(210,143)	33,418	91,261	979,146
Currency translation differences	-	-	-	-	-	(2,756)	-	(2,756)
Transfer shares to the awardees upon vesting	-	-	-	-	69,310	-	-	69,310
Buy-back of shares for the purpose of share award plan (Note a)	-	-	-	-	(163,533)	-	-	(163,533)
Buy-back of shares for the purpose of cancellation	-	-	-	-	-	-	(543,618)	(543,618)
Cancellation of shares	-	-	-	-	-	-	362,537	362,537
Revaluation gains on properties upon transfer from property, plant and equipment and right-of-use assets to investment properties, net of tax	-	-	-	210,301	-	-	-	210,301
At 31 December 2024	<u>6,570</u>	<u>280,258</u>	<u>138,762</u>	<u>849,321</u>	<u>(304,366)</u>	<u>30,662</u>	<u>(89,820)</u>	<u>911,387</u>

9 Other reserves (continued)

- (a) During the year ended 31 December 2024, the Company bought back a total of 102,457,000 ordinary shares of the Company from the market at a total consideration of HKD777,850,000 (equivalent to RMB707,151,000) of which 21,321,000 ordinary shares (equivalent to RMB163,533,000) were for the purpose of share award plan under the Company's employee share award scheme and 81,136,000 ordinary shares (equivalent to RMB543,618,000) were for the purpose of cancellation (Note 8).
- (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

	2024	2023
	RMB'000	RMB'000
Non-current		
Bank borrowings- unsecured	200,000	776,900
Less: current portion of long-term bank borrowings	<u>(200,000)</u>	<u>(20,200)</u>
	<u>-</u>	<u>756,700</u>
Current		
Bank borrowings- unsecured	5,082	-
Current portion of long-term bank borrowings	<u>200,000</u>	<u>20,200</u>
	<u>205,082</u>	<u>20,200</u>

At 31 December 2024, the Group's bank borrowings were repayable as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 year	205,082	20,200
Between 1 and 2 years	-	562,700
Between 2 and 5 years	<u>-</u>	<u>194,000</u>
	<u>205,082</u>	<u>776,900</u>

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

	2024	2023
	RMB'000	RMB'000
RMB	<u>205,082</u>	<u>776,900</u>

The Group's bank borrowings bear average interest rate of 2.60% (2023: 2.72%) 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 (2023: 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.

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11 Trade and other payables

	2024	2023
	RMB'000	RMB'000
Trade payables ((a) and (b))	82,595	27,820
Note payables	105,893	42,491
Salary and staff welfare payables	301,335	301,276
Deposits payable	219,659	157,901
Accrual for expenses	391,521	271,616
Unpaid consideration for acquisition of subsidiaries	4,000	4,000
Construction payables	311,275	350,755
Others	71,405	75,344
	1,487,683	1,231,203

(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 2024 and 2023, the aging analysis of the trade payables based on invoice date is as follows:

	2024	2023
	RMB'000	RMB'000
0 - 180 days	75,556	18,793
181 - 360 days	2,321	4,010
Over 360 days	4,718	5,017
	82,595	27,820

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:

	2024	2023
	RMB'000	RMB'000
Cloud business	5,106,725	4,504,983
- Enterprise cloud services	3,623,654	3,127,280
- Small & micro business finance cloud services	1,228,680	1,080,010
- Industry cloud services	254,391	297,693
ERP business and others	1,148,959	1,174,090
- Sales of software and hardware products	271,511	284,305
- Software implementation services	527,345	465,604
- Software solution consulting, maintenance, upgrade and other supporting services	350,103	424,181
	6,255,684	5,679,073

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:

	2024	2023
	RMB'000	RMB'000
Research and development costs		
Amounts incurred	1,515,923	1,509,919
Less: development costs capitalised	(484,284)	(478,349)
Add: amortisation	482,794	408,101
	<u>1,514,433</u>	<u>1,439,671</u>
Employee benefit expenses	4,281,713	4,107,968
Less: amount included in development costs	(1,451,475)	(1,446,657)
	<u>2,830,238</u>	<u>2,661,311</u>
Depreciation of property, plant and equipment (Note 4)	81,996	56,501
Less: amount included in development costs	(9,667)	(9,798)
	<u>72,329</u>	<u>46,703</u>
Outsourcing services	816,799	804,304
Sales promotion and advertising	880,568	742,116
Cost of inventories consumed	247,095	203,912
Rental and utilities	45,327	44,131
Traveling expenses	116,282	118,491
Office expenses	32,291	33,135
Other taxes and surcharges	59,411	51,873
Training costs	9,926	10,355
Professional service fees	45,190	61,022
Depreciation of right-of-use assets (Note 5)	31,330	29,319
Amortisation of trademarks, licenses and copyrights	9,157	10,844
Amortisation of computer software for own use	2,363	2,968
Amortisation of customer relationship	1,082	1,082
Auditors' remuneration	4,397	3,650
- Audit services	3,170	3,650
- Non-audit services	1,227	-
Net impairment losses on financial assets and contract assets	40,890	71,055
Others	22,766	19,477
Total	<u><u>6,781,874</u></u>	<u><u>6,355,419</u></u>

14 Other income and gains – net

	2024	2023
	RMB'000	RMB'000
Other income		
VAT refund and VAT input tax surplus deduction (a)	139,850	129,125
Program research income	90,931	100,910
Rental income (Note 6)	<u>58,995</u>	<u>66,087</u>
	<u>289,776</u>	<u>296,122</u>
Other gains/(losses)		
Realised and unrealised net losses on financial assets at FVPL (b)	(45,652)	(50,539)
Impairment of goodwill	-	(20,109)
Impairment of associate	-	(1,726)
Losses on disposal of associates	-	(1,512)
Gains on deemed disposal of an associate	-	21,461
Net foreign exchange (losses)/gains	(4,059)	5,154
(Losses)/gains on disposal of property, plant and equipment and right-of-use assets	(865)	113
Others	<u>6,898</u>	<u>36,293</u>
	<u>(43,678)</u>	<u>(10,865)</u>
	<u>246,098</u>	<u>285,257</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

	2024	2023
	RMB'000	RMB'000
Finance income		
– Interest income- derived from cash and cash equivalents	14,862	15,282
– Interest income- derived from short-term and long-term bank deposits	95,553	96,986
	<u>110,415</u>	<u>112,268</u>
Finance costs		
– Interest on borrowings	(13,315)	(18,655)
– Interest on lease liabilities	(3,311)	(3,298)
	<u>(16,626)</u>	<u>(21,953)</u>
	<u>93,789</u>	<u>90,315</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.

	2024	2023
	RMB'000	RMB'000
Current income tax		
– Current tax on profits for the year	3,160	9,939
– Over-provision in prior year	(5,004)	(2,425)
Deferred income tax	(43,545)	(38,834)
	<u>(45,389)</u>	<u>(31,320)</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 2024 (2023: 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 2025 and was entitled to a preferential corporate income tax rate of 15% in 2024 (2023: 15%).

Kingdee Apusic was qualified as a High-tech Enterprise from 2023 to 2026 and was entitled to a preferential corporate income tax rate of 15% in 2024 (2023: 15%).

Shanghai Guanyi was qualified as High-tech Enterprise from 2022 to 2025 and were entitled to a preferential corporate income tax rate of 15% in 2024 (2023: 15%).

Yunji was qualified as High-tech Enterprise from 2022 to 2025 and was entitled to a preferential corporate income tax rate of 15% in 2024 (2023: 15%).

- (d) 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:

	2024	2023
	RMB'000	RMB'000
Loss before income tax	(229,728)	(301,126)
Tax calculated at the statutory tax rate of 25% (2023: 25%)	(57,432)	(75,282)
Tax effects of:		
Preferential tax rates	(7,522)	19,203
Tax losses for which no deferred income tax asset was recognised	132,927	141,897
Expenses not deductible for tax purposes	1,963	9,541
Utilisation of tax losses not recognised in previous years	(7,057)	(4,908)
Additional deductible allowance for research and development expenses	(103,264)	(119,346)
Over-provision in prior year	(5,004)	(2,425)
	(45,389)	(31,320)

17 Dividends

The board of directors did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: 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.

	2024	2023
Loss attributable to owners of the Company (RMB'000)	(142,068)	(209,890)
Weighted average number of ordinary shares in issue (thousands)	3,545,437	3,455,505
Basic losses per share (RMB cents per share)	(4.01)	(6.07)

(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 2024 and 2023, 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 2024 and 2023 was the same as basic losses per share of the respective year.

19 Related party transactions

The Group had transactions with related parties for the year ended 31 December 2024 as follows:

(a) Transactions with related parties

	2024	2023
	RMB'000	RMB'000
Sales of products		
– Associates	138	2,451
– Companies controlled by Directors	1,908	551
	2,046	3,002
Sales of services		
– Associates	1,946	5,089
– Companies controlled by Directors	633	161
	2,579	5,250
Rental income		
– Associates	3,445	3,449
– Companies controlled by Directors	2,264	4,732
	5,709	8,181

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

	2024	2023
	RMB'000	RMB'000
Purchases of products		
– Associates	2,657	1,729
– Companies controlled by Directors	19	-
	<u>2,676</u>	<u>1,729</u>
Purchases of services		
– Associates	62,242	57,546
– Companies controlled by Directors	251	-
	<u>62,493</u>	<u>57,546</u>

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

c) Balances with related parties

	2024	2023
	RMB'000	RMB'000
Receivables from related parties(Note 7)		
– Associates	9,947	10,422
– Companies controlled by Directors	80	12,035
	<u>10,027</u>	<u>22,457</u>
Payable to related parties recorded in “Contract liabilities”		
– Associates	1,718	2,536
– Companies controlled by Directors	887	109
	<u>2,605</u>	<u>2,645</u>
Payable to related parties recorded in “Trade payables”		
– Associates	743	241
– Companies controlled by Directors	442	12
	<u>1,185</u>	<u>253</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.

	2024	2023
	RMB'000	RMB'000
Salaries and other short-term employee benefits	25,082	22,777
Share-based payments	<u>23,655</u>	<u>15,997</u>
	<u><u>48,737</u></u>	<u><u>38,774</u></u>

20 Subsequent events

From January 2025 to February 2025, the Company repurchased 7,552,000 ordinary shares, representing approximately 0.21% of the total number of issued shares of the Company as at 31 December 2024. The total amounts paid were approximately HKD59,902,000 (equivalent to approximately RMB54,455,000).

MANAGEMENT DISCUSSION AND ANALYSIS

1. Key Financial Information

Total revenue

For the year ending 31 December 2024, the Group recorded a total revenue of RMB6,255,684,000, representing a year-on-year increase of 10.2% (2023: RMB 5,679,073,000). Revenue from cloud services grew by 13.4% to RMB 5,106,725,000 (2023: RMB 4,504,983,000). Revenue from the Enterprise Resource Planning (ERP) business and others amounted to RMB1,148,959,000 (2023: RMB 1,174,090,000), reflecting a year-on-year decrease of 2.1%.

	2024 RMB'000	2023 RMB'000
Cloud services business	5,106,725	4,504,983
- Enterprise cloud services	3,623,654	3,127,280
- Small & micro business finance cloud services	1,228,680	1,080,010
- Industry cloud services	254,391	297,693
ERP business and others	1,148,959	1,174,090
- selling of software and hardware products	271,511	284,305
- Software implementation services	527,345	465,604
- Software solution consulting, maintenance, upgrade and other supporting services	350,103	424,181
	<u>6,255,684</u>	<u>5,679,073</u>

Gross profit

The Group recorded a gross profit of RMB4,070,672,000 (2023: RMB3,643,989,000), representing a year-on-year increase of approximately 11.7%. The gross profit margin increased by 0.9 percentage points compared to 2023, reaching approximately 65.1% (2023: approximately 64.2%). The improvement in gross profit margin was primarily attributable to the increased proportion of subscription revenue.

Selling and marketing expenses

During the reporting period, the total sales and promotion expenses amounted to approximately RMB 2,502,852,000 (2023: RMB 2,319,645,000), reflecting a year-on-year increase of 7.9%. The percentage of sales and promotion expenses relative to total revenue decreased from 40.8% in 2023 to 40.0% in 2024.

Administrative expenses

During the reporting period, administrative expenses amounted to approximately RMB538,687,000, representing a year-on-year increase of 9.9% (2023: RMB 489,964,000). The percentage of administrative expenses relative to total revenue decreased from 8.63% in 2023 to 8.61% in 2024.

Research and development expenses

During the reporting period, the Group focused on its strategy of “Platform + HR, Finance, and Tax + Ecosystem,” and continued to increase its research and development (R&D) investment in Kingdee Cloud Cosmic and Kingdee Cloud Stellar. The total R&D costs amounted to RMB1,515,923,000, representing a year-on-year increase of 0.4% (2023: RMB1,509,919,000). The R&D capitalization rate increased to 31.9% (2023: 31.7%), with the capitalized amount reaching RMB484,284,000, a year-on-year increase of 1.2% (2023: RMB478,349,000). The amortization of R&D costs during the reporting period was RMB 482,794,000, reflecting a year-on-year increase of 18.3% (2023: RMB408,101,000). The R&D costs recognized in the consolidated income statement amounted to RMB1,514,433,000, representing a year-on-year increase of 5.2% (2023: RMB1,439,671,000). The percentage of R&D expenses relative to total revenue decreased from 25.4% in 2023 to 24.2% in 2024.

Operating loss

For the year ended 31 December 2024, the Group recorded an operating loss of approximately RMB 335,262,000 (2023: operating loss of approximately RMB 419,947,000). The operating loss of the cloud services segment decreased by 30.2% to approximately RMB 240,648,000 (2023: loss of approximately RMB 344,705,000); the operating loss of the enterprise resource planning (ERP) segment was approximately RMB 46,085,000 (2023: loss of approximately RMB72,755,000). The operating loss of the Investment segment increased by 1,851% year-on-year to approximately RMB 48,529,000 (2023: loss of approximately RMB2,487,000), primarily due to the Group’s fair value adjustment of investment properties.

Finance income - net

During the reporting period, net finance income amounted to approximately RMB 93,789,000, compared to net finance income of approximately RMB 90,315,000 in the same period of 2023.

Income tax credit

During the reporting period, there was an income tax credit of approximately RMB 45,389,000 (2023: income tax credit of approximately RMB 31,320,000).

Loss and Basic Loss Per Share

For the year ended 31 December 2024, the loss attributable to Owners of the Company was approximately RMB 142,068,000 (2023: loss of approximately RMB 209,890,000), representing a net loss margin attributable to the parent company of approximately 2.3% (2023: net loss margin of approximately 3.7%). The basic loss per share was approximately RMB 4.01 cents (2023: loss of RMB 6.07 cents per share).

Financial assets at fair value through profit or loss

As of 31 December 2024, the Group’s financial assets measured at fair value through profit or loss amounted to approximately RMB 1,448,148,000, an increase of RMB 440,218,000 compared to 31 December 2023. This includes a non-current portion of approximately RMB 872,587,000 (2023: approximately RMB 964,748,000) and a current portion of approximately RMB575,561,000 (2023:

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approximately RMB43,182,000).

Financial assets measured at FVPL include the following :

	2024	2023
	RMB'000	RMB'000
Investments designated at fair value through profit or loss		
Wealth management products (i)	480,188	6,000
Listed equity securities	95,373	37,182
Unlisted equity investments (ii)	872,587	964,748
	<u>1,448,148</u>	<u>1,007,930</u>
Less: non-current portion	<u>(872,587)</u>	<u>(964,748)</u>
	<u><u>575,561</u></u>	<u><u>43,182</u></u>

- (i) This represented the Group's investments in various wealth management products issued by commercial banks. These products have a term ranging from 1 day to 12 months (2023: 7 days) with an expected annual return rate ranging from 1.67% to 2.55% (2023: 1.05% to 2.30%). 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 investments, including companies in software industry.

Investments in associates

	2024	2023
	RMB'000	RMB'000
At 1 January	434,461	421,593
Additions	90,000	-
Disposals	-	(6,329)
Deemed disposal	-	(7,583)
Impairment of an associate	-	(1,726)
Dividend received	(12,757)	-
Share of profits of associates	11,745	28,506
At 31 December	<u><u>523,449</u></u>	<u><u>434,461</u></u>

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(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:

	2024	2023
	RMB'000	RMB'000
Aggregate carrying amounts of individually immaterial associates	<u>523,449</u>	<u>434,461</u>
Total amounts of the Group's share of:		
Profit for the year	11,745	28,506
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income	<u>11,745</u>	<u>28,506</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

	2024	2023
	RMB'000	RMB'000
At 1 January	40,586	36,862
Unrecognised share of losses during the year	<u>1,418</u>	<u>3,724</u>
At 31 December	<u>42,004</u>	<u>40,586</u>

Contract assets

During the reporting period, as of 31 December 2024, the Group's contract assets amounted to approximately RMB365,707,000, compared to the corresponding contract assets of approximately RMB362,378,000 as of 31 December 2023.

Loans to third parties

	2024	2023
	RMB'000	RMB'000
Loans to third parties	374,866	324,916
Less: Provision for collective impairment assessment of the	(3,749)	(3,249)
Loans to third parties, net of provision	371,117	321,667
Less: non-current portion	(130,255)	(90,071)
Current portion	240,862	231,596

The loans to third parties represented loans made under the micro-credit business, which bear interest from 4.28% to 24.00% (2023: 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 2024 and 2023, 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, as of 31 December 2024, the Group's contract liabilities amounted to approximately RMB3,723,569,000. The corresponding contract liabilities as of 31 December 2023, were approximately RMB 3,176,589,000. The increase in contract liabilities during the year was primarily due to the growth in the Group's cloud subscription services business.

Cash Flows, Financial, and Capital Resources

As of 31 December 2024, the Group recorded total cash and bank deposits of RMB 4,175,154,000 (31 December 2023: RMB 5,692,651,000). As of 31 December 2024, the Group held asset management products amounting to RMB 480,188,000 (31 December 2023: RMB6,000,000). The majority of the Group's cash, bank deposits, and asset management products are denominated in RMB, while the portion denominated in foreign currencies had an RMB equivalent of approximately RMB59,813,000 as of 31 December 2024 (31 December 2023: RMB284,646,000), primarily denominated in USD and HKD.

As of 31 December 2024, the Group's net current assets amounted to approximately RMB152,296,000

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(31 December 2023: RMB1,174,033,000). The current ratio of current assets to current liabilities as of 31 December 2024, was approximately 1.03.

As of 31 December 2024, the Group's borrowings amounted to RMB205,082,000 (31 December 2023: RMB776,900,000).

Cash Flow and Fair Value Interest Rate Risk

The Group's exposure to interest rate fluctuations primarily arises from borrowings. Borrowings at floating interest rates expose the Group to cash flow interest rate risk, while borrowings at fixed interest rates expose the Group to fair value interest rate risk.

The Group currently does not use any interest rate swaps to hedge its interest rate exposure. However, if necessary, the Group will consider hedging significant interest rate exposure.

As of 31 December 2024, the Group's borrowings at floating interest rates amounted to RMB 200,000,000 (2023: RMB776,900,000). If interest rates were to increase/decrease by 50 basis points as of 31 December 2024, with all other variables remaining constant, the Group's post-tax loss for the year ended 31 December 2024, would increase/decrease by approximately RMB900,000 (2023: increase/decrease by approximately RMB3,496,050).

Foreign Exchange Risk

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

Foreign exchange risk refers to the risk of loss due to changes in foreign exchange rates. Fluctuations in exchange rates between RMB and other currencies during the Group's operations may affect its financial position and operating results. The Group's foreign exchange risk primarily arises from the exchange rates of USD to RMB and HKD to RMB.

As of 31 December 2024, the Group did [not hold] any derivative financial instruments subject to hedge accounting policies.

As of 31 December 2024, if the RMB depreciates/appreciates by 5% against the HKD, with all other factors remaining unchanged, the pre-tax loss for the year would decrease/increase by approximately RMB2,200,000 (2023: pre-tax loss decrease/increase of approximately RMB7,463,000), primarily due to exchange gains/losses from the translation of bank deposits and cash holdings denominated in HKD.

As of 31 December 2024, if the RMB depreciates/appreciates by 5% against the USD, with all other factors remaining unchanged, the pre-tax loss for the year would decrease/increase by approximately RMB437,000 (2023: pre-tax loss decrease/increase of approximately RMB6,693,000), primarily due to exchange gains/losses from the translation of bank deposits and cash holdings denominated in USD.

Credit Risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments measured at amortized cost, contractual cash flows of debt instruments measured at fair value through profit or loss, deposits with banks and other financial institutions, as well as customer credit risk, including outstanding receivables.

To manage credit risk associated with cash and cash equivalents, pledged deposits, short-term bank deposits, long-term bank deposits, and asset management products (classified as financial assets measured at fair value through profit or loss), the Group's management engages only with state-owned or reputable financial institutions in mainland China and Hong Kong.

For accounts receivable and contract assets, the Group operates through two sales channels: one involves sales to distributors, and the other involves direct sales to end customers.

For sales to distributors, the Group evaluates the credit quality of distributors by considering their financial condition, credit history, and other factors. Based on the assessed credit quality, corresponding credit limits are set. Management also implements monitoring procedures to ensure that distributors make purchases within the approved credit limits.

For sales to end customers, as accounts receivable are highly fragmented and distributed among a large number of consumers, the Group does not face concentrated credit risk in its accounts receivable.

The Group's debt instrument investments, including loans to third parties, loans to related parties, and entrusted loans, are classified as low-risk investments. To prevent credit deterioration, the credit ratings of these investments are closely monitored.

For other receivables, management considers the likelihood of default at the initial recognition of the assets and whether there has been a significant increase in credit risk on a continuous basis. The Company's directors believe that there is no material inherent credit risk in the outstanding balances of the Group's other receivables.

Funds and Working Capital Management

The management of funds and liquidity is centrally handled by the Treasury Department. The Treasury Department is generally responsible for the overall management and implementation of funds, which includes formulating the Group's fund management policies, guiding, coordinating, and standardizing the fund management of regional companies, establishing annual fund plans, reviewing and summarizing annual capital budgets, as well as supervising and evaluating the fund management of regional companies. The finance departments of regional companies are committed to implementing the fund management policies established by the headquarters and are responsible for formulating fund plans and executing fund operations at the subsidiary level. The Group also adopts a meticulous fund management policy and implements a set of fund management rules and guidelines, such as the "*Group Fund Basic Internal Control Management Measures*" and the "*Branch Fund Settlement Management Measures*," to enhance the effectiveness and efficiency of fund management. This ensures financial security and reduces funding costs.

To manage idle cash in inventory, the Group purchases and redeems wealth management products to

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create a "cash pool," from which cash can be obtained when needed, yielding higher returns than bank deposits. The financial assets related to the wealth management products invested in by the Group mainly include low-risk wealth management products issued by financial institutions. The purchase amount will be determined based on surplus funds. The Group uses the "Fund Wealth Management Measures" as the primary financial policy for fund management. The Group's process of purchasing wealth management products and managing related departments consistently adheres to financial policies in conducting business, accounting, and filing procedures.

The Group possesses sufficient solvency. Through a comprehensive, reasonable, and professional evaluation mechanism, the Group has established annual and monthly fund planning, along with a set of rigorous fund management principles, enabling effective management of market risks. In terms of budget management, the Group has established monthly, quarterly, and annual budget management systems, which are subject to approval by the Chief Financial Officer. Capital budget plans should be formulated based on the Group's business plans, project timelines, and contract payment terms to ensure accurate alignment with actual business needs.

Principal Properties

The table below provides a breakdown of the Group's properties as of 31 December 2024:

Property Name	Location	Usage	Term	Total	
				Current Lease	Appraised Value
					RMB'000
Beijing Kingdee Software Park.	Fuxing 4th Street, Mapo Town, Shunyi District, Beijing, China.	Office	Long term	647,836	
Shanghai Kingdee Software Park.	No. 88, Chenhui Road, Zhangjiang Hi-Tech Park, Pudong, Shanghai, China.	Office	Long term	368,940	
Shenzhen Kingdee Software Park (Phase I).	No. 2, 12th Road, Keji South Road, Nanshan District, Shenzhen, Guangdong Province, China.	Office	Long term	270,105	
Shenzhen Kingdee Cloud Building (Phase II).	No. 2, 12th Road, Keji South Road, Nanshan District, Shenzhen, Guangdong Province, China.	Office	Long term	828,370	
Shenzhen W1-B	4th Floor, W1 Building, Gaoxing Industrial Village, Keji South 1st Road, Nanshan District, Shenzhen, Guangdong Province, China.	Office	Long term	49,440	
					<u>2,164,691</u>

2. Employee and Remuneration Policy

During the reporting period, the Group's total headcount was 12,149. The Group adheres to the principles of customer-centricity and long-term commitment to professionalism', driving product innovation, strengthening comprehensive quality management and process optimization, and

strengthening a robust support system for ‘organization, talent, culture, and leadership’.

The Group actively recruits AI and internationalization leaders and outstanding fresh graduates, encourages job rotations for managers and key employees, and identifies and promotes business-driven and innovative talents to enhance organizational vitality. The Group provides employees with diverse training programs in professional skills and leadership development and has adopted equity incentive plans to reward employee contributions. For details, please refer to the Company’s Environmental, Social, and Governance (ESG) Report and the sections on the Share Option Scheme and Share Award Scheme in this annual report.

The Group’s remuneration policy is determined based on each employee’s role responsibilities, performance, exceptional contributions, years of service, and prevailing market conditions. When assessing compensation for directors and senior management, the Company’s Remuneration Committee considers factors such as salaries paid by peer companies, tenure, engagement level, responsibilities, and individual performance (as applicable).

3. Social Responsibility and Sustainable Development

The Group actively fulfills its corporate social responsibilities and contributes to sustainable development. During the reporting period, Kingdee was included in the Sustainability Yearbook (China Edition) 2024 by S&P Global, retaining its position as the highest-scoring Chinese software company in the S&P Global ESG Score.

During the reporting period, Kingdee focused on research and educational reforms in digital-intelligent finance and next-generation information technologies. It collaborated with universities to launch 149 industry-academia collaborative education programs and 53 industry-academia employment initiatives, jointly cultivating digital talents. Partnering with 516 institutions, including Fudan University, Huazhong University of Science and Technology, Southeast University, Sichuan University, and Central South University, Kingdee introduced 54 practical digital competency courses, established 102 joint laboratories and training bases, and provided digital learning and hands-on training services to over 40,000 students and 1,000+ university faculty members.

Through the Kingdee Digital Academy, the Group delivered digital transformation training programs for senior executives such as CEOs and CIOs, with over 400 corporate leaders participating in 2024 to advance digitalization in Chinese enterprises. Kingdee continued to support the China Management Model Awards and the China Management Model 50+ Forum, sharing methodologies such as the EBC architecture for large enterprises, the world-class human resource management model, and the EBC growth framework for SMEs. By collaborating with management scholars, entrepreneurs, and stakeholders, the Group drives continuous progress in corporate governance.

Kingdee remains committed to philanthropy, organizing initiatives such as poverty alleviation scholarships, voluntary blood donations, and urban environmental campaigns. Key efforts include: Funding the 4th Kingdee Education Migration Class under the Siyuan Fund Phase IV project, supporting underprivileged students in Ya’an to complete high school and pursue their dreams; Mobilizing employees for voluntary blood donation on World Blood Donor Day; Organizing

eco-friendly hiking events in cities like Shenzhen, Shanghai, Nanjing, Zhengzhou, Zhuhai, and Hohhot on World Environment Day to advocate for environmental protection.

4. Outlook

The SaaS industry is undergoing a transformative restructuring, with a golden decade now in full swing. Kingdee will execute full pivot into an Enterprise Management AI company commencing 2025, leveraging its proprietary Cosmic AI platform and rich scenario-based AI Agents to empower every enterprise in cultivating new quality productive forces, and to bring phenomenal success to enterprise customers, Kingdee partners and employees.

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Dividend

The Board does not recommend the declaration and payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

Purchase, Sale or Redemption of Shares

Purchase

During the Reporting Period, the Company through its trustee purchased 21,321,000 shares of the Company on the Stock Exchange for an aggregate consideration of approximately HK\$179,711,160 pursuant to the share award scheme as adopted by the Company on 4 December 2015.

Repurchase of Shares

During the Reporting Period, the Company had repurchased the following shares on the Stock Exchange:

Trading day	Number of Shares repurchased	Highest Price Paid (HK\$)	Lowest Price Paid (HK\$)	Aggregate Price Paid (HK\$)
8/1/2024	1,839,000	10.08	10.02	18,548,874.55
9/1/2024	500,000	10.02	10.02	5,020,545.86
10/1/2024	1,287,000	10.02	9.83	12,872,773.79
17/1/2024	942,000	9.9	9.7	9,250,948.29
18/1/2024	3,000,000	9.6	9.46	28,597,802.95
19/1/2024	745,000	9.43	9.3	7,027,071.40
22/1/2024	12,000,000	9	8.38	102,939,131.36
23/1/2024	100,000	9.05	9.05	906,905.03
25/1/2024	100,000	9.2	9.2	921,936.60
26/1/2024	2,220,000	8.85	8.76	19,631,036.25
29/1/2024	1,907,000	8.63	8.54	16,417,188.48
30/1/2024	1,200,000	8.2	8.08	9,834,713.35
31/1/2024	3,300,000	7.9	7.5	25,496,449.98
2/2/2024	200,000	7.6	7.6	1,523,199.60
5/2/2024	4,378,000	7.63	7.33	32,812,402.27
7/2/2024	3,077,000	7.91	7.74	24,199,491.71
9/2/2024	1,900,000	7.7	7.55	14,557,960.41
28/3/2024	1,700,000	8.91	8.8	15,090,879.43
3/4/2024	100,000	8.9	8.89	891,633.18

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11/4/2024	100,000	8.2	8.2	821,726.10
16/4/2024	975,000	7.97	7.9	7,739,704.00
17/4/2024	1,000,000	7.8	7.75	7,794,247.05
19/4/2024	1,000,000	7.49	7.27	7,321,052.71
25/4/2024	200,000	7.87	7.87	1,577,313.27
8/5/2024	200,000	8.83	8.83	1,769,717.43
24/5/2024	497,000	8.2	8.2	4,083,979.32
28/5/2024	200,000	8.3	8.28	1,660,789.32
29/5/2024	200,000	8.13	8.13	1,629,422.73
31/5/2024	200,000	8	8	1,603,368.00
3/6/2024	200,000	7.87	7.87	1,577,313.27
7/6/2024	300,000	7.97	7.97	2,396,033.06
12/6/2024	200,000	7.93	7.93	1,589,338.53
14/6/2024	200,000	7.7	7.7	1,543,241.70
17/6/2024	200,000	7.8	7.8	1,563,283.80
20/6/2024	309,000	7.7	7.55	2,367,924.06
24/6/2024	200,000	7.37	7.37	1,477,102.77
27/6/2024	200,000	7.31	7.31	1,465,077.51
2/7/2024	200,000	7.25	7.25	1,453,052.25
11/7/2024	230,000	7.72	7.7	1,777,775.31
20/8/2024	1,351,000	5.91	5.75	7,843,550.44
21/8/2024	600,000	5.6	5.6	3,360,000.00
22/8/2024	1,323,000	5.6	5.57	7,385,970.00
23/8/2024	1,416,000	5.87	5.59	8,158,080.00
26/8/2024	437,000	6.06	6	2,636,220.00
27/8/2024	500,000	6.09	6.05	3,040,630.00
28/8/2024	4,700,000	5.98	5.88	27,866,460.00
29/8/2024	1,000,000	5.88	5.84	5,866,070.00
30/8/2024	2,000,000	6.22	6.11	12,401,410.00

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2/9/2024	1,700,000	6.07	5.94	10,178,040.00
3/9/2024	500,000	6.1	6.09	3,049,130.00
4/9/2024	1,400,000	6.05	5.97	8,415,260.00
9/9/2024	2,466,000	6.13	5.97	14,891,450.00
10/9/2024	2,200,000	6.1	5.85	13,113,980.00
11/9/2024	737,000	6	5.9	4,405,200.00
12/9/2024	2,300,000	6	5.85	13,688,290.00
13/9/2024	3,700,000	5.98	5.8	21,782,660.00
16/9/2024	4,000,000	5.46	5.4	21,756,500.00
17/9/2024	500,000	5.4	5.3	2,670,000.00
19/9/2024	1,000,000	5.5	5.5	5,500,000.00
Total	81,136,000			597,761,307

38,695,000, 8,611,000 and 33,830,000 of the above repurchased Shares were cancelled on 23 February 2024, 18 July 2024 and 24 February 2025, respectively.

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 Friday, 16 May 2025 to Thursday, 22 May 2025 (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 annual general meeting (the “AGM”) to be held on Thursday, 22 May 2025, 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, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 15 May 2025.

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 2024 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 2024, the audit committee of the Company (the “Audit Committee”) comprised 2

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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 2024.

Auditor

PricewaterhouseCoopers was appointed as the external auditor of the Company for the year of 2024, 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 2024 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, 17 March 2025.

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.