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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)

INTERIM RESULTS ANNOUNCEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "Board") of directors (the "Directors") of Kingdee International Software Group Company Limited ("Kingdee" or the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2024 are as follows:

Financial highlights for the six months ended 30 June 2024

- Revenue increased by approximately 11.9% above the same period in 2023 to approximately RMB2,870,025,000
- Loss attributable to owners of the Company amounted to RMB217,851,000 for 1H 2024 (1H 2023: loss of RMB283,535,000)
- Basic loss per share attributable to owners of the Company amounted to RMB6.12 cents for 1H 2024 (1H 2023: basic loss per share of RMB8.23 cents)

BUSINESS REVIEW AND OUTLOOK

1. Financial Results

In the first half of 2024, the Group continued to advance on the transformation of Cloud subscription services, recorded total revenue of approximately RMB2,390 million, and realized 17.2% year over year (yoy) growth in cloud services revenue and contributed approximately 83.2% of the Group revenue. The Annual Recurring Revenue (ARR) of Kingdee Cloud subscription services reached approximately RMB3.15 billion, an increase of 24.2% yoy. Contract liabilities to cloud subscription services achieved growth of 28.2% yoy.

For the six months ended 30 June 2024, the Group recorded total revenue of approximately RMB2,870,025,000, representing an increase of approximately 11.9% as compared to the same period in 2023 (1H 2023: RMB2,565,850,000).

For the six months ended 30 June 2024, loss attributable to owners of the Company was approximately RMB217,851,000 (1H 2023: a loss of approximately RMB283,535,000 attributable to owners of the Company). The loss narrowed by approximately 23.2% yoy, due to the gradual manifestation of economies of scale in the business of large enterprises.

Basic loss per share attributable to owners of the Company amounted to approximately RMB6.12 cents. (1H 2023: basic loss per share of approximately RMB8.23 cents).

Net cash flow from operating activities of the Company was an outflow of approximately RMB166,292,000. (1H 2023: net cash outflow of approximately RMB168,887,000).

2. Strategy Review

Kingdee follows the mission of “Empowering Enterprises, Achieving Extraordinary,” leveraging digital technology and management wisdom to help businesses build Enterprise Business Capability (EBC). Kingdee is committed to becoming the “most trustworthy enterprise service platform,” supporting every company in resilient transformations and promoting high-quality development.

The Group’s key strategic initiatives include:

- (1) Excel in the Large Enterprise Market:** Adhering to the product-first and value-first approach, Kingdee aims to build world-class product competitiveness, value implementation capabilities, and comprehensive ecosystem partners. We focus on key industry verticals to establish more digital transformation benchmarks.

(2) Deeply penetrate the Medium-sized Enterprise Market: Concentrating on the integration of research, production, supply, marketing, and service, Kingdee targets to boost digital innovation for enterprise management using AI technology, and further enhance the integrated online and offline implementation business model. We aim to capture new opportunities from Chinese enterprise going global, accelerating the progress of our globalization strategy.

(3) Broaden the Small and Micro Enterprise customer base: Kingdee sustains the leadership in the Small and Micro enterprise market, by maintaining its leading position in financial and tax products, constantly promoting AI innovation, and continuously enhancing product ecosystem and marketing ecosystem.

3. Group Business Review

As a global leader and China's top enterprise management cloud SaaS company, Kingdee has consistently won numerous honors according to IDC's 2023 reports, including awarded the No.1 market share in China for SaaS ERM (Enterprise Resource Management Cloud Services), Financial Cloud Services, and enterprise EPM (Enterprise Performance Management Cloud). The Group has won the No.1 market share in China for low-code/no-code software category for four consecutive periods and has remained the No.1 market share in the application software market for growing enterprises in China for 19 consecutive years, also being the only Chinese vendor in the Asia-Pacific SaaS ERP Small and Medium Market Competitiveness Report.

Cloud services business

During the reporting period, leveraging its "One Arrow for Many Stars" product matrix, Kingdee's cloud services business continued to experience steady growth, with revenue increasing to RMB2,389,247,000 from RMB2,038,598,000 for the same period in 2023, representing an increase of approximately 17.2% yoy and accounting for approximately 83.2% of the Group revenue.

(1) High-quality development with the large SOE and industry leader customers, continuing to explore AI application innovations

During the reporting period, Kingdee grasped the opportunity of the digital transformation and domestic substitution in China's large enterprises, achieving significant progress in the state-owned and Fortune 500 companies. Notable contract wins and bids include industry leaders such as China National

Petroleum Corporation, Air China Group, Dongfeng Motor, Tongwei, Beijing Enterprises Water, Longfor Group, China Merchants Shekou, Haihua Group and Lingnan Group. During the reporting period, Kingdee Cloud Cosmic and Kingdee Cloud Constellation recorded Cloud Services revenue of approximately RMB546 million, an increase of approximately 38.9% yoy. Total signed contract amount increased by approximately 63% yoy. Cosmic and Constellation recorded subscription ARR of 29% yoy growth, and the Net Dollar Retention ratio (NDR) was 97%.

During the reporting period, Kingdee continued to promote the innovation of AI applications. Kingdee Cloud Cosmic was upgraded to a new generation of enterprise-level AI platform, and the super intelligent AI management assistant, Cosmic, was launched. Currently, Cosmic's financial and HR AI applications have been validated in large enterprises such as Hisense Group, Wens Group, China Jinmao, and C&D Properties, demonstrating its practical application potential in enterprise management. Meanwhile, Kingdee continued to deepen cooperation with Baidu, Microsoft, AWS, Tencent, and others in the AI large language model field, jointly exploring intelligent applications for new scenarios. Additionally, ISV partners based on the Kingdee Cloud Cosmic platform have developed over 150 applications, covering 19 industry verticals.

(2) Sustained solid leadership in the medium-size enterprise market, seizing new opportunities from Chinese enterprise going global

During the reporting period, Kingdee further strengthened its product advantages in integrated research, production, supply, marketing and services, as well as integration of business and finance. Seizing Chinese enterprises' global expansion opportunities, Kingdee Cloud Galaxy realized revenue of approximately RMB1,054 million, an increase of approximately 14.3% yoy. Kingdee Cloud Galaxy recorded subscription ARR growth of approximately 24% yoy, and Net Dollar Retention (NDR) of 95% with a total customer base reaching over 42,000. Kingdee signed 611 new national and provincial specialized and innovative enterprises, including Yuean Advanced Materials, RIAMB (Beijing) Technology Development, Aquara, Yajie Furnance, GEOVIS, and Wayzim.

During the reporting period, Kingdee Cloud Galaxy strengthened its GlobalEase globalization capabilities, effectively supporting Chinese enterprises in their global expansion. Kingdee newly signed 121 enterprises including Minglida Precision, Tangtring Seating, Maxcess and Vision Battery during the reporting period, supporting customer operations in Indonesia, Singapore, Thailand, Vietnam, Philippines and countries and regions in Americas and Europe. In addition, Kingdee collaborated with AWS and Microsoft to support the compliance operations, data security, and local business strategies of Chinese enterprises going global. Meanwhile, Kingdee Cloud Galaxy introduced intelligent solutions including

BOSS intelligent assistant, AI accounting, and intelligent data analysis of supply chain and channel management.

(3) Rapid growth in the financial cloud services of small and micro enterprises, empowering smart business operation with AI technology

During the reporting period, Kingdee continued to reinforce the leadership in the Small and Micro Enterprise (SME) market. SME financial cloud services recorded a revenue of approximately RMB588 million, increasing by approximately 17.3% yoy. SME cloud subscription ARR grew by 31% yoy. Among which Kingdee Cloud Stellar's revenue increased by approximately 70.8% yoy and recorded an NDR (Net Dollar Retention) of 92%.

During the reporting period, Kingdee Cloud Stellar strengthened supply chain process management and launched applications such as quality inspection and intelligent product sorting to uplift customer logistics efficiency. Kingdee Jingdou Cloud introduced AI-based inventory management, improving billing efficiency, customer management and product online supply collaboration efficiency, to empower intelligent business for micro-enterprises. Meanwhile, Kingdee helped eco-partners with further transformation of cloud services, which improved the quality of partners operation to have better links and services for customers.

ERP Business and others

During the reporting period, revenue from the ERP business and others decreased approximately 8.8% yoy, from RMB527,252,000 in the same period last year to approximately RMB480,778,000.

The board (the “Board”) of directors (the “Directors”) of Kingdee International Software Group Company Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 are as follows:

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	6	2,023,576	1,919,498
Right-of-use assets	7	193,797	203,446
Intangible assets	6	1,273,727	1,231,955
Investment properties		1,726,750	1,726,750
Investments in associates	8	440,514	434,461
Deferred income tax assets		58,145	49,055
Financial assets at fair value through profit or loss	9	966,748	964,748
Financial assets at fair value through other comprehensive income		4,463	4,463
Trade and other receivables	10	94,355	131,503
Loans to third parties	10	78,313	90,071
Long-term bank deposits		1,350,000	1,680,000
		8,210,388	8,435,950
Current assets			
Inventories		44,569	45,611
Trade and other receivables	10	426,886	364,332
Loans to third parties	10	262,351	231,596
Contract assets		345,841	362,378
Contract obtaining costs		780,926	643,497
Financial assets at fair value through profit or loss	9	130,622	43,182
Pledged bank deposits		4,115	3,928
Short-term bank deposits		1,578,697	1,045,000
Cash and cash equivalents		1,258,498	2,963,723
		4,832,505	5,703,247
Total assets		13,042,893	14,139,197

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION *(Continued)**As at 30 June 2024*

	Notes	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	13	359,600	756,700
Lease liabilities	7	30,308	38,159
Deferred income tax liabilities		100,261	112,972
		<u>490,169</u>	<u>907,831</u>
Current liabilities			
Trade and other payables	12	1,076,094	1,231,203
Contract liabilities		3,367,104	3,176,589
Borrowings	13	-	20,200
Lease liabilities	7	17,316	26,451
Current income tax liabilities		16,343	22,787
Deferred income		28,744	51,984
		<u>4,505,601</u>	<u>4,529,214</u>
Total liabilities		<u>4,995,770</u>	<u>5,437,045</u>
Net assets		<u>8,047,123</u>	<u>8,702,152</u>
Equity			
Equity attributable to owners of the Company			
Share capital	11	86,260	87,098
Share premium	11	6,193,871	6,512,406
Other reserves		864,068	979,146
Retained earnings		802,555	1,020,406
		<u>7,946,754</u>	<u>8,599,056</u>
Non-controlling interests		<u>100,369</u>	<u>103,096</u>
Total equity		<u>8,047,123</u>	<u>8,702,152</u>

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT*For the six months ended 30 June 2024*

		Unaudited	
		Six months ended 30 June	
	Notes	2024	2023
		RMB'000	RMB'000
Revenue from contracts with customers	14	2,870,025	2,565,850
Cost of sales	15	<u>(1,054,838)</u>	<u>(977,080)</u>
Gross profit		<u>1,815,187</u>	<u>1,588,770</u>
Selling and marketing expenses	15	(1,224,514)	(1,142,317)
Administrative expenses	15	(249,036)	(238,954)
Net impairment losses on financial assets and contract assets	15	(23,941)	(35,631)
Research and development costs	15	(806,695)	(744,036)
Other income and gains - net	16	171,939	183,977
Operating loss		<u>(317,060)</u>	<u>(388,191)</u>
Finance income		58,138	57,090
Finance costs		<u>(10,416)</u>	<u>(9,895)</u>
Finance income - net		47,722	47,195
Share of profits of associates – net	8	6,053	15,436
Loss before income tax		<u>(263,285)</u>	<u>(325,560)</u>
Income tax credit	17	24,707	13,562
Loss for the period		<u>(238,578)</u>	<u>(311,998)</u>
Loss attributable to:			
Owners of the Company		(217,851)	(283,535)
Non-controlling interests		<u>(20,727)</u>	<u>(28,463)</u>
		<u>(238,578)</u>	<u>(311,998)</u>
Loss per share for loss attributable to owners of the Company (expressed in RMB cents per share)			
– Basic	18	<u>(6.12)</u>	<u>(8.23)</u>
– Diluted	18	<u>(6.12)</u>	<u>(8.23)</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2024*

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss for the period	<u>(238,578)</u>	<u>(311,998)</u>
<i>Items that may be reclassified to profit or loss</i>		
- Currency translation differences	<u>(3,526)</u>	<u>(3,589)</u>
Other comprehensive loss for the period	<u>(3,526)</u>	<u>(3,589)</u>
Total comprehensive loss for the period	<u>(242,104)</u>	<u>(315,587)</u>
Total comprehensive loss attributable to:		
- Owners of the Company	(221,377)	(287,124)
- Non-controlling interests	<u>(20,727)</u>	<u>(28,463)</u>
	<u><u>(242,104)</u></u>	<u><u>(315,587)</u></u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	Unaudited						
		Attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings			
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 period		-	-	-	(217,851)	(217,851)	(20,727)	(238,578)
Other comprehensive loss								
Currency translation differences		-	-	(3,526)	-	(3,526)	-	(3,526)
Total comprehensive loss		-	-	(3,526)	(217,851)	(221,377)	(20,727)	(242,104)
Transactions with owners								
Employees share option scheme:								
- Proceeds from shares issued	11	40	6,259	-	-	6,299	-	6,299
Share award plan:								
- Value of employee services received	11	-	43,205	-	-	43,205	-	43,205
- Transfer shares to the awardees upon vesting	11	-	(69,158)	69,310	-	152	-	152
- Shares purchased for share award plan		-	-	(120,992)	-	(120,992)	-	(120,992)
Buy-back of shares		-	-	(359,589)	-	(359,589)	-	(359,589)
Cancellation of shares	11	(878)	(298,841)	299,719	-	-	-	-
Equity transactions with non-controlling interests		-	-	-	-	-	18,000	18,000
Total transactions with owners		(838)	(318,535)	(111,552)	-	(430,925)	18,000	(412,925)
Balance at 30 June 2024		86,260	6,193,871	864,068	802,555	7,946,754	100,369	8,047,123

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2023

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	Unaudited						
		Attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained earnings			
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 period		-	-	-	(283,535)	(283,535)	(28,463)	(311,998)
Other comprehensive loss								
Currency translation differences		-	-	(3,589)	-	(3,589)	-	(3,589)
Total comprehensive loss		-	-	(3,589)	(283,535)	(287,124)	(28,463)	(315,587)
Transactions with owners								
Employees share option scheme:								
- Proceeds from shares issued	11	33	4,405	-	-	4,438	-	4,438
Share award plan:								
- Value of employee services received	11	-	40,768	-	-	40,768	-	40,768
- Transfer shares to the awardees upon vesting	11	-	(82,634)	79,866	-	(2,768)	-	(2,768)
- Shares purchased for share award plan		-	-	(61,138)	-	(61,138)	-	(61,138)
Equity transactions with non-controlling interests		-	-	26,785	-	26,785	20,784	47,569
Total transactions with owners		33	(37,461)	45,513	-	8,085	20,784	28,869
Balance at 30 June 2023		83,570	5,047,492	908,491	946,761	6,986,314	134,551	7,120,865

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT*For the six months ended 30 June 2024*

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities:		
Cash generated from operations including net cash inflow in loans to third parties from the micro-credit business	(153,311)	(158,083)
Interest paid	(9,080)	(8,131)
Income tax paid	(3,901)	(2,673)
Net cash outflow from operating activities	(166,292)	(168,887)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(136,756)	(221,205)
Proceeds from disposals of property, plant and equipment	932	1,741
Purchases of intangible assets	(288,419)	(272,675)
Payment for acquisition of a subsidiary	-	(4,000)
Pledged and short-term bank deposits placed - net	(203,884)	(375,602)
Interest received	59,555	21,642
Purchases of financial assets at fair value through profit or loss	(86,996)	(70,016)
Proceeds from disposal of financial assets at fair value through profit or loss	4,762	28,856
Payments of Investment properties	-	(23,103)
Net cash outflow from investing activities	(650,806)	(914,362)
Cash flows from financing activities:		
Proceeds from share options exercised	6,299	4,438
Transaction with non-controlling interests	18,000	46,000
Proceeds from borrowings	3,684	295,000
Repayments of borrowings	(417,300)	(57,500)
Principal elements of lease payments	(18,803)	(16,881)
Payments for purchase of shares for share award plan	(120,992)	(61,138)
Payments for buy-back of shares	(359,589)	-
Net cash outflow from financing activities	(888,701)	209,919
Net decrease in cash and cash equivalents	(1,705,799)	(873,330)
Effects of exchange rate changes on cash and cash equivalents	574	2,465
Cash and cash equivalents at beginning of the period	2,963,723	1,942,735
Cash and cash equivalents at end of the period	1,258,498	1,071,870

Notes to the condensed consolidated interim financial information

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 office is Kingdee Software Park, 2 Keji 12th Road South, 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 enterprise resource planning (“ERP”) business and others, including development and sales of software products, sales of hardware products, provision of implementation services, software solution consulting services, maintenance services, upgrade services, other supporting services, and others.

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

These unaudited condensed consolidated interim financial statements are presented in thousands of Renminbi (RMB’000), unless otherwise stated. These unaudited condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 15 August 2024.

This condensed consolidated interim financial information has not been audited.

2. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

3. Significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for below stated.

(a) 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 — Amendments to IAS 1
- Non-current Liabilities with Covenants — Amendments to IAS 1
- Lease Liability in a sales and Leaseback — Amendments to IFRS 16
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

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

Notes to the condensed consolidated interim financial information

(b) New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
Amendments to IFRS21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7	Financial Instruments Standards	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the six months ended 30 June 2024 and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Taxes on income for the interim period are accrued using the tax rates that would be applicable to expected total annual assessable profits.

4. Estimates

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

Notes to the condensed consolidated interim financial information

5. Segment information

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

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

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

The chief operating decision-maker assesses the performance of the operating segments based on the profit for the period of each segment. Substantially all of the businesses of the Group are carried out in the PRC.

Notes to the condensed consolidated interim financial information

5. Segment information (Continued)

The unaudited segment information for the six months ended 30 June 2024 is as follows:

	Cloud services business RMB'000	ERP business and others RMB'000	Investment properties operating business RMB'000	The Group Total RMB'000
Revenue (from external customers)	2,389,247	480,778	-	2,870,025
- Products transferred at a point in time	-	118,699	-	118,699
- Services transferred over time	2,389,247	362,079	-	2,751,326
Operating (loss)/profit	(347,384)	4,456	25,868	(317,060)
Finance income	47,843	10,295	-	58,138
Finance costs	(8,635)	(1,781)	-	(10,416)
Finance income – net	39,208	8,514	-	47,722
Share of profits of associates - net	-	6,053	-	6,053
(Loss)/profit before income tax	(308,176)	19,023	25,868	(263,285)
Income tax credit/(expense)	26,918	690	(2,901)	24,707
Segment results	(281,258)	19,713	22,967	(238,578)
Depreciation and amortisation	210,119	77,981	-	288,100
Net impairment losses on financial assets and contract assets	192	23,749	-	23,941
Share-based payment	35,093	8,112	-	43,205

Notes to the condensed consolidated interim financial information

5. Segment information (Continued)

The unaudited segment information for the six months ended 30 June 2023 is as follows:

	Cloud services business RMB'000	ERP business and others RMB'000	Investment properties operating business RMB'000	The Group Total RMB'000
Revenue (from external customers)	2,038,598	527,252	-	2,565,850
- Products transferred at a point in time	-	170,805	-	170,805
- Services transferred over time	2,038,598	356,447	-	2,395,045
Operating (loss)/ profit	(447,270)	28,810	30,269	(388,191)
Finance income	44,470	12,620	-	57,090
Finance costs	(7,911)	(1,984)	-	(9,895)
Finance income – net	36,559	10,636	-	47,195
Share of profits of associate - net	-	15,436	-	15,436
(loss) /Profit before income tax	(410,711)	54,882	30,269	(325,560)
Income tax credit/(expense)	20,477	(4,483)	(2,432)	13,562
Segment results	(390,234)	50,399	27,837	(311,998)
Depreciation and amortisation	169,859	65,771	-	235,630
Net impairment losses on financial assets and contract assets	617	35,014	-	35,631
Share-based payment	33,754	7,014	-	40,768

Notes to the condensed consolidated interim financial information

5. 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 RMB2,847,927,000 (the same period in 2023: RMB2,545,417,000) and RMB22,098,000 (the same period in 2023: RMB20,433,000), respectively for the six months period ended 30 June 2024.

There is no single customer that contributed to over 10% of the Group's revenue for the six months period ended 30 June 2024 and 30 June 2023.

Notes to the condensed consolidated interim financial information

6. Property, plant, equipment and intangible assets

(a) Property, plant, equipment

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Opening net book amount at 1 January	1,919,498	1,376,694
Additions	135,167	193,423
Disposals	(2,305)	(2,165)
Depreciation	(28,784)	(26,235)
	<u>2,023,576</u>	<u>1,541,717</u>
Closing net book amount at 30 June	2,023,576	1,541,717

(b) Intangible assets

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Opening net book amount at 1 January	1,231,955	1,192,375
Additions	289,181	271,588
Amortisation	(247,409)	(193,169)
	<u>1,273,727</u>	<u>1,270,794</u>
Closing net book amount at 30 June	1,273,727	1,270,794

Notes to the condensed consolidated interim financial information

7. 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:

	Unaudited	
	Six months ending 30 June	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Land use rights (i)	140,455	99,557
Buildings	<u>53,342</u>	<u>51,519</u>
	<u>193,797</u>	<u>151,076</u>
Lease liabilities		
Current	17,316	20,792
Non-current	<u>30,308</u>	<u>35,059</u>
	<u>47,624</u>	<u>55,851</u>

Additions to the right-of-use assets during the six months ended 30 June 2024 were RMB20,707,000.

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

Notes to the condensed consolidated interim financial information**7. Leases (Continued)****(b) Amounts recognised in the statement of profit or loss**

The income statement shows the following amounts relating to leases:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land	2,781	1,859
Buildings	14,103	14,367
	16,884	16,226
Interest expense (included in finance cost)	1,826	1,681
Expense relating to short-term leases	2,654	5,961

The total cash outflow for leases in six months ended 30 June 2024 was RMB21,590,000 (the six months ended 30 June 2023:RMB23,984,000).

(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 lessors.

Notes to the condensed consolidated interim financial information**8. Investments in associates**

The carrying amount of equity-accounted investments has changed as follows for the six months ended 30 June 2024:

	Unaudited Six months ended 30 June 2024
	RMB'000
Beginning of the period	434,461
Additions	-
Disposal	-
Share of profit of associates - net	6,053
End of the period	440,514

All the associates of the Group are unlisted and operate in Mainland China.

Notes to the condensed consolidated interim financial information

9. Financial assets at fair value through profit or loss

(a) Classification of financial assets at fair value through profit or loss

For the six months ended 30 June 2024, the Group classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost or FVOCI
- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI

Financial assets measured at FVPL include the following:

	Unaudited			
	Level 1(i) RMB'000	Level 2(i) RMB'000	Level 3(i) RMB'000	Total RMB'000
At 30 June 2024				
Financial assets at fair value through profit or loss				
Wealth management products(ii)	-	-	85,194	85,194
Listed stock	45,428	-	-	45,428
Unlisted equity investment	-	-	966,748	966,748
	<u>45,428</u>		<u>1,051,942</u>	<u>1,097,370</u>
Less: non-current portion	-	-	(966,748)	(966,748)
Current portion	<u>45,428</u>	<u>-</u>	<u>85,194</u>	<u>130,622</u>
	Audited			
	Level 1(i) RMB'000	Level 2(i) RMB'000	Level 3(i) RMB'000	Total RMB'000
At 31 December 2023				
Financial assets at fair value through profit or loss				
Wealth management products(ii)	-	-	6,000	6,000
Listed equity securities	37,182	-	-	37,182
Unlisted equity investment	-	-	964,748	964,748
	<u>37,182</u>		<u>970,748</u>	<u>1,007,930</u>
Less: non-current portion	-	-	(964,748)	(964,748)
Current portion	<u>37,182</u>	<u>-</u>	<u>6,000</u>	<u>43,182</u>

Notes to the condensed consolidated interim financial information**9. Financial assets at fair value through profit or loss (Continued)**

(i) The table analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Discounted cash flow analysis.

(ii) This represented the Group's investments in various wealth management products issued by commercial banks and state-owned financial institutions. These products have a term ranging from 4 months to 12 months. They have an expected return rate ranging from 0.50% to 4.35%. No single wealth management product investment accounted for over 5% of the Group's total assets. The fair values of these investments were determined based on income approach.

Notes to the condensed consolidated interim financial information

9. Financial assets at fair value through profit or loss (Continued)

(b) The following table presents the changes in level 3 instruments for the six months ended 30 June 2024

	Unaudited Financial assets at fair value through profit or loss RMB'000
At 1 January 2024	970,748
Additions	87,000
Disposals	(6,000)
Gains recognised in profit or loss	194
At 30 June 2024	1,051,942
Changes in unrealised gains for the period included in profit or loss at the end of the period	194

	Unaudited Financial assets at fair value through profit or loss RMB'000
At 1 January 2023	950,365
Additions	48,150
Disposals	(28,856)
Gains recognised in profit or loss	338
At 30 June 2023	969,997
Changes in unrealised gains for the period included in profit or loss at the end of the period	83

Notes to the condensed consolidated interim financial information

10. Trade and other receivables and loans to third parties

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Trade receivables (a)	300,454	245,992
Less: allowance for impairment of trade receivables	<u>(132,026)</u>	<u>(124,538)</u>
Trade receivables - net	168,428	121,454
Notes receivable	36,654	58,854
Advances to employees	8,077	5,457
Prepayments	69,851	43,428
VAT recoverable	19,929	31,423
Interest receivables	164,138	174,742
Receivables from related parties (Note 20(c))	11,008	22,457
Receivables from non-controlling interests	40,409	40,415
Other	21,424	10,698
Less: allowance for impairment of other receivables (excluding prepayments)	<u>(18,677)</u>	<u>(13,093)</u>
	521,241	495,835
Less: non-current portion	<u>(94,355)</u>	<u>(131,503)</u>
Current portion	<u>426,886</u>	<u>364,332</u>
Loans to third parties (b)		
Current portion	262,351	231,596
Non-current portion	<u>78,313</u>	<u>90,071</u>
	<u>340,664</u>	<u>321,667</u>

Notes to the condensed consolidated interim financial information**10. Trade and other receivables and loans to third parties (Continued)**

(a) Sales are generally made without prescribed credit terms in the sales contracts but customers usually take one to three months to settle the receivables. The aging analysis of trade receivables were as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
0-90 days	121,211	80,207
91-180 days	23,800	20,402
181- 360 days	15,360	11,373
Over 360 days	140,083	134,010
	300,454	245,992

(b) The loans to third parties

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Loans to third parties	344,105	324,916
Less: Provisions for collective impairment assessment of the loans	(3,441)	(3,249)
Loans to third parties, net of provision	340,664	321,667
Less: non-current portion	(78,313)	(90,071)
Current portion	262,351	231,596

The loans to third parties represented loans made under the micro-credit business, which bear interest from 4.28% to 24.00% (31 December 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.

Notes to the condensed consolidated interim financial information

10. Trade and other receivables and loans to third parties (Continued)

(b) The loans to third parties (Continued)

The Group performed expected credit loss assessment of loans to third parties collectively by grouping loans with similar credit risk characteristics. During the six months ended 30 June 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 periods.

11. Share capital and share premium

	Unaudited			Total RMB'000
	Number of shares (thousands)	Share capital RMB'000	Share premium RMB'000	
At 1 January 2024	3,631,348	87,098	6,512,406	6,599,504
Employee share option scheme				
- Proceeds from shares issued	1,708	40	6,259	6,299
Share award plan				
- Value of services received	-	-	43,205	43,205
- Transfer shares to the awardees upon vesting	-	-	(69,158)	(69,158)
Cancellation of shares	(38,695)	(878)	(298,841)	(299,719)
At 30 June 2024	3,594,361	86,260	6,193,871	6,280,131
At 1 January 2023	3,474,399	83,537	5,084,953	5,168,490
Employee share option scheme				
- Proceeds from shares issued	1,929	33	4,405	4,438
Share award plan				
- Value of services received	-	-	40,768	40,768
- Transfer shares to the awardees upon vesting	-	-	(82,634)	(82,634)
At 30 June 2023	3,476,328	83,570	5,047,492	5,131,062

Notes to the condensed consolidated interim financial information

12. Trade and other payables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade payables (a) and (b)	42,824	27,820
Note payables	2,598	42,491
Salary and staff welfare payables	167,716	301,276
Deposits payable	180,725	157,901
Accrual for expenses	262,711	271,616
Construction payables (c)	349,424	350,755
Unpaid business acquisition consideration	4,000	4,000
Others	66,096	75,344
	<u>1,076,094</u>	<u>1,231,203</u>

(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) As at 30 June 2024 and 31 December 2023, the aging analysis of trade payables is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
0-180 days	32,221	18,793
181- 360 days	4,499	4,010
Over 360 days	6,104	5,017
	<u>42,824</u>	<u>27,820</u>

(c) It mainly represents the Group's payables to the construction company for the construction costs incurred relating to Shenzhen Kingdee Software Park Phase II project.

Notes to the condensed consolidated interim financial information

13. Borrowings

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Non-current		
Bank borrowings- unsecured	359,600	776,900
Less: current portion of long-term bank borrowings	-	(20,200)
	359,600	756,700
Current		
Bank borrowings- unsecured	-	-
Current portion of long-term bank borrowings	-	20,200
	-	20,200

As at 30 June 2024 and 31 December 2023, the Group's bank borrowings were repayable as follows:

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Within 1 year	-	20,200
Between 1 and 2 years	359,600	562,700
Between 2 and 5 years	-	194,000
	359,600	776,900

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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
RMB	359,600	776,900

The Group's bank borrowings bear average interest rate range of 2.67%.

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 (At 31 December 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.

Notes to the condensed consolidated interim financial information

14. Revenue from contracts with customers

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cloud services business	2,389,247	2,038,598
- Enterprise cloud services	1,683,716	1,404,558
- Small & Micro business finance cloud services	587,926	501,028
- Industry cloud services	117,605	133,012
ERP business and others	480,778	527,252
- Sales of software and hardware products	118,699	170,805
- Rendering of software implementation, maintenance services, and others	362,079	356,447
	<u>2,870,025</u>	<u>2,565,850</u>

Notes to the condensed consolidated interim financial information

15. Expenses by nature

Significant expense items are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Research and development costs		
Amounts incurred	852,021	829,188
Less: development costs capitalised	(286,399)	(270,811)
Add: amortisation	241,073	185,659
	<u>806,695</u>	<u>744,036</u>
Employee benefit expenses	2,155,690	2,026,722
Less: amount included in research and development costs	(572,646)	(555,158)
	<u>1,583,044</u>	<u>1,471,564</u>
Outsourcing services	249,049	234,217
Cost of inventories consumed and rental cost of cloud server	96,627	93,039
Depreciation of property, plant and equipment (Note 6(a))	28,784	26,235
Depreciation of right-of-use assets (Note 7(b))	16,884	16,226
Amortisation of trademarks, computer software, licenses, copyrights and customer relationship	6,336	7,510
Net impairment losses on financial assets	<u>23,941</u>	<u>35,631</u>

Notes to the condensed consolidated interim financial information

16. Other income and gains - net

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Other income		
VAT refund	58,940	52,513
VAT input tax surplus deduction	-	6,270
Program research income	76,343	76,798
Rental income-net	27,137	34,584
	<u>162,420</u>	<u>170,165</u>
Other gains		
Realised and unrealised net gains/ (losses) on financial assets at FVPL	6,853	(4,765)
Net foreign exchange gains	126	2,183
Others	2,540	16,394
	<u>9,519</u>	<u>13,812</u>
	<u>171,939</u>	<u>183,977</u>

Notes to the condensed consolidated interim financial information

17. Income tax credit

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax	(2,906)	2,138
Deferred income tax	(21,801)	(15,700)
	(24,707)	(13,562)

- (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 period in those jurisdictions.
- (b) According to regulation (Fa Gai Gao Ji [2024] No.351) issued by the National Development and Reform Commission, the entity can register for the National Important Software Enterprise (“NISE”) in tax bureau if the entity complies with relevant requirements with a tax rate of 10%. Based on management’s assessment, it is highly probable that Kingdee China will meet those requirements. Therefore, Kingdee China used a preferential corporate income tax rate of 10% for the six months ended 30 June 2024. The application of preferential tax rate stated above is subject to critical estimates of the management of the Group.
- (c) Kingdee Deeking Cloud Computing Co., Ltd., Kingdee Apusic Cloud Computing Co.,Ltd., Shanghai Guanyi Cloud Computing Software Co., Ltd., Beijing Kingdee Yunji Technology Co., Ltd. and Kingdee Credit Co., Ltd. were each qualified as a High-tech Enterprise and were entitled to a preferential tax rate of 15% for the period ended 30 June 2024.
- (d) Other PRC subsidiaries of the Group applied the tax rate of 25%.

Notes to the condensed consolidated interim financial information

18. Losses per share

(a) Basic

Basic loss 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 period, excluding ordinary shares purchased and held for share award plan.

	Unaudited	
	Six months ended 30 June	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	(217,851)	(283,535)
Weighted average number of ordinary shares in issue (thousands)	3,562,560	3,445,993
Basic loss per share (RMB cents per share)	(6.12)	(8.23)

Notes to the condensed consolidated interim financial information

18. Losses per share (Continued)

(b) Diluted (Continued)

Diluted loss 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 share 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 loss for the six months ended 30 June 2024 and 2023, the potential share options and share awards were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended 30 June 2024 and 2023 was the same as basic loss per share of the respective period.

	Unaudited	
	Six months ended 30 June	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	(217,851)	(283,535)
Loss used to determine diluted loss per share (RMB'000)	(217,851)	(283,535)
Weighted average number of ordinary shares in issue (thousands)	3,562,560	3,445,993
Adjustment for –		
share options (thousands)	-	-
share awards (thousands)	-	-
Weighted average number of ordinary shares for diluted loss per share (thousands)	3,562,560	3,445,993
Diluted loss per share (RMB cents per share)	(6.12)	(8.23)

19. Dividends

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (the six months ended 30 June 2023: Nil).

Notes to the condensed consolidated interim financial information

20. Related party transactions

The Group had transactions with related parties for the period ended 30 June 2024 as follows:

(a) Transactions with related parties

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Sales of products		
– Associates	139	-
– Companies controlled by Directors	1,321	700
	<u>1,460</u>	<u>700</u>
Sales of services		
– Associates	917	3,854
– Companies controlled by Directors	178	438
	<u>1,095</u>	<u>4,292</u>
Rental income		
– Associates	1,455	1,488
– Companies controlled by Directors	1,132	2,398
	<u>2,587</u>	<u>3,886</u>

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

Notes to the condensed consolidated interim financial information

20. Related party transactions (Continued)

(b) Purchase of products and services

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Purchase of products		
– Associates	1,136	93
– Companies controlled by Directors	-	146
	<u>1,136</u>	<u>239</u>
Purchase of services		
– Associates	<u>23,433</u>	<u>23,489</u>

Products and services are 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

	Unaudited	Audited
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Payable to related parties recorded in “Contract Liabilities”		
– Associates	1,461	2,536
– Companies controlled by Directors	816	109
	<u>2,277</u>	<u>2,645</u>
Payable to related parties recorded in “Trade payables”		
– Associates	5,606	241
– Companies controlled by Directors	-	12
	<u>5,606</u>	<u>253</u>
Receivables from related parties (Note 10)		
– Associates	10,991	10,422
– Companies controlled by Directors	17	12,035
	<u>11,008</u>	<u>22,457</u>

MANAGEMENT DISCUSSION AND ANALYSIS

1. Major Financial Information

Revenue

For the six months ended 30 June 2024, the Group recorded total revenue of RMB2,870,025,000, representing a yoy growth of 11.9% (1H 2023: RMB2,565,850,000). Revenue from the Cloud Services increased by 17.2% yoy to RMB2,389,247,000 (1H 2023: RMB2,038,598,000). Revenue from the ERP business and others amounted to RMB480,778,000 (1H 2023: RMB527,252,000), a yoy decrease of 8.8%.

	Unaudited	
	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Cloud services business	2,389,247	2,038,598
- Enterprise cloud services	1,683,716	1,404,558
- Small & Micro business finance cloud services	587,926	501,028
- Industry cloud services	117,605	133,012
ERP business and others	480,778	527,252
- Sales of software and hardware products	118,699	170,805
- Provision of software implementation, maintenance services, and others	362,079	356,447
	<u>2,870,025</u>	<u>2,565,850</u>

Gross Profit

The Group recorded gross profit of approximately RMB1,815,187,000 (1H 2023: RMB1,588,770,000), a yoy increase of approximately 14.3%. The gross profit margin increased by 1.3 percentage points yoy to approximately 63.2% (1H 2023: approximately 61.9%), mainly due to the increasing mix of subscription revenue.

Selling and marketing expenses

During the reporting period, selling and marketing expenses totaled approximately RMB1,224,514,000 (1H 2023: RMB1,142,317,000), representing an increase of 7.2% yoy. The percentage of selling and marketing expenses as a percentage of revenue decreased from 44.5% in the first half of 2023 to 42.7% in the first half of 2024.

Administrative expenses

During the reporting period, administrative expenses totaled approximately RMB249,036,000, representing a yoy increase of 4.2% (1H 2023: RMB238,954,000). The percentage of administrative

expenses as a percentage of group revenue decreased from 9.3% in the first half of 2023 to 8.7% in the first half of 2024.

Research and development expenses

During the reporting period, total research and development costs were approximately RMB852,021,000, representing an increase of 2.8% yoy (1H 2023: RMB829,188,000), of which, the R&D capitalization rate increased to 33.6% (1H 2023: 32.7%), the capitalized amount was RMB286,399,000, representing an increase of 5.8% yoy (1H 2023: RMB270,811,000). Amortisation of research and development costs was RMB241,073,000, representing an increase of 29.8% yoy (1H 2023: RMB185,659,000), and the research and development expenses recognised in the consolidated income statement was RMB806,695,000, representing an increase of 8.4% yoy (1H 2023: RMB744,036,000). The percentage of research and development expenses as a percentage of revenue decreased from 29.0% in the first half of 2023 to 28.1% in the first half of 2024.

Other income and gains – net

During the reporting period, other income and gains – net was RMB171,939,000, representing a decrease of 6.5% yoy (1H 2023: RMB183,977,000).

Operating loss

For the six months ended 30 June 2024, the Group recorded an operating loss of approximately RMB317,060,000 (1H 2023: operating loss of approximately RMB388,191,000). Cloud services business' segment recorded an operating loss of approximately RMB347,384,000, representing a decrease of 22.3% yoy (1H 2023: loss of approximately RMB447,270,000). ERP business and other operating profit was approximately RMB4,456,000 (1H 2023: profit of approximately RMB28,810,000). The business contribution from the investment properties of the Group declined by 14.5% yoy to approximately RMB25,868,000 (1H 2023: approximately RMB30,269,000).

Finance income – net

During the reporting period, the finance income – net amounted to approximately RMB47,722,000. In the same period of 2023, the finance income–net value was approximately RMB47,195,000.

Income tax credit

During the reporting period, the income tax credit amounted to approximately RMB24,707,000 (1H 2023: the income tax credit amounted to approximately RMB13,562,000).

Loss and basic loss per share

For the six months ended 30 June 2024, the current loss attributable to owners of the Company was approximately RMB217,851,000 (1H 2023: loss of approximately RMB283,535,000). Net loss margin attributable to owners of the Company was approximately 7.6% (1H 2023: net loss margin of approximately 11.1%). Basic loss per share was approximately RMB6.12 cents (1H 2023: basic loss per share of approximately RMB8.23 cents).

Financial assets at fair value through profit or loss

As of 30 June 2024, the Group's financial assets at fair value through profit or loss amounted to approximately RMB1,097,370,000, representing an increase of RMB89,440,000 as compared with that of 31 December 2023, including the non-current portion of approximately RMB966,748,000 (31 December 2023: approximately RMB964,748,000) and the current portion of approximately RMB130,622,000 (31 December 2023: approximately RMB43,182,000).

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

	30 June 2024	31 December 2023
	RMB'000	RMB'000
Financial assets at fair value through profit or loss		
Wealth management products (i)	85,194	6,000
Listed equity securities	45,428	37,182
Unlisted equity investment	966,748	964,748
	1,097,370	1,007,930
Less: non-current portion	(966,748)	(964,748)
	130,622	43,182

(i) Above represents the Group's investments in various wealth management products issued by commercial banks and state-owned financial institutions. These products have a term ranging from 4 months to 12 months, at an expected annual return rate ranging from 0.50% to 4.35%. No single wealth management product investment accounted for over 5% of the Group's total assets. The fair value of these investments is determined based on the income method

Investments in associates

The movements in the carrying value of investments in associates during the six months ended 30 June 2024 are as follows:

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	Unaudited For the six months ended 30 June 2024 RMB'000
Amount at the beginning of the period	434,461
Additions	-
Disposal	-
Share of profit of associates - net	6,053
Amount at the end of the period	<u>440,514</u>

All the associates of the Group are unlisted and operate in Mainland China.

Contract assets

During the reporting period, the contract assets of the Group were approximately RMB345,841,000 as at 30 June 2024 and the corresponding contract assets were approximately RMB362,378,000 as at 31 December 2023.

Loans to third parties

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Loans to third parties	344,105	324,916
Less: Provision for loan impairment	(3,441)	(3,249)
Loans to third parties – net	<u>340,664</u>	<u>321,667</u>
Less: non-current portion	(78,313)	(90,071)
Current portion	<u>262,351</u>	<u>231,596</u>

The loans to third parties represented loans made under the micro-credit business, which bear interest from 4.28% to 24.00% (31 December 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.

Contract liabilities

During the reporting period, the Group's contract liabilities amounted to approximately RMB3,367,104,000 as at 30 June 2024. The corresponding contract liabilities amounted to approximately RMB3,176,589,000 as at 31 December 2023. The increase in contract liabilities during the reporting period was mainly due to the growth of the Group's cloud subscription service business.

Gearing Ratio

As at 30 June 2024, the gearing ratio (being total borrowings/total equity) of the Group was 62.08% (31 December 2023: 62.48%).

Liquidity, financial and capital resources

As at 30 June 2024, the Group recorded a total cash and bank deposits of RMB4,191,310,000 (31 December 2023: RMB5,692,651,000). As at 30 June 2024, the Group held asset management products of RMB85,194,000 (31 December 2023: RMB6,000,000). A substantial part of the Group's cash, bank deposit and wealth management products were denominated in RMB and the RMB-equivalent of the part denominated in foreign currencies were approximately RMB90,540,000 as at 30 June 2024 (31 December 2023: RMB284,646,000), which were mainly denominated in US dollar and Hong Kong dollar. As at 30 June 2024, the net current assets of the Group amounted to approximately RMB326,904,000 (31 December 2023: RMB1,174,033,000). As at 30 June 2024, the current ratio of current assets over current liabilities was approximately 1.07.

As at 30 June 2024, the Group's borrowings amounted to RMB359,600,000 (31 December 2023: RMB776,900,000).

Cash flow and fair value interest rate risk

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

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

Foreign exchange risk

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

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

The Group does not have a foreign currency hedging policy. However, the Group's management monitors foreign exchange risks and hedges against significant foreign currency risks should the need arise.

Credit risk

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

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

In relation to trade receivables and contract assets, the Group has two kinds of distribution channels, one is sales to distributors and the other is sales to end customers.

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

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

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

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

Fund and working capital management

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

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

management products and managing the relevant departments, as well as in conducting business, accounting and filing.

The Group is committed to safeguarding overall financial security and maintaining a strong cash position and a healthy debt profile with strong repayment ability. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, the Group has established disciplined fund management principal, which allows us to efficiently manage market risks.

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

Major properties

The following table sets forth the details of the major properties held by the Group for the six months ended 30 June 2024:

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

2. Employee and Remuneration Policy

During the reporting period, the Group's total headcount reached 12,162. The Group adheres to a "customer-centric, long-term commitment to professionalism" philosophy, comprehensively promotes AI-based technology and product innovation, and continues to strengthen product quality enhancement, and implementing the four pillars of support: "Organization, Talent, Culture and Leadership." The Group maintains a focus on "strivers-oriented, long-term adherence to clarity and purity of heart," continuously attracting leading talents with AI expertise and an international perspective, as well as outstanding recent graduates, encouraging managers and core employees to rotate positions, cultivating operational and innovative talents, and stimulating organizational vitality. Meanwhile, the Group provides employees with a variety of training courses in professional skills and leadership, and has adopted several share incentive plans to motivate and reward employees' contributions.

3. Social Responsibility

The Group always adheres to corporate social responsibility and is committed to contributing to sustainable development. During the reporting period, Kingdee actively participates in research and innovative teaching reforms in the fields of digital finance, intelligent taxation and new generation information technology, and supports universities in curriculum development, faculty training, scientific

research, as well as oriented talent cultivation and the establishment of employment and internship bases. Relying on the Kingdee Talent Ecosystem Alliance, the Group has partnered with 150 universities nationwide to launch a digital talent training program, jointly cultivating over 10,000 students and supplying valuable digital talents to society.

Adhering to the mission of "Co-learning, Co-creating, and Sharing a New World of Digital Management", Kingdee Digital Academy in cooperation with Sichuan University, Dongbei University of Finance and Economics, Zhishi Academy and other renowned universities and educational institutions, has successfully organized four workshops targeting executives of large and medium enterprises, and provided professional development in digital management for over 200 enterprise executives. In addition, the Group continues to support the Outstanding Chinese Management Model Award selections and the China Management Model 50+ forum (China Management Global Forum), collectively working with management scholars, entrepreneurs and all sectors of society to explore the new paths of enterprise management. In addition, Kingdee continues to support the Yaan low-income family student loan project at Siyuan Fund, and has helped 50 low-income family students in the "Fourth Kingdee Education Immigration Class" successfully complete high school. Kingdee persistently supports students in Sichuan, Hunan, Jiangsu and other places to realize their academic dreams.

4. Outlook

Kingdee continued to focus on the core strategy of "Subscription First, AI First.", actively explored AI innovation and Chinese enterprises going global, and continued to improve the quality of products and services, achieving high-quality growth in the first half of 2024. The Group upholds the new mission of "Empowering Enterprises, Achieving Extraordinary" and integrates digital technology and management wisdom to empower every enterprise and individual around the world to achieve the extraordinary, and in turn, to achieve our extraordinary.

REPORT OF DIRECTORS

Share Option Schemes

The share option schemes were adopted by the Company to encourage and reward the contribution of eligible persons to the Company. Eligible persons include employees, directors, partners, consultants, suppliers and customers of the Group.

Pursuant to the share option scheme adopted by the Company at the extraordinary general meeting on 11 July 2005 (the “2005 Scheme”) and the adjustment made due to the bonus issue and the refreshment on the scheme limit in 2011, an aggregate of 529,501,600 share options were granted, of which 323,426,693 share options were exercised and 206,074,907 share options lapsed since its adoption. Thus, no share options remained outstanding as at 30 June 2024.

At the annual general meeting of the Company convened on 8 May 2015, the Company terminated the 2005 Scheme and adopted a new share option scheme (the “2015 Scheme”) with a validity period of ten years. The remaining term of the 2015 Scheme was around 8 months as at the date of this announcement. As at 30 June 2024, 6,118,500 share options remained outstanding. According to the scheme mandate limit of the 2015 Scheme (being 259,264,096 share options, representing approximately 7.21% of the total number of issued shares of the Company (“Shares”) as of 30 June 2024), less the 40,000,000 share options granted by the Company, plus 9,145,000 lapsed share options since the adoption, the Company may further grant 228,409,096 share options as of 30 June 2024 (as of 1 January 2024: 228,409,096).

The grant of any share option to a substantial shareholder of the Company or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the Shares in issue as at the date of grant and with an aggregate value (based on the closing price of the Shares as at the date of grant) in excess of HK\$5 million, within any 12-month period, is subject to the issue of a circular by the Company and the approval of the shareholders of the Company in advance at a general meeting. The grantee, his associates and all core connected persons of the Company must abstain from voting at such general meeting.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of a share option. The validity period of a share option may not end later than ten (10) years from the date of grant. The terms of the 2015 Scheme do not specify the period within which the share option may be exercised by the grantee or the vesting period, but specify that the Board may, at their absolute discretion, fix the period within which a share option may be exercised, the vesting period, any performance targets that must be achieved and any other conditions that must be fulfilled before the share options can be exercised.

The exercise price of the share options is determined by the Board, but may not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

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Details of the movements of the share options pursuant to the 2005 Scheme and the 2015 Scheme during the Reporting Period are as follows:

Name or category of participants	Date of grant	Exercise period (Note)	Exercise price per share (HKD)	Options held at 31 December 2023	Options granted during the Reporting Period	Options exercised during the Reporting Period	Options lapsed during the Reporting Period	Options held at 30 June 2024
		23/04/2014						
	23/04/2014	TO	2.66	1,485,000	-	632,500	852,500	0
Employees		22/04/2024						
		12/05/2015						
	12/05/2015	TO	4.6	7,193,500	-	1,075,000		6,118,500
		11/05/2025						
TOTAL				8,678,500		1,707,500	852,500	6,118,500

Notes:

- (1) The vesting period of the share options granted was four years and all of the options had been vested.
- (2) The weighted average closing price prior to exercise of share options by the employees was approximately HK\$8.75.
- (3) During the Reporting Period, no share option was cancelled.

Share Award Scheme

The Share Award Scheme was adopted by the Company on 4 December 2015 to provide incentives and reward the contributions of key employees and directors of the Group. The Share Award Scheme shall be valid and effective for a period of ten (10) years commencing from the adoption date. The remaining life of the Share Award Scheme as at the date of this announcement is approximately one year and four months. The Board may, from time to time, in its absolute discretion, select the participants, including (i) employees (whether full-time or part-time and including any executive director), consultants or advisers of or to the Group (subject to compliance with Chapter 17 of the Listing Rules), and (ii) any non-executive directors (including independent non-executive directors) of the Group, after considering various factors as they deem appropriate and determine the number of award shares to be awarded to each of the selected participants.

The award shares will comprise Shares subscribed for or purchased by the trustee out of cash arranged by the Company out of the Company's funds to the trustee and be held on trust for the selected participants until such Shares are vested with the selected participants in accordance with the provisions of the Share Award Scheme. However, as of the date of this report, all award shares granted under the Share Award Scheme relate to existing Shares only. No consideration is required to be paid for the acceptance or vesting of the award shares.

The terms of the Share Award Scheme do not specify (i) any period for an award to be vested; (ii) any amount required to be paid upon acceptance of an award nor the payment period; and (iii) any basis for determining the purchase price (if any) of award shares. A selected participant shall be entitled to receive the award shares

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held by the trustee appointed by the Company for the purpose of the Share Award Scheme in accordance with the vesting schedule upon satisfaction of the vesting criteria and conditions specified by the Board in the offer of the grant of the relevant award shares.

The Board shall not make any further award of award shares which will result in the nominal value of the Shares awarded by the Board under the Share Award Scheme exceeding 3% of the issued share capital of the Company from time to time (107,830,808 Shares as of 30 June 2024). For the avoidance of doubt, the 3% limit provided above shall exclude any Shares which have been vested. The maximum number of Shares which may be awarded to a selected participant under the Share Award Scheme in any twelve (12)-month period shall not exceed 1% of the issued share capital of the Company from time to time.

For details of the Share Award Scheme, please refer to the announcement of the Company dated 18 December 2015.

The number of award shares available for grant under the Share Award Scheme at the beginning of the Reporting Period was 88,942,233 and at the end of the Reporting Period was 84,225,153. During the Reporting Period, the Company had granted 12,821,280 award shares pursuant to the Share Award Scheme, with details of the movements of the award shares during the Reporting Period as follows:

Name or the categories of the grantee	Date of grant	Number of Award Shares not yet vested as at 31 December 2023	Granted during the Reporting Period	Closing price of the Shares immediately before the date of grant	Vested during the Reporting Period ³	Lapsed during the Reporting Period ³	Number of Award Shares not yet vested as at 30 June 2024
Directors							
	26/8/2020	75,000	-	18.20	75,000	-	-
Xu Shao Chun	20/5/2021	100,000	-	26.05	50,000	-	50,000
	28/3/2022	112,500	-	16.74	37,500	-	75,000
	20/3/2023	100,000	-	16.30	25,000	-	75,000
	Sub-total	387,500	0		187,500		200,000
	26/8/2020	62,500	-	18.20	62,500	-	-
Lin Bo	20/5/2021	75,000	-	26.05	37,500	-	37,500
	28/3/2022	112,500	-	16.74	37,500	-	75,000
	20/3/2023	100,000	-	16.30	25,000	-	75,000
	8/5/2024	-	150,000	9.21	-	-	150,000
Sub-total		350,000	150,000		162,500		337,500
	19/3/2020	2,523,750	-	8.44	2,167,750	356,000	-
	12/11/2020	47,075	-	22.30	32,075	15,000	-
Other employees	13/4/2021	2,967,250	-	23.70	1,248,875	230,500	1,487,875
	6/12/2021	480,000	-	22.10	185,000	55,000	240,000
	21/3/2022	5,105,625	-	16.38	1,568,125	133,750	3,403,750

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28/11/2022	150,000	-	12.52	50,000	-	100,000
31/5/2023	7,797,000		10.56	2,212,875	561,375	5,022,750
5/10/2023	190,000		8.92	47,500	-	142,500
19/4/2024		12,231,280	7.72			12,231,280
3/6/2024		440,000	8.00	-	-	440,000
Sub-total	19,260,700	12,671,280		7,512,200	1,351,625	23,068,155
Total	19,998,200	12,821,280		7,862,200	1,351,625	23,605,655

Notes:

- (1) The vesting period of the award shares is four (4) years.
- (2) No consideration is required to be paid for the acceptance or vesting of the award shares.
- (3) The weighted average fair value of the award shares during the Reporting Period was HKD7.32 per share. For the award shares granted during the Reporting Period, the Company used the market price of the Company's shares at the respective grant date as the basis for fair value measurement and had incorporated the expected dividends into the measurement of fair value.
- (4) The weighted average closing price of the Shares was approximately HK\$8.36 immediately before the date (i.e. 30 April 2024) of vesting of the award shares onto Mr. Xu Shao Chun, Mr. Lin Bo and other employees during the Reporting Period.
- (5) Performance targets for each grant include the Company's financial performance indicators and the individual performance indicators of the selected participants.
- (6) During the Reporting Period, no award share was cancelled.

During the Reporting Period, the number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company, including the 2005 Scheme, 2015 Scheme and the Share Award Scheme, divided by the weighted average number of Shares of the relevant class in issue (excluding treasury shares) for the Reporting Period is 0%, as no option was granted during the Reporting Period, and the award shares granted thus far relate to existing Shares only.

Since 1 January 2024, unless separately approved by the shareholders in general meeting (with the relevant eligible participant and such eligible participant's close associates (with the meaning ascribed thereto under the Listing Rules) (or such eligible participant's associates if such eligible participant is a connected person of the Company) abstaining from voting), no eligible participant shall be granted a share option or award if such grant will result in the total number of Shares issued and to be issued in respect of all share options and awards granted (excluding any lapsed share options and awards) to such eligible participant in the twelve (12)-month period up to and including the date of such grant would in aggregate exceed 1% of the total number of issued Shares. The maximum number of Shares which may be awarded to a Director in any twelve (12)-month period shall not exceed 0.1% of the issued share capital of the Company from time to time. Any award of shares to a Director in excess of 0.1% of the issued share capital of the Company is subject to the issue of a circular by the Company and the approval of the shareholders in advance at a general meeting. The Director, his/her associates and all other core connected persons of the Company must abstain from voting at such general meeting.

Equity-linked agreement

On 10 December 2023, the Company and Al-Rayyan Holdings LLC (the "Subscriber") entered into the subscription agreement (the "Subscription Agreement"), pursuant to which the Subscriber subscribed for

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154,627,000 new shares (the “Subscription Shares”) at the price of HK\$10.10 per Subscription Share (the “Subscription Price”) under the general mandate granted to the Board at the AGM held on 18 May 2023 (the “Subscription”).

The Company completed the Subscription on 14 December 2023. The Subscription Price was determined on an arm’s length basis between the Company and the Subscriber with reference to the then prevailing market price of the Shares. The closing price per Share on 8 December 2023 as quoted on the Stock Exchange was HK\$10.38, being the trading date preceding the date of signing of the Subscription Agreement. The aggregate nominal value of the Subscription Shares is HK\$3,865,675. The Directors considered the reasons for the subscription were that the Subscription would support the Company’s international strategy and optimize the capital structure of the Company, and the Subscription is in the interests of the Group and the shareholders as a whole. The gross proceeds and net proceeds (after deducting all applicable costs and expenses) from the Subscription amounted to HK\$1,561,732,700 and approximately HK\$1,560,982,700, respectively. The net price per Subscription Share was approximately HK\$10.095. The intended and actual use of proceeds from the Subscription up to 30 June 2024 are set out as follows:

	Proceeds from the Subscription HK\$’000	Proceeds utilized during the Reporting Period HK\$’000	Proceeds utilized up to 30 June 2024 HK\$’000	Unutilized funds as at 30 June 2024 HK\$’000	Expected timeline for utilizing unutilized funds (Note)
Potential capital market transactions (80.0%)	1,248,786	531,844	531,844	716,942	<i>December 2025</i>
General operation and working capital (20.0%)	312,197	224,297	312,197	0	-

Note:

The expected timeline for utilizing the unutilized funds is based on the best estimation of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

There was no equity-linked agreement being entered into during the Reporting Period or subsisting at the end of the Reporting Period.

Directors’ and Chief Executive’s Interests or Short Positions in the Shares, Underlying Shares or Debentures

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the

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meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which would be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), were as follows:

Interests in the Shares/ underlying Shares

Name of Directors	Number of shares/underlying shares (where appropriate)	Capacity	Percentage of total number of issued shares (approximate)
Xu Shao Chun	682,198,624(L)	Interests of controlled corporation (Note 1)	
	200,000(L)	Beneficiary of a trust (Note 2)	
	20,905,065(L)	Beneficial owner	
Aggregate:	703,303,689		19.57%
Lin Bo	1,770,127(L)	Beneficial owner	
	337,500(L)	Beneficiary of a trust (Note 3)	
Aggregate:	2,107,627		0.06%
Gary Clark Biddle	1,230,000(L)	Beneficial owner	
Aggregate:	1,230,000		0.03%
Dong Ming Zhu	400,000(L)	Beneficial owner	
Aggregate:	400,000		0.01%

Notes:

The percentage represents the total number of the Shares interested divided by the total number of issued Shares of 3,594,360,271 as at 30 June 2024.

- (1) Of the 682,198,624 Shares, 386,312,000 Shares were held through Oriental Tao Limited and 295,886,624 Shares were held through Billion Tao Limited. Oriental Tao Limited and Billion Tao Limited are wholly owned by Easy Key Holdings Limited, which is in turn wholly owned by Mr. Xu Shao Chun. Therefore, Mr. Xu Shao Chun is deemed to be interested in those 682,198,624 Shares.
- (2) The 200,000 Shares are the award shares granted to Mr. Xu Shao Chun under the Share Award Scheme and held by the trustee to the Share Award Scheme - Bank of Communications Trustee Limited. Details of the award shares are set out in the section headed “Share Award Scheme” of this announcement.
- (3) The 337,500 Shares are the award shares granted to Mr. Lin Bo under the Share Award Scheme and held by the trustee to the Share Award Scheme - Bank of Communications Trustee Limited. Details of the award shares are set out in the section headed “Share Award Scheme” of this announcement.
- (4) (L) denotes long position.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which would be required, pursuant to section 352 of the SFO to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the section headed "Share Option Schemes" above, none of the Directors or their respective associates (as defined under the Listing Rules) was granted by the Company, or any of its subsidiaries, any rights or options to acquire Shares or debentures in the Company during the Reporting Period.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2024, as far as the Directors were aware, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and required to be recorded in the register required to be kept under section 336 of the SFO:

Long positions in Shares/ underlying Shares

Name	Number of Shares/ underlying Shares (where appropriate)	Capacity	Percentage of total number of issued Shares (approximate)
Easy Key Holdings Limited (Note 1)	682,198,624 (L)	Interests of controlled corporation	18.98%
Oriental Tao Limited (Note 1)	386,312,000 (L)	Beneficial owner	10.75%
Billion Tao Limited (Note 1)	295,886,624(L)	Beneficial owner	8.23%
BlackRock, Inc. (Note 2)	180,450,107 (L) 6,114,000 (S)	Interests of controlled corporation	5.02% 0.17%

Notes:

The percentage represents the total number of the Shares interested or short positions divided by the total number of issued Shares of 3,594,360,271 as at 30 June 2024.

- (1) Oriental Tao Limited and Billion Tao Limited are wholly owned by Easy Key Holdings Limited, which is in turn wholly owned by Mr. Xu Shao Chun.
- (2) According to the disclosure of interests form filed by BlackRock, Inc. on 3 July 2024 regarding the relevant event which took place

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on 28 June 2024:

a) BlackRock, Inc. was deemed to be interested in the Shares as follows:

Name of controlled corporation	Name of controlling person	% control	Direct interest (Y/N)	Number of Shares	
Trident Merger, LLC	BlackRock, Inc.	100	N	118,000	(L)
BlackRock Investment Management, LLC	Trident Merger, LLC	100	N	93,000	(L)
BlackRock Investment Management, LLC	Trident Merger, LLC	100	Y	25,000	(L)
BlackRock Holdco 2, Inc.	BlackRock, Inc.	100	N	180,332,107	(L)
				6,114,000	(S)
BlackRock Financial Management, Inc.	BlackRock Holdco 2, Inc.	100	N	174,798,107	(L)
				1,526,000	(S)
BlackRock Financial Management, Inc.	BlackRock Holdco 2, Inc.	100	Y	5,534,000	(L)
				4,588,000	(S)
BlackRock Holdco 4, LLC	BlackRock Financial Management, Inc.	100	N	86,780,000	(L)
				1,494,000	(S)
BlackRock Holdco 6, LLC	BlackRock Holdco 4, LLC	90	N	86,780,000	(L)
				1,494,000	(S)
BlackRock Delaware Holdings Inc.	BlackRock Holdco 6, LLC	100	N	86,780,000	(L)
				1,494,000	(S)
BlackRock Institutional Trust Company, National Association	BlackRock Delaware Holdings Inc.	100	Y	33,604,000	(L)
				1,494,000	(S)
BlackRock Fund Advisors	BlackRock Delaware Holdings Inc.	100	Y	53,176,000	(L)
BlackRock Capital Holdings, Inc.	BlackRock Financial Management, Inc.	100	N	66,000	(L)
BlackRock Advisors, LLC	BlackRock Capital Holdings, Inc.	100	Y	66,000	(L)
BlackRock International Holdings, Inc.	BlackRock Financial Management, Inc.	100	N	87,952,107	(L)
				32,000	(S)
BR Jersey International Holdings L.P.	BlackRock International Holdings, Inc.	86	N	84,799,107	(L)
				32,000	(S)
BlackRock Lux Finco S.à r.l.	BlackRock HK Holdco Limited	100	N	7,154,032	(L)
BlackRock Japan Holdings GK	BlackRock Lux Finco S.à r.l.	100	N	7,154,032	(L)
BlackRock Japan Co., Ltd.	BlackRock Japan Holdings GK	100	Y	7,154,032	(L)
BlackRock Holdco 3, LLC	BR Jersey International Holdings L.P.	100	N	53,634,618	(L)
				32,000	(S)
BlackRock Canada Holdings ULC	BlackRock International Holdings, Inc.	100	N	3,153,000	(L)
BlackRock Asset Management Canada Limited	BlackRock Canada Holdings ULC	100	Y	3,153,000	(L)
BlackRock Australia Holdco Pty. Ltd.	BR Jersey International Holdings L.P.	100	N	1,703,400	(L)

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BlackRock Investment Management (Australia) Limited	BlackRock Australia Holdco Pty. Ltd.	100	Y	1,703,400	(L)
BlackRock (Singapore) Holdco Pte. Ltd.	BR Jersey International Holdings L.P.	100	N	29,461,089	(L)
BlackRock HK Holdco Limited	BlackRock (Singapore) Holdco Pte. Ltd.	100	N	28,767,985	(L)
BlackRock Asset Management North Asia Limited	BlackRock HK Holdco Limited	100	Y	21,613,953	(L)
BlackRock Cayman 1 LP	BlackRock Holdco 3, LLC	100	N	53,634,618 32,000	(L) (S)
BlackRock Cayman West Bay Finco Limited	BlackRock Cayman 1 LP	100	N	53,634,618 32,000	(L) (S)
BlackRock Cayman West Bay IV Limited	BlackRock Cayman West Bay Finco Limited	100	N	53,634,618 32,000	(L) (S)
BlackRock Group Limited	BlackRock Cayman West Bay IV Limited	90	N	53,634,618 32,000	(L) (S)
BlackRock Finance Europe Limited	BlackRock Group Limited	100	N	25,821,763	(L)
BlackRock (Netherlands) B.V.	BlackRock Finance Europe Limited	100	Y	6,004,000	(L)
BlackRock Advisors (UK) Limited	BlackRock Finance Europe Limited	100	Y	280,000	(L)
BlackRock Group Limited-Luxembourg Branch	BlackRock Group Limited	100	N	27,812,855 32,000	(L) (S)
BlackRock Luxembourg Holdco S.à r.l.	BlackRock Group Limited-Luxembourg Branch	100	N	27,812,855 32,000	(L) (S)
BlackRock Investment Management Ireland Holdings Unlimited Company	BlackRock Luxembourg Holdco S.à r.l.	100	N	25,133,855	(L)
BlackRock Asset Management Ireland Limited	BlackRock Investment Management Ireland Holdings Unlimited Company	100	Y	25,133,855	(L)
BLACKROCK (Luxembourg) S.A.	BlackRock Luxembourg Holdco S.à r.l.	100	Y	2,641,000 32,000	(L) (S)
BlackRock Investment Management (UK) Limited	BlackRock Finance Europe Limited	100	N	16,472,656	(L)
BlackRock Investment Management (UK) Limited	BlackRock Finance Europe Limited	100	Y	3,065,107	(L)
BlackRock Fund Managers Limited	BlackRock Investment Management (UK) Limited	100	Y	16,472,656	(L)
BlackRock (Singapore) Limited	BlackRock (Singapore) Holdco Pte. Ltd.	100	Y	693,104	(L)
BlackRock UK Holdco Limited	BlackRock Luxembourg Holdco S.à r.l.	100	N	38,000	(L)
BlackRock Asset Management Schweiz AG	BlackRock UK Holdco Limited	100	Y	38,000	(L)
EG Holdings Blocker, LLC	BlackRock Investment Management, LLC	100	N	93,000	(L)

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Amethyst Intermediate, LLC	BlackRock Investment Management, LLC	100	N	93,000	(L)
Aperio Holdings, LLC	Amethyst Intermediate, LLC	60	N	93,000	(L)
Aperio Holdings, LLC	EG Holdings Blocker, LLC	40	N	93,000	(L)
Aperio Group, LLC	Aperio Holdings, LLC	100	Y	93,000	(L)

and b) details of BlackRock, Inc.'s derivatives interests are as follows:

- □ Unlisted derivatives – Cash settled: 1,627,000 (L) and 6,114,000 (S)

(3) (L) denotes long position and (S) denotes short position.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest and short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Purchase, Sale or Redemption of Shares

Purchase of Shares

During the Reporting Period, the Company purchased 14,261,000 Shares on the Stock Exchange for an aggregate consideration of approximately HK\$133,120,989.62 pursuant to the Share Award Scheme.

Repurchase of Shares

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

Trading day	Number of shares repurchased (HK\$)	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	9.90	9.70	9,250,948.29
18/1/2024	3,000,000	9.60	9.46	28,597,802.95
19/1/2024	745,000	9.43	9.30	7,027,071.40
22/1/2024	12,000,000	9.00	8.38	102,939,131.36
23/1/2024	100,000	9.05	9.05	906,905.03
25/1/2024	100,000	9.20	9.20	921,936.60
26/1/2024	2,220,000	8.85	8.76	19,631,036.25

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29/1/2024	1,907,000	8.63	8.54	16,417,188.48
30/1/2024	1,200,000	8.20	8.08	9,834,713.35
31/1/2024	3,300,000	7.90	7.50	25,496,449.98
2/2/2024	200,000	7.60	7.60	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	7.70	7.55	14,557,960.41
28/3/2024	1,700,000	8.91	8.80	15,090,879.43
3/4/2024	100,000	8.90	8.89	891,633.18
11/4/2024	100,000	8.20	8.20	821,726.10
16/4/2024	975,000	7.97	7.90	7,739,704.00
17/4/2024	1,000,000	7.80	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	8.20	8.20	4,083,979.32
28/5/2024	200,000	8.30	8.28	1,660,789.32
29/5/2024	200,000	8.13	8.13	1,629,422.73
31/5/2024	200,000	8.00	8.00	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	7.70	7.70	1,543,241.70
17/6/2024	200,000	7.80	7.80	1,563,283.80
20/6/2024	309,000	7.70	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
TOTAL	46,876,000			396,521,579.12

All the above repurchased Shares were cancelled on 23 February 2024 and 18 July 2024.

Save as disclosed above, neither the Company, nor any of its subsidiaries, had repurchased, sold or redeemed any of its listed securities.

Material Acquisitions and Disposals of Subsidiaries, Significant Investments Held and Future Plans for Material Investments or Capital Assets Acquisitions

Save as otherwise disclosed in this announcement, in particular, the disclosure in relation to the Group's investment properties operating business, (i) during the Reporting Period, the Group had not made any other significant investment, nor material acquisitions or disposals of subsidiaries, associates and joint ventures; and (ii) as at 30 June 2024, the Group did not hold any other significant investments with a value that accounted for more than 5% of the Group's total assets as at 30 June 2024; nor had future plans for material investments or capital assets acquisitions.

Change of Information of Directors

During the Reporting Period, there was no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance

The Company had 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 Reporting Period, except for the deviation in respect of the roles of chairman and chief executive officer under code provision C.2.1 of the Code. During the Reporting Period, Mr. Xu Shao Chun assumed the roles of both the Chairman and the chief executive officer of the Company. The Board considers that Mr. Xu Shao Chun, as one of the main founders of the Company, has abundant knowledge of the information technology industry and possesses a unique strategic perspective. The Board believes that he can lead the Company to formulate effective strategies and react promptly to market changes. His continuous service in both roles is beneficial to the stable and healthy development of the Company. However, the Board will review from time to time and make appropriate changes when necessary in order to enhance the level of corporate governance of the Company.

The Board is always committed to improving its level of corporate governance. Besides publishing a series of management systems, the Company also, from time to time, arranges trainings for Directors, senior management, and related employees in relation to duties of the Directors, continuing professional development, and other aspects of compliance with the Listing Rules as well as other relevant laws and regulations, so that the employees will always be equipped with the necessary knowledge and skills to perform their duties in a better way.

The Company will continue to comply with the Listing Rules and other relevant laws and regulations as amended from time to time; further enhance its level of corporate governance; improve and enhance its internal controls in respect of the disclosure of required information; and enhance its communication with its investors and other stakeholders.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transaction on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry to each of the Directors, all the Directors confirmed that they had complied with such code of conduct throughout the Reporting Period.

Audit Committee

The audit committee of the Company had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters. The audit committee had also reviewed the Group's unaudited consolidated results for the Reporting Period and this announcement. The audit committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

Interim Dividend

The Board did not declare an interim dividend for the Reporting Period (six months ended 30 June 2023: nil).

Appreciation

On behalf of the Board, I would like to express our sincere thanks to all our management and staff for their dedication during the Reporting Period. Also, I would like to thank our shareholders for their continuous support to the Group.

By order of the Board

Kingdee International Software Group Company Limited

Chairman

Xu Shao Chun

Shenzhen, the People's Republic of China, 15 August 2024

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.