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INSPUR INTERNATIONAL LIMITED

浪 潮 國 際 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 596)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board of directors (the “Board”) of Inspur International Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 as follows:

Financial highlights for the year ended 31 December 2021:

- Turnover increased by approximately 53.2% compared with 2020 to approximately HK\$3,915,821,000.
- Turnover of Cloud Services increased by approximately 79.1% compared with 2020 to approximately HK\$906,626,000.
- Turnover of Management Software increased by approximately 38.5% compared with 2020 to approximately HK\$2,241,569,000
- Profit attributable to owners of the Company during the year was approximately HK\$64,769,000 (2020: loss HKD 157,044,000).
- Basic profit per share attributable to owners of the Company during the year were approximately 5.68 HK cents(2020: loss 13.79 HK cents).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>NOTES</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	3,915,821	2,556,750
Cost of sales		(2,674,009)	(1,806,810)
Gross profit		1,241,812	749,940
Other income	4	203,627	213,676
Other gains and losses, net	4	4,733	(43,885)
Impairment losses under expected credit loss model, net of reversal		(18,321)	(44,995)
Administrative expenses		(323,333)	(259,461)
Research and development expenses		(459,995)	(318,894)
Selling and distribution expenses		(574,814)	(440,186)
Finance costs		(1,790)	(2,023)
Change in fair value of investment properties	9	(25,651)	(27,877)
Share of results of associates		10,882	23,743
Share of result of a joint venture		3,020	954
Profit (loss) before tax		60,170	(149,008)
Income tax benefit (expenses)	6	3,097	(17,496)
Profit (loss) for the year	5	<u>63,267</u>	<u>(166,504)</u>
Profit (loss) for the year attributable to owners of the Company		64,769	(157,044)
Loss for the year attributable to non-controlling interests		<u>(1,502)</u>	<u>(9,460)</u>
Earnings (loss) per share	8		
– Basic (HK cents)		<u>5.68</u>	<u>(13.79)</u>
– Diluted (HK cents)		<u>5.66</u>	<u>(13.79)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the year	63,267	(166,504)
Other comprehensive income (expense):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value loss on investment in an equity instrument		
at fair value through other comprehensive income (“FVTOCI”)	10,347	(13,991)
Deferred tax on revaluation upon equity instrument at FVTOCI	(2,587)	3,498
Loss on revaluation upon transfer from property, plant and equipment to investment properties	(394)	—
Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties	59	—
Share of other comprehensive income of associates and a joint venture	11,739	30,339
Exchange differences arising on translation to presentation currency	58,088	73,893
	<u>77,252</u>	<u>93,739</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(3,678)	6,431
	<u>(3,678)</u>	<u>6,431</u>
Other comprehensive income for the year, net of income tax	73,574	100,170
Total comprehensive income (expense) for the year	<u>136,841</u>	<u>(66,334)</u>
Total comprehensive income (expense) for the year attributable to:		
– Owners of the Company	137,158	(59,314)
– Non-controlling interests	(317)	(7,020)
	<u>136,841</u>	<u>(66,334)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

		31 December	31 December
	<i>NOTES</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		450,669	395,933
Investment properties	9	947,463	989,636
Right-of-use assets		79,529	72,518
Other intangible assets		51,916	65,953
Equity instrument at FVTOCI		34,321	23,036
Interests in associates		263,842	372,434
Interest in a joint venture		111,849	105,318
		<hr/> 1,939,589 <hr/>	<hr/> 2,024,828 <hr/>
Current assets			
Inventories		2,078	1,239
Trade and bills receivables	10	697,702	375,057
Debt instruments at FVTOCI		13,441	4,836
Prepayments, deposits and other receivables		220,509	113,154
Contract assets		275,187	355,371
Amount due from ultimate holding company	11	3,864	1,982
Amounts due from fellow subsidiaries	11	320,118	226,641
Pledged bank deposits		36,031	21,489
Bank balances and cash		1,266,356	1,033,672
		<hr/> 2,835,286 <hr/>	<hr/> 2,133,441 <hr/>

		31 December	31 December
	<i>NOTES</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade payables	12	220,185	238,957
Other payables, deposits received and accrued expenses		710,723	506,032
Lease liabilities		14,741	11,560
Contract liabilities		1,094,634	878,960
Provisions		32,310	36,152
Amount due to ultimate holding company	13	2,340	1,219
Amounts due to fellow subsidiaries	13	65,869	48,576
Deferred income - government grants		106,338	56,408
Tax liabilities		11,774	20,896
		<u>2,258,914</u>	<u>1,798,760</u>
Net current assets		<u>576,372</u>	<u>334,681</u>
Total assets less current liabilities		<u>2,515,961</u>	<u>2,359,509</u>
Non-current liabilities			
Lease liabilities		10,110	9,478
Deferred income - government grants		102,040	95,717
Deferred tax liabilities		250,560	243,888
		<u>362,710</u>	<u>349,083</u>
		<u>2,153,251</u>	<u>2,010,426</u>
Capital and reserves			
Share capital		11,419	11,389
Reserves		2,095,817	1,952,705
Equity attributable to owners of the Company		2,107,236	1,964,094
Non-controlling interests		46,015	46,332
Total equity		<u>2,153,251</u>	<u>2,010,426</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Special reserve	Share-based payments reserve	Translation reserve	Revaluation reserve	Merge reserve	Retained profits	Subtotal	Total		
	HK\$'000	HK\$'000	HK\$'000 <i>(note a)</i>	HK\$'000 <i>(note b)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(note c)</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2020	11,389	1,561,333	(572,871)	92	60,406	95,094	117,296	(380,797)	1,072,152	1,964,094	46,332	2,010,426	
Profit (loss) for the year	—	—	—	—	—	—	—	—	64,769	64,769	(1,502)	63,267	
Other comprehensive income (expense)	—	—	—	—	—	64,830	7,559	—	—	72,389	1,185	73,574	
Total comprehensive income (expense) for the year	—	—	—	—	—	64,830	7,559	—	64,769	137,158	(317)	136,841	
Reversal of equity-settled share-based payments	—	—	—	—	(196)	—	—	—	—	(196)	—	(196)	
Exercise of share options	30	9,154	—	—	(3,004)	—	—	—	—	6,180	—	6,180	
Annulment of share options (note d)	—	—	—	—	(55,799)	—	—	—	55,799	—	—	—	
	30	9,154	—	—	(58,999)	—	—	—	55,799	5,984	—	5,984	
At 31 December 2021	11,419	1,570,487	(572,871)	92	1,407	159,924	124,855	(380,797)	1,192,720	2,107,236	46,015	2,153,251	
At 31 December 2019	11,389	1,561,333	(575,158)	92	66,659	(13,129)	127,789	(380,797)	1,227,742	2,025,920	52,225	2,078,145	
Loss for the year	—	—	—	—	—	—	—	—	(157,044)	(157,044)	(9,460)	(166,504)	
Other comprehensive income (expense)	—	—	—	—	—	108,223	(10,493)	—	—	97,730	2,440	100,170	
Total comprehensive income (expense) for the year	—	—	—	—	—	108,223	(10,493)	—	(157,044)	(59,314)	(7,020)	(66,334)	
Contribution by non-controlling interest	—	—	2,287	—	—	—	—	—	—	2,287	1,127	3,414	
Recognition of equity-settled share-based payments	—	—	—	—	(4,799)	—	—	—	—	(4,799)	—	(4,799)	
Annulment of share options (note e)	—	—	—	—	(1,454)	—	—	—	1,454	—	—	—	
	—	—	2,287	—	(6,253)	—	—	—	1,454	(2,512)	1,127	(1,385)	
At 31 December 2020	11,389	1,561,333	(572,871)	92	60,406	95,094	117,296	(380,797)	1,072,152	1,964,094	46,332	2,010,426	

Notes:

- (a) Other reserve arose from the acquisition of partial interest in a subsidiary without changes in control.
- (b) The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries and the nominal amount of the Company's shares issued for the acquisition at the time of the reorganisation prior to the listing of the Company's shares in 2003.
- (c) The merge reserve arose from the acquisition of subsidiaries under common control and the acquisition is accounted for by applying the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5").
- (d) In 2021, 51,244,000 vested share options held by directors and employees were annulled, and share-based payments reserve recognised in the previous years was transferred to retained profits.
- (e) In 2020, 1,600,000 exercisable share options held by 2 resigned employees were annulled, and share-based payments reserve recognised in the previous years was transferred to retained profits.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CASH FROM OPERATING ACTIVITIES	106,312	84,084
NET CASH (USED IN) FROM INVESTING ACTIVITIES	108,191	102,931
NET CASH USED IN FINANCING ACTIVITIES	(14,909)	(11,679)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	199,594	175,336
AT BEGINNING OF THE YEAR	1,033,672	807,125
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	33,090	51,211
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
Bank balances and cash	<u>1,266,356</u>	<u>1,033,672</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1. GENERAL

Inspur International Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Inspur Overseas Investment Limited (“Inspur Overseas”), a company incorporated in the British Virgin Islands and Inspur Group Limited (“IPG”), a company established in the People’s Republic of China (the “PRC”) are the immediate holding company and ultimate holding company of the Company, respectively.

The functional currency of the Company is Renminbi (“RMB”). For the convenience of the consolidated financial statement users, the consolidated financial statements are presented in Hong Kong Dollar (“HK\$”), as the Company’s shares are listed on the Stock Exchange.

The Company is an investment holding company. The principal activities of the subsidiaries (together with the Company, referred to as the “Group”) are engaging in software development, cloud services and sales of Internet of Things (IoT).

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

New and amendments to HKFRSs in issue but not yet effective

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Executive Directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resources allocation and assessment of segment performance focuses on nature of types of services provided. These revenue streams and the basis of the internal reports about components of the Group are regularly reviewed by the CODM in order to allocate resources to segments and to assess their performance.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

1. Cloud services - Provision of cloud services
2. Management software - Provision of software development and other software services;
3. Internet of things (IoT) solution - Provision of sales of IT peripherals and software.

Segment revenue and results

The following is an analysis of the Group's revenue and results and information about reportable and operating segments.

For the year ended 31 December 2021

	Cloud services	Management software	Internet of things (IoT) solution	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	<u>906,626</u>	<u>2,241,569</u>	<u>767,626</u>	<u>3,915,821</u>
Segment (loss) profit	<u>(131,069)</u>	<u>127,644</u>	<u>20,057</u>	<u>16,632</u>
Unallocated other income, gains and losses, net				118,079
Change in fair value of investment properties				(25,651)
Share of results of associates				10,882
Share of result of a joint venture				3,020
Share-based payments				196
Unallocated administrative expenses				(42,828)
Unallocated selling and distribution expenses				(49)
Impairment losses, net of reversal				(18,321)
Finance costs				(1,790)
Profit before tax				<u>60,170</u>

For the year ended 31 December 2020

	Cloud services <i>HK\$'000</i>	Management software <i>HK\$'000</i>	Internet of things (IoT) solution <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>506,337</u>	<u>1,617,991</u>	<u>432,422</u>	<u>2,556,750</u>
Segment (loss) profit	<u>(168,546)</u>	<u>3,695</u>	<u>9,333</u>	<u>(155,518)</u>
Unallocated other income, gains and losses, net				109,812
Change in fair value of investment properties				(27,877)
Share of profit of an associate				23,743
Share of profit of a joint venture				954
Share-based payments				4,799
Unallocated administrative costs				(56,259)
Unallocated selling and distribution expenses				(1,644)
Impairment losses, net of reversal				(44,995)
Financial costs				<u>(2,023)</u>
Loss before tax				<u><u>(149,008)</u></u>

All of the segment revenues reported for both years were from external customers.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

The Group's operations are currently carried out in the People's Republic of China, the country of domicile except for some services rendered by management software segment which is located in other regions.

Information about the Group's revenue from external customers is presented based on location of customers irrespective of the origin of the services. Information about the Group's non-current assets* is by geographic location of assets.

	Revenue from		Non-current assets*	
	external customers			
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Country of domicile				
- Mainland China	3,740,515	2,461,834	1,866,599	1,968,679
- Hong Kong	—	—	31,879	29,294
	3,740,515	2,461,834	1,898,478	1,997,973
Others	175,306	94,916	6,790	3,819
	3,915,821	2,556,750	1,905,268	2,001,792

* Non-current assets excluded those relating to equity instrument at FVTOCI.

Information about major customers

The group has no customers whose revenue amount is more than 10% of the Group's revenue in 2021 and 2020.

4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income:		
Interest income on bank deposits	11,931	3,279
Interest income on financial assets at FVTPL	4,599	7,074
VAT refund (note a)	90,281	60,054
Government subsidies and grants (note b)	19,030	77,036
Rental income	56,447	62,836
Additional distribution from an associate	20,444	—
Others	895	3,397
	<u>203,627</u>	<u>213,676</u>
Other gains and losses, net:		
Net foreign exchange (loss) gain	(2,105)	5,180
Net gain (loss) on disposal and written off of property, plant and equipment and other intangible assets	786	(1,068)
Impairment loss reversed (recognised) in respect of		
- goodwill (note c)	—	(8,502)
- other intangible assets (note c)	—	(7,291)
- investment in an associate	9,475	(31,296)
Loss on disposal of a subsidiary	(2,782)	—
Others	(641)	(908)
	<u>4,733</u>	<u>(43,885)</u>

Notes:

- a. Inspur Generally Software Co., Ltd. (“Inspur Genersoft”) and Inspur Communications System Co., Ltd. (“Inspur Communications”) are engaged in the business of distribution of self-developed and produced software. Under the current PRC tax regulation, it is entitled to a refund of VAT paid for sales of self-developed software in the PRC.
- b. For the year ended 31 December 2021, income of approximately HK\$14,154,000 (2020: HK\$61,331,000) represents the subsidies from the relevant government authorities for the purpose of encouraging the development of the group entities engaged in new and high technology sector. The subsidies received are in substance a kind of immediate financial support to the group entities with no future related costs and are recognised as income when the approval of the relevant government authority has been obtained. There are no other conditions attached to these subsidies.

For the year ended 31 December 2021, income of approximately HK\$4,876,000 (2020: HK\$15,705,000) represents the grants from the relevant government authorities for funding certain development projects undertaken by the group entities. The grants received are recognised as income when i) the related projects have been completed, ii) the evaluation of the project results by the relevant government authority has been completed, and iii) no other future conditions are required to fulfil by the Group.

- c. Goodwill and other intangible assets with indefinite useful lives arose from the acquisition of Zhengzhou Hualiang Technology Co., Ltd. (“Zhengzhou Hualiang”) in the year ended 31 December 2019. During the year ended 31 December 2020, it is noted that Zhengzhou Hualiang’s financial performance didn’t meet the management’s expectations set on the date of acquisition and the management estimated that there is no potential improvement in Zhengzhou Hualiang’s financial performance in future.

At 31 December 2020, the management performed an assessment of the recoverable amounts of Zhengzhou Hualiang. The Group estimated the recoverable amounts is lower than the carrying amount as at 31 December 2020. As a result the Group has recognised impairments on the relevant goodwill and other intangible assets of HK\$8,502,000 and HK\$7,291,000, respectively.

5. PROFIT FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Depreciation for property, plant and equipment	48,359	38,008
Depreciation for right-of-use assets	21,923	14,813
Amortisation for other intangible assets	15,924	12,271
	<hr/>	<hr/>
Total depreciation and amortisation	86,206	65,092
Auditor's remuneration	3,420	3,190
Expense relating to short-term leases	36,108	39,799
Gross rental income from investment properties	(63,886)	(70,748)
Less:		
direct operating expenses incurred for investment properties that generated rental income during the year	5,475	6,544
direct operating expenses incurred for investment properties that did not generate rental income during the year	1,964	1,368
	<hr/>	<hr/>
	(56,447)	(62,836)
Directors' remuneration	5,062	3,956
Other staff costs		
Salaries and other benefits	1,790,184	1,271,992
Share-based payments	(196)	(2,588)
Retirement benefits schemes contributions	204,800	141,200
	<hr/>	<hr/>
	1,994,788	1,410,604
Cost of inventories recognised as expense in cost of sales	819,763	384,825
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
PRC EIT	4,790	13,251
(Over) under provision in prior years		
PRC EIT	(5,357)	150
Deferred taxation	(2,530)	4,095
	<hr/>	<hr/>
	(3,097)	17,496
	<hr/> <hr/>	<hr/> <hr/>

7. DIVIDEND

The Board of directors does not recommend the payment of a final dividend for the year ended 31 December 2021(the year ended 31 December 2020: Nil)

8. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the profit (loss) for the year attributable to owners of the Company and on the number of shares as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
<u>Earnings (loss)</u>		
Profit (loss) for the year attributable to the owners of the Company	<u>64,769</u>	<u>(157,044)</u>
	2021	2020
	<i>'000</i>	<i>'000</i>
<u>Number of shares</u>		
Number of ordinary shares for the purpose of		
basic earnings (loss) per share	1,139,829	1,138,920
Effect of dilutive potential ordinary shares arising		
from the outstanding share options	<u>3,642</u>	<u>—</u>
Weighted average number of ordinary shares for the purpose of		
diluted earnings (loss) per share	<u>1,143,471</u>	<u>1,138,920</u>

9. INVESTMENT PROPERTIES

The Group leases out various offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 month to 4 years, with unilateral rights to extend the lease beyond initial period held by lessees only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	<i>HK\$'000</i>
FAIR VALUE	
At 1 January 2020	961,010
Change in fair value of investment properties	(27,877)
Exchange adjustments	<u>56,503</u>
At 31 December 2020	989,636
Transfer from property, plant and equipment	3,457
Transfer to property, plant and equipment and right-of-use assets	(50,556)
Change in fair value of investment properties	(25,651)
Exchange adjustments	<u>30,577</u>
At 31 December 2021	<u><u>947,463</u></u>

All of the Group's property interests held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2021 was approximately HK\$ 947,463,000 (2020: HK\$989,636,000). The fair value has been arrived at based on a valuation carried out by Asset Appraisal Limited, a firm of professional valuer not connected with the Group.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2021 and 2020 are as follows:

	At 31 December 2021		At 31 December 2020	
	Level 3	Fair value	Level 3	Fair value
	HK\$'000	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
Commercial property units located				
- Hong Kong	24,300	24,300	21,700	21,700
- Jinan	538,466	538,466	596,231	596,231
- Beijing - Tianyuan Network	371,276	371,276	361,962	361,962
- Beijing - Zhengzhou Hualiang	6,374	6,374	6,100	6,100
- Changsha - Zhengzhou Hualiang	3,469	3,469	3,643	3,643
- Changchun - Zhengzhou Hualiang	3,578	3,578	—	—
	<u>947,463</u>	<u>947,463</u>	<u>989,636</u>	<u>989,636</u>

10. TRADE AND BILLS RECEIVABLES

	At 31 December 2021 <i>HK\$'000</i>	At 31 December 2020 <i>HK\$'000</i>
Trade and bills receivables		
- contracts with customers	758,909	422,352
Less: Allowance for credit losses	<u>(61,207)</u>	<u>(47,295)</u>
Total trade and bills receivables	<u><u>697,702</u></u>	<u><u>375,057</u></u>

The following is an aged analysis of trade and bills receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period:

	At 31 December 2021 <i>HK\$'000</i>	At 31 December 2020 <i>HK\$'000</i>
0-30 days	461,386	230,694
31-60 days	78,890	25,420
61-90 days	33,257	50,805
91-120 days	30,324	20,204
121-180 days	22,286	5,185
Over 180 days	<u>71,559</u>	<u>42,749</u>
	<u><u>697,702</u></u>	<u><u>375,057</u></u>

11. AMOUNTS DUE FROM ULTIMATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

	At 31 December 2021 <i>HK\$'000</i>	At 31 December 2020 <i>HK\$'000</i>
Amounts due from related companies:		
Trading in nature		
Fellow subsidiaries	305,299	221,141
Ultimate holding company	<u>2,671</u>	<u>1,954</u>
	<u>307,970</u>	<u>223,095</u>
Non-trading in nature		
Fellow subsidiaries	14,819	5,500
Ultimate holding company	<u>1,193</u>	<u>28</u>
	<u>16,012</u>	<u>5,528</u>
Total amounts due from related companies	<u><u>323,982</u></u>	<u><u>228,623</u></u>
Analysed as:		
Amounts due from fellow subsidiaries	320,118	226,641
Amount due from ultimate holding company	<u>3,864</u>	<u>1,982</u>
Total amounts due from related companies	<u><u>323,982</u></u>	<u><u>228,623</u></u>

12. TRADE PAYABLES

The following is an aged analysis of trade payable presented based on the invoice date.

	At 31 December 2021 <i>HK\$'000</i>	At 31 December 2020 <i>HK\$'000</i>
0-60 days	146,381	77,766
61-90 days	5,006	7,729
>90 days	<u>68,798</u>	<u>153,462</u>
	<u><u>220,185</u></u>	<u><u>238,957</u></u>

13. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY AND FELLOW SUBSIDIARIES

	At 31 December 2021 <i>HK\$'000</i>	At 31 December 2020 <i>HK\$'000</i>
Trading in nature		
Fellow subsidiaries	54,221	38,177
Ultimate holding company	1,147	814
	<u>55,368</u>	<u>38,991</u>
Non-trading in nature		
Fellow subsidiaries	11,648	10,399
Ultimate holding company	1,193	405
	<u>12,841</u>	<u>10,804</u>
Total amounts due to related companies	<u><u>68,209</u></u>	<u><u>49,795</u></u>
Analysed as:		
Amounts due to fellow subsidiaries	65,869	48,576
Amount due to ultimate holding company	2,340	1,219
	<u>68,209</u>	<u>49,795</u>
Total amounts due to related companies	<u><u>68,209</u></u>	<u><u>49,795</u></u>

The amounts due to fellow subsidiaries and ultimate holding company which are non-trading in nature are unsecured, interest free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 December 2021, our Group's revenue mainly arose from our business in mainland China. The revenue of the Group recorded an increase approximately 53.2% and gross profit increase 65.6% as compared with last corresponding period.

(1) Revenue

During the reporting period, the Group recorded a revenue of HK\$3,915,821,000 (2020: HK\$2,556,750,000) representing an increase of 53.2% as compared with last year. Our revenue mainly came from our business in China and operates in Renminbi. The revenue if accounted in RMB represented 42.9% increase comparatively. Among them, the revenue of cloud service business was HK\$906,626,000 (2020: HK\$ 506,337,000), recorded 79.1% growth (67.0% growth accounted in RMB) Compared with last corresponding period, the revenue of cloud service business weighted 23.2% of total revenue and became new growth driven. Revenue of management software for the year was HK\$2,241,569,000 (2020: HK\$1,617,991,000), representing an increase of 38.5% (29.2% increase accounted in RMB). And the revenue of the Internet and of things (IoT) was HK\$767,626,000 (2020: HK\$432,442,000), representing an increase of 77.5% (65.6% increase accounted in RMB) as compared with last year.

(2) Gross profit

During the reporting period, gross profit of the Group was HK\$1,241,812,000 (2020: HK\$749,940,000), representing an increase of 65.6% (54.5% increase accounted in RMB) as compared with last year. The Group's gross profit margin was 31.7% (2020: 29.3%), representing an increase of 2.4%. The reason for improvement in gross profit margin was although we are still facing fierce market competition, the management software business recovered rapidly and gross profit margin increased comparatively.

(3) Selling and distribution, administrative expense and R&D expense

During the reporting period, administration expenses amounted to HK\$323,333,000 (2020: HK\$259,461,000), representing an increase of 24.6% (16.2% increase accounted in RMB) as a result of HR administrative expense improving in epidemic period.

The research and development (R&D) expense was HK\$459,995,000(2020: HK\$318,894,000) and increased 44.2% (34.6% increase accounted in RMB) compared with last year, mainly due to aggressive inputs in the R&D of cloud service business and expansion in R&D staffs.

During the period, the selling and distribution expenses was HK\$574,814,000 (2020: HK\$440,186,000), increasing 30.6% (21.8% increase accounted in RMB) compared with the last corresponding period, mainly because of the enlarging of our business scale and increasing in business promotion and marketing activities For the business transformation, we try hard to control the distribution expenses.

(4) Other income and other gains and losses

During the year, the other income amounted to HK\$203,627,000 (2020: HK\$213,676,000), representing a decrease of 4.7% as compared with last year. The decrease was mainly due to: 1) During the reporting period, because of the increasing of the revenue of management software, the refund from software VAT was increased 50.3% to HK\$90,281,000(2020: HK\$60,054,000); 2) Recognised government grants was decreased 75.3% compared with the last year to HK\$19,030,000 (2020:HK\$77,036,000);

During the year, the other gains and losses amounted to HK\$4,733,000 (2020: loss HK\$43,885,000) Due to the changes of business environment, in the last year, we accounted impairment loss of goodwill and intangible assets of indefinite period about HK\$15,793,000; and we accounted impairment loss for long-term investment about HK\$31,296,000. Impairment loss of HK\$9,475,000 was reversed in year 2021.

(5) Investment income from associates and joint venture

During the reporting period, share of profit of associates was HK\$10,882,000 (2020: HK\$23,743,000) and reduced 54.2% compared with the last year. During the period, share of the profit of a joint venture HK\$3,020,000 (2020: HK\$954,000), representing a 216.6% increase comparatively.

(6) Profit before tax

During the period, profit before the tax was approximately HK\$60,170,000 (2020: loss of HK\$149,008,000), representing a significant increased as compared with last year. Main reasons were: 1) Although the cloud service business kept steady growth, loss from segment of cloud service business decreased 22.2% to HK\$131,069,000 (2020: Loss HK\$168,546,000); 2) Despite facing fierce market competition, in the period, profit from segment of management software increased sharply to HK\$127,644,000 (2020: HK\$3,695,000).

(7) Profit for the year attributable to owners of the Company

During the reporting period, profit attributable to owners of the Company for the year was approximately HK\$64,769,000 (2020: losses of HK157,044,000), representing a significant increase compared with last year. Main reasons were: Although the cloud service business kept steady growth, it was still in expansion period and loss-making. In the period, management software operation profit of this segment increased sharp.

Basic earnings per share were 5.68 HK cents (2020: losses 13.79 HK cents) and diluted earnings per share were 5.66 HK cents (2020: losses 13.79 HK cents).

(8) Financial resources and liquidity

As at 31 December 2021, equity attributable to owners of the Company amounted to HK\$2,107,236,000 (at 31 December 2020: HK\$1,964,094,000). As at 31 December 2021, current assets amounted to HK\$2,835,286,000 of which HK\$1,266,356,000 were bank deposits and cash balances which were mainly denominated in Renminbi. Current liabilities, including trade and bills payables, Contract liabilities, other payables and accrued expenses amounted to HK\$2,258,914,000. The Group's current assets were around 1.26 times over its current liabilities (31 December 2020: 1.19 times).

As at 31 December 2021 and 2020, the Group had no bank borrowings.

FOREIGN EXCHANGE EXPOSURE

All of the Group's purchase and sales are mainly denominated in United States Dollars and Renminbi. The Group has not used any derivative instrument to hedge against its currency exposures. The Directors believe that with its sound financial position, the Group is able to meet its foreign exchange liabilities as and when they become due.

The functional currency of the Company is Renminbi ("RMB"). For the convenience of the consolidated financial statement users, the consolidated financial statements are presented in Hong Kong Dollar ("HK\$"). During the reporting period, as a result affected by the translation exchange rate from RMB to HK\$, the change in the data presented in the reports was more than actual change in the business operation.

CAPTIAL STRUCTURE

The Group finances its operations mainly from shareholder equity, internal generated funds and operation results in current year.

EMPLOYEE INFORMATION

As at 31 December 2021, the Group had 6,347 employees. Total employee remuneration, including directors' remuneration and mandatory provident fund contributions amounted to approximately HK\$1,999,580,000.

According to the comprehensive remuneration policy, which was formulated by the Group and reviewed by the management, employees are remunerated based on their performance and experience. On top of basic salaries, discretionary bonus and share options may be granted to eligible employees with reference to the Group's and the employees' performances. In addition, the Group provides mandatory provident fund, medical and insurance schemes for employees. The Group also offers continuous education and training programs to the management and other employees to enhance their skills and knowledge.

CHARGES ON ASSETS

As at 31 December 2021, approximate HK\$36,031,000 of the Group's bank deposits was pledged (31 December 2020: approximate HK\$21,489,000).

BUSINESS REVIEW

During the reporting period, the Group leveraged its leading edge in cloud computing, big data, IoT and other full-stack technologies, implemented innovation-driven development strategies, broke through core technologies, accelerated the creation of first-class platform products and SaaS services, and focused on developing a smart enterprise ecosystem with Inspur Cloud ERP as the core, further accelerating the transformation to the cloud and promoting the Group's high-quality development.

During the reporting period, the Group released Inspur iGIX 3.5, a new generation of enterprise PaaS platform, to upgrade its product ecological capabilities comprehensively, to supply the industrial digital transformation a fundamental support, and successively launched a series of new versions of products such as Inspur GS Cloud, a digital platform for large enterprises, and Inspur inSuite, a new generation of open source cloud ERP for growing enterprises. At the same time, through led by consultative planning, the Group continued to expand its high-end advantages by deepening its business with large customers, and signed contracts with large central enterprises customers such as Sinograin (中國儲備糧), Dongfang Electric (東方電氣), China Railway Industry (中鐵工業), China State Construction (中國建築), CHINALCO (中鋁集團), China Gold (中國黃金), China National Salt (中國鹽業), China CO-OP Group (中供銷), and China National Pharmaceutical Group Corporation (國藥集團) etc. At the same time, catching up on the hot spots of digital transformation of enterprises, the Group also released a white paper on the digital transformation of group enterprises, growing enterprises, finance and human resources, and a white paper on the digital transformation of grain and mine industries, in conjunction with third-party organizations such as the China Enterprise Confederation (中國企業聯合會), China Association of Chief Financial Officers (中國總會計師協會) and Shanghai National Accounting Institute (上海國家會計學院), to help build smart enterprises and further enhance its brand and market influence.

I. Cloud Services Business

The Group provides comprehensive cloud services to enterprises in different scales, strengthening and expanding the ecosystem construction, empowering Inspur partners and customers, and enhancing its core competitiveness in the cloud era. During the reporting period, the cloud services business achieved a rapid growth in revenue, recording HK\$906,626,000, representing 79.1% growth compared with the last corresponding period.

(1) Large enterprises market

During the reporting period, for the large enterprise market, the Group continued to optimize the GS Cloud, its digitalization platform for large enterprises, and released GS Cloud version 2110 in Nov 2021. Catching up on the hot spots of digital transformation and technology upgrade of large conglomerates, the Group will capitalize on its advantages in the new generation of information technology and, based on experienced application practices, integration multi-business scenarios data, using human-machine interact, and technologies of intelligent RPA etc to enhance the digital and intelligent experience of financial cloud, human resources cloud, procurement cloud, collaboration cloud, treasury management cloud, travel cloud and tax management cloud to accelerate the digital transformation of large enterprises..At the same time, it closely follows the pace of central enterprises to build a treasury system and a world-class financial management system, and releases smart treasury solutions; actively implements the “dual carbon” strategy, and launches a carbon tube cloud one-stop comprehensive carbon management platform to help enterprises transform into green and low-carbon.During the reporting period, signed contracts with a number of central enterprise customers such as China Energy Construction(中國能建),CHINALCO (中鋁集團) etc, and joined hands with first-class enterprises to create first-class products. According to the 2021 China SaaS Market research report released by CCID, Inspur Cloud was in the leadership camp of China SaaS market. Inspur GS Cloud successively awarded “2021 Most Valuable Assets Management SaaS Cloud Products”, “No.1 Users’ Satisfaction”, “Chinese Enterprises’ preferred treasury management supplier”, “Technology Innovation Excellence Award of Chinese ICT Industry” and etc. The Group also assisted more than 20 customers, such as Sinopharm(中國醫藥), CHINALCO (中鋁集團),SINOHYDRO(中電建市政),CNCEC(中化交建), Shanxi Coking CoalGroup(山西焦煤), Shenzhen Investment Holding(深圳投控),Shanxi Heavy Duty Truck Group(陝重汽) etc to win multiple awards like “Annual Innovation Project of Intelligent Enterprises Construction”, “Annual Best Practice Comprehensive Award for Wisdom Finance”, “Innovation Award for Chinese Management Accounting”, “Chinese CFO of the Year” etc.

During the reporting period, the Group continued to optimize a new generation of iterative enterprise PaaS platform, Inspur iGIX, and officially released iGIX3.5 version, with key technologies like zero-code, micro-service and quick start etc, and further enhances the three features of "cloud-native, low-code, intelligent". It assisted large enterprises to set up their controllable digital transformation platform, which upgraded the enterprises' digital abilities, business abilities and ecological ability, therefor encouraged enterprises' digital innovation activities.. On January 26th, UBML, a low-code modeling system of Inspur, was officially opened to the public, joining hands with universities, partners, ISV and community participants to build an open source ecosystem, further consolidating the leading and open image of Inspur iGIXtechnology. On 27 Sep, in the World Internet Conference of 2021, bases on Inspur IGix, the Group launched inIoT, an intelligent Internet of Things platform, united ecological industry partners to provide customers comprehensive IOT solutions to promote industry digital trnasformation. In 2021, Inspur iGIX successively got several awards like "Preferred Chinese Enterprise-level PaaS Platform Product", "Best Product of 2021 ICT Industry"etc and got No. 1 in the domestic PaaS market comprehensive competition for three consecutive years.

During the reporting period, for customer-centric,the Group continued to optimize the iterative professional human resources platform HCM Cloud products and improve user experience with customer focus, signing contracts with a series of large and medium-sized enterprises such as Construction(中國建築), China Gold(中國黃金), Sichuan Coal (四川煤炭), Sichuan Tobacco Industry (四川煙草工業) and Anyang Iron and Steel (安陽鋼鐵). According to the IDC report, Inspur HCM Cloud was No 3 in the PRC domestic Cloud Human Capital Management (HCM) SaaS Market. Referring toCCIDign賽迪顧問) research Report of 2021 Chinese HCM Cloud applications, Inspur HCM Cloud positioned in No. 1 in the HCM cloud application for large enterprises market.

During the reporting period, the Group further strengthened cooperation with ICBC (工商銀行), Minsheng Bank (民生銀行), SPD Bank(浦發銀行) etc in digital transformation. The Group strategic signed and landed co-operation with Evergrowing Bank (恒豐銀行), Ningxia Bank (寧夏銀行), and other financial institutions. The group fully utilized the Inspur's advantages in the treasury and finance management industry. The Group further explored its corporations to supply-chain finance to co-construct technology finance between enterprises and institutions and achieve the rapid growth.

During the reporting period, the Group integrated integrating information portal, mobile portal and collaboration office to create a digital collaboration platform. The Group moved forward in research and development, deepened collaborative applications based on customer scenarios, released collaboration portal, and zero-code platform and other functions, fulfilled to the needs of a variety of terminals, achieved cross-organization, multi-level, and borderless communication, and satisfied customers' digital collaborative needs of integration, zero-code, modularization, on-demand customization and rapid construction. During the reporting period, we newly signed contracts with enterprises such as China Tower (中國鐵塔), CHINALCO (中鋁集團), Tongrentang(同仁堂), Guangming Food(光明食品), and etc.

(2) Growing Enterprises Market

During the reporting period, for growing enterprises, the Group released of InSuite1.2 version, a new generation open source cloud ERP product, and speed up R&D for new version. Adopting a cloud-native/micro-service architecture, end-to-end integration business architecture and focus on diversified digital scene, InSuite provided finance-taxation integration applications including finance cloud, supply chain cloud, manufacture cloud and cloud development platform etc. InSuite aimed to break through enterprise's internal and external value chain, realize global supply chain collaboration, support the enterprises' on-cloud and global resource allocation, fulfill the managements' need of multiple organisation and multiple profit center, and fully reconstruct the enterprises' digital capabilities. Through aggregate multi-type partners and development enthusiasts, explore channel partners, the group further opened products and markets to build a community of interest and enhance aggregation ability of "platform + Ecology". With deployment flexibility, application safety, very lower cost of ownership and extreme users' experience, Inspur InSuite got rewards such as "2021 Ingenious product Brand", "2021China Low-code platform star product", "2021 Lead Brand in SaaS Cloud market" etc.

(3) Small and Micro Enterprises Market

During the reporting period, for the small and micro enterprises market, the Group advanced the development new version of core products around Inspur Cloud Accounting, Cloud Inventory, further literate SME Cloud platform Eyun online, focus on niche industry, R&D the applications of Rural Capital Cloud(三資雲), and Zhujianyun (住建雲), and developed special features such as smart invoicing, smart accounting, integration of business and finance, direct connection with bank and rural, and promoted batch one-click tax filing for all tax types for key municipalities nationwide. While strengthening ecological corporation, the Group reached strategic cooperation with Jinshan WPS (金山辦公), Tencent (騰訊), DingDing(釘釘), Pingan Bank(平安銀行) and eSign (e簽寶) etc and awarded special features such as smart invoicing, smart accounting, integrati.

II. Management Software Business

During the reporting period, the Group as smart invoicing, smart accounting, integration of business and finance, direct connection with bank and rural, and promoted batch one-click tax filing for all tax types for key municipalities middle-end data and network operation support system (OSS), as well as its technological strengths in block chain to continue to drive management innovation and digital transformation for large enterprise customers, with revenue of HK\$2,241,569,000 recorded, representing an increase of 38.5% compared with the corresponding period of last year.

The Group depended the strategy planning consultancy as lead to aggressively promote large enterprises digital transformation and continued to consolidate its leading position in the field of financial sharing. During the reporting period, Inspur Finance Sharing leveraged RPA, OCR, natural language processing, knowledge mapping and machine learning technologies to create new intelligent financial solutions in terms of “manual capability, perceptive capability and cognitive capability”, covering intelligent financial applications in various fields such as shared accounting, financial accounting, fund management, tax management and report management. During the reporting period, the company signed new contracts with customers such as Zhejiang Guoyun (浙江國運), Henan Sunho (河南神火) and Tongling Nonferrous (銅陵有色), Zhongtai Securities (中泰證券), Shanxi Transportation Management (山西交控), Tianjing Pharmacy (天津醫藥) etc, and won awards such as “Elected Most Trusted Financial Intelligent Transformation Service Provider by Chinese CFOs of 2021”, “Outstanding Project in Leading Technology Achievement of 2021”, and “No. 1 Product Satisfaction” etc. The Group was selected as advanced enterprise in the field of modern supply chain by National Standardization Committee of Integration of Information and Industrialization.

During the reporting period, the Group further developed its MOM manufacturing execution management system, manufacturing IOT platform and form a industrial software product system, which based on the new generation of “cloud, edge and end” intelligent manufacturing technology framework. The group formally launched the “Smart Manufacturing+” total solutions for intelligent manufacturing, covering core areas such as digital supply chain, products manufacturing, quality management, smart factory and industrial intelligence, and launched in-depth promotion and application in large equipment manufacturing enterprises for ships and shield machines. The group got rewards as “New Generation IT Innovation New Product”, “Intelligent Manufacturing Ingenious product” and so on..

During the reporting period, communication information systems, facing the operation supporting system construction requirement of middle-end basement, industrial field supporting, full coverage cloud products, got precipitated data service abilities to provide operation support to private and public network by extending service in the field of digital and technology platform, big data service, business support and management support, At the same time, surrounding services of planning, construction, maintenance, operation of cloud-network integration, the group assisted the operators build the data centers.

III. Internet of Things (IoT) Solutions Business

During the reporting period, the Group's Internet of Things solutions business, which mainly covers the grain industry and the telecommunications industry, achieved revenue of HK\$767,626,000, representing an increase of 77.50% compared with the corresponding period last year.

For the grain and agriculture industry, through optimizing production line, the group explored market layout around market as smart agriculture, smart storage, smart parks etc., and provide smart grain, smart storage solutions to food and material reserve authorities at all, emergency management departments and grain-related enterprises, material reserves and storage logistics parks of different scales, large, medium and small.

During the reporting period, Inspur published first domestic white paper “Digital Transformation Road for Grain Industry under New Trend“, successfully signed projects such as Grain Circulation Management Information Platform of Chongqing, Grain Industry Park Intelligent Project of Shunde, Modern Grain Logistic Comprehensive Platform of Qinghai, Grain Industry Park Intelligent Project of Xinyu, Modern Grain Logistic Park Intelligent Project of Jiyongjiangbei, Upgrading project of Smart Warehouse of Yongkang of Zhejiang etc. During the reporting period, Inspur Grain Cloud got rewards like “Users’ Satisfaction No.1” by CCID research report for 2021 Chinese Inspur Grain Cloud got rewards like “Users’ Satisfaction No.1” by CCID research report for 2021 Chinese IT users’ satisfaction survey and “2021 No. 1 Technology Progress of Henan Province” on joint report <key technology and application for IOT safety transmission and intelligent control>

During the reporting period, the Group grasped the demand from cloud data centre and operation and maintenance needs from the cloudisation of networks. The Group provided the whole life cycle of cloud network services, including preliminary consultation, planning and design, pre-production and delivery, verification and energy saving, and integrated operation and maintenance, helping operators to build a new generation of cloud network infrastructure. The Group also works with industry partners to build an ecological system, assisting operators to develop their government and enterprise business.

BUSINESS PLANNING

In 2022, the Group, as a Chinese domestic leading enterprise application software and SaaS cloud services provider, will grasp the strategy opportunities of triple-overlay of technology iteration, industry updating and technology innovation, and enterprise application software (cloud ERP) eco-reconstruction. The group adheres to the leadership of technology innovation, further increase its investment in research and development, build superior quality cloud ERP products, upgrade and iterate on cloud products for large and growing enterprises, and provide comprehensive digital solutions and digital transformation services for various enterprises. At the same time, the Group will continue to strengthen the operation of SaaS products and digital marketing to increase the revenue share of cloud business, adhere to the “platform + ecology” partnership operation concept to increase market coverage. In the future, relying on the brand influence of Inspur, we will continue to build new technologies, new applications and new models, promote the digital and intelligent transformation of enterprises with first-class products and services, create value for customers and partners, and grow together with Chinese enterprises.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has complied with the applicable code provisions set out in the Code of Corporate Governance Practices (the “Code”) contained in Appendix 14 of Listing Rules for Main Board throughout the period ended 31 December 2021, save as: Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Partial Directors were unable to attend the annual general meeting as they were obliged to be away for business trips. The Company will improve its meeting scheduling and arrangement in order to ensure full compliance with Code A.6.7 in future.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the “Model Code”) set out in Appendix 10 of Main Board Listing Rule as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the requirement set out under the Model Code throughout the period ended 31 December 2021.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group’s annual results for the year ended 31 December 2021, including the accounting principles and practices adopted by the Group, and is of the opinion that the preparation of such results comply with applicable accounting standards and requirements, and that adequate disclosures have been made.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

The register of members will be closed from 13 June 2022 to 17 June 2022 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17 Floor room 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 10 June 2022.

By Order of the Board

Inspur International Limited

Chairman

Wang Xingshan

Hong Kong, 30 March 2022

As at the date of this announcement, the Board comprised Mr. Wang Xingshan, Mr. Wang Yusen and Mr. Jin Xiaozhou, Joe as executive Directors, Mr. Dong Hailong as non-executive Director, and Ms. Zhang Ruijun, Mr. Wong Lit Chor, Alexis and Mr. Ding Xiangqian as independent non-executive Directors.