



Annual Report 2021 (Summary)

Stock Abbreviation: Glodon

Stock Code: 002410

March 2022

I. Important Notice

This summary of annual report is abstracted from the full text of the Annual Report 2021. In order to fully understand the Company's operating results, financial position and future development plans, investors are advised to carefully read the full text of the Annual Report 2021 on the media designated by the China Securities Regulatory Commission.

This English version of the Annual Report 2021 (Summary) is translated from the Chinese version of the same. In case of discrepancy, the Chinese version disclosed by the Company shall prevail.

All Directors attended the board meeting to review this report in person, except for the following director:

Name of the absent director	Title of the absent director	Reason for absence	Name of the delegate
Yuan Zhenggang	Director	Reasons related to work	He Ping

Non-standard audit opinion notification:

Applicable Not applicable

The profit distribution proposal for ordinary shares or the proposal to capital reserve capitalization for the Reporting Period as considered by the Board of Directors

Applicable Not applicable

Whether to implement capital reserve capitalization

Yes No

The Company's profit distribution proposal for ordinary shares reviewed and approved by the Board of Directors is as follows: Based on the total share capital on the equity registration date when the profit distribution plan is implemented in 2022, a cash dividend of 3 Yuan (tax included) for every 10 shares will be distributed to all shareholders, and there will be no bonus share (tax included) or capital reserve capitalization.

Profit distribution proposal for preferred shares during the Reporting Period passed by the Board of Directors

Applicable Not applicable

II. Company Profile

1. Company Information

Stock abbreviation	Glodon	Stock code	002410
Stock Exchange	Shenzhen Stock Exchange		
Contact information	Board secretary	Securities affairs contact	
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2. Main Business of the Company

1. External Environment

In 2021, the first year of the 14th "Five-Year Plan" (FYP), China achieved remarkable results in coordinating

economic growth and pandemic prevention and control, with steady socioeconomic development recorded. Specifically, the software and information technology service industry grew by 17.2% yoy, and the investment in the high-tech industry nationwide rose by 17.1% yoy, which is 9.9 percentage points faster than the average investment growth; the total research and development (R&D) national expenditure increased by 14.2% yoy, and double-digit growth that has been maintained since the beginning of the 13th FYP period, indicating consistent progress in innovation-driven growth and a pleasing trend in industrial transformation. The total output value of the construction industry came in at RMB29.31 trillion, up by 11.0% yoy. Investment has recovered steadily, driven by the successive launches of major projects of the 14th FYP and continuous progress made in the “new infrastructure and new urbanization initiatives and major projects”. The construction sector is playing an increasingly important role as one of the pillar industries in the country.

Since the beginning of the 13th FYP period, China has intensified the implementation of its digital economy development strategy, continuously improved digital infrastructure, stepped up the incubation of new business forms and models, and achieved significant progress in digitalization and industrial digitization. During the 14th FYP period, China’s digital economy has reached a new stage of development characterized by deepening application, well-regulated operations, and inclusive sharing with the wider population. A new round of technological revolution and industrial transformation is in full swing, and digital transformation has become the general trend going forward. High-priority objectives such as innovation-driven digitalization, incorporation of digital technology into the real economy, in-depth integration of new-generation information technology with the construction and advanced manufacturing industries and the transformation of other traditional industries propelled by digital technology as the driving force are set out in both the *14th Five-Year Plan for Digital Economy Development* released by the State Council and the *14th Five-Year Plan for Construction Industry Development* recently issued by the Ministry of Housing and Urban-Rural Development.

From the perspective of digital economy development, digital transformation covering all production factors has acted as an important catalyst for increasing the scope for economic development. Digital transformation has become indispensable to enterprises’ business development. Having gone through the preliminary digital marketing stages of initial user/customer digitization, it is gradually infiltrating production and business operational and organizational activities. Whether it is an end-to-end entire-value chain or a process-driven holistic digital transformation, it helps enterprises acquire data-driven intelligent decision-making capabilities, improve operational efficiency and make upstream-downstream collaboration across industrial chains more efficient. From an industrial perspective, data can bring about a substantial multiplier effect on improving production efficiency. The all-round and end-to-end digital transformation of traditional businesses can greatly improve production efficiency across an industry, leading to growth in market volume, and creating a prosperous and orderly industrial innovation ecosystem.

As regards the transformation and upgrading of the construction industry, the 14th FYP provides a window of opportunity for the implementation of the Urban Renewal campaign and rollout of the New Urbanization strategy, as well as for the transformation and development of the construction industry. The development goals explicitly set out in the 14th FYP for the construction industry include substantially improving the degree of industrialization, digitization and automation of construction work; accelerating the coordinated development of “intelligent

construction” and “new industrialized construction” has also become an important goal of the 14th FYP. This involves creating intelligent production and intelligent construction systems and building an internet platform for the construction industry by promoting digital collaborative design and using new technologies and new models such as prefabricated buildings and construction robots, all based on the foundation of improving intelligent construction policy and top-level design of the industrial system, consolidating Building Information Modeling (BIM) and other technical standards, to ultimately attain the goals of intelligent construction and green construction. The high-quality development of the construction industry will ultimately pivot towards innovative development and green development. Increasing the level of industrial chain modernization and the formation of the green and low-carbon production model will accelerate a shift of focus in the construction industry from volume expansion and toward improving competitiveness, hence forming the strong basis of a new development era.

According to statistics of the China Construction Industry Association, the proportion of investment in construction informatization in China to the gross output of the construction industry is merely 0.08%, compared to the 1% average in the European and American developed countries. The R&D expenditures of large- and medium-sized Chinese construction companies account for less than 2% of their total revenue, while the average ratio among the world’s top 500 companies typically ranges between 5% and 10%, indicating there is plenty of room for increased spending on construction informatization. The construction industry needs to employ digitalization to drive business transformation, and new industrialized construction needs to be at the core of upgrading the construction industry. The “new intelligent construction” supported by a construction industry internet and digitalization will certainly bring greater synergistic value and model innovations, thereby promoting the rapid development of construction industry digitalization.

2. Overview of Our Business

The Company envisions itself as a digital building platform service provider based in the construction industry that provides its clients with professional construction engineering software and hardware products and solutions, as well as value-added services such as industrial big data and new industry finance, covering the entire lifecycle of construction projects. Since its inception, the Company has adhered to self-sustained product R&D and self-reliant channel building. Through a nationwide marketing network and with integrated operational support, it gains insights into users’ needs, iterates products, and sets up an agile and efficient system incorporating research, marketing, sales and service.

The Company’s businesses are divided into three major business segments and several innovation business units based respectively on business stages and client type, namely the Construction Cost business segment, Construction Management business segment, and Digital Design business segment; the several innovative business units include Digital City, Digital Supply & Procurement, Digital Finance and Digital Education. The businesses are also divided into domestic and overseas businesses.

The Construction Cost business segment is a mature business segment of the Company. It mainly provides software products and data services to all entities involved in the construction project, and it includes the engineering pricing business line, engineering quantity takeoff business line, engineering information business

line and e-government business line. After more than twenty years of development, this business segment has obvious competitive advantages in China. Currently, it mainly provides products and services to clients adopting a subscription-based SaaS model.

The Construction Management segment is the growth business of the Company with key breakthroughs. It mainly focuses on the construction process of engineering projects, and provides construction companies with platform-based solutions covering project management and enterprise management through a “platform + modular components” model. Specifically, this involves BIM+ intelligent site products at the project level, and products aimed at project-enterprise integration at the construction companies’ enterprise level. Digital transformation is still in full swing in the construction industry. This business segment is at an early stage of development, and its market penetration is relatively low.

The Digital Design segment is an emerging business prioritized by the Company. It is oriented toward clients such as design institutions, providing them with architectural design and urban design products and digitalized design delivery and filing services. This include Glodon Digital Design Product Family, BIMSpace Architectural Design Product Family, Computational Analysis Product Family, Civil Municipal Design Product Family, and Glodon Design Delivery and Filing. Among them, the BIMSpace and Civil Municipal products have attained a leading position in the market.

The innovative business units are emerging businesses incubated by the Company. Relying on the experience we have accumulated from our digital project management platform and related products, they target different market segments of the construction industry, providing support and safeguards for the transformation and upgrading of the construction industry in multiple aspects including CIM planning, construction and management and new urban construction, supply chain services and talent training. During the Reporting Period, the innovative business units remained focused on product optimization and benchmark project verification.

As regards our overseas business, one segment is Cubicost, a series of international products for the construction cost business, which has been marketed mainly in the Southeast Asian market. The other segment is the international Construction Management products, including the MagiCAD series of electromechanical design software operated by our Finland-based wholly-owned subsidiary, and Glodon GSite, an international construction management platform targeting the European market.

3. Management Discussion and Analysis

The year 2021 marked an important juncture in the implementation of the “8th Three-Year Strategic Plan”. Staying true to its mission of “making every project a success” and its strategic positioning as a “digital enabler,” the Company firmly pushed ahead with its data-driven platform + ecosystem business strategy, and continued to provide digital capabilities for construction companies to jointly promote the digital transformation and upgrading of the industry. Throughout 2021, it further consolidated its “new construction” business, achieved breakthroughs in its “new design” business, made overall arrangements for the innovative business, and fulfilled all the pre-set business targets across the board: the cloud transformation of the Construction Cost segment covers the whole country; the conversion rate of newly added transformation regions and the renewal rate of existing transformation regions both increased; the Construction Management segment actively increased its contracts, and the integrated digital project management platform has started to take shape; the integration of the Digital Design

business was completed, with major breakthroughs made with the proprietary digitalized architectural design products; the Company delivered remarkable results in innovative business incubation – in particular, the Digital City CIM platform has progressed from technologies to products, and then to solutions.

In 2021, the Company recorded a total operating income of RMB5.619 billion, representing a YoY increase of 40.32%. Operating profit amounted to RMB758 million, a YoY increase of 83.10%. Net profit attributable to shareholders of the Company amounted to RMB661 million, a YoY increase of 100.06%. As of the end of the Reporting Period, outstanding cloud transformation-related contract liabilities (the “cloud contract liabilities,” which is equivalent to the “cloud advance receipts” in 2019 and previous reporting periods) increased to RMB2.047 billion. These liabilities are collected cloud service fees that cannot be recognized as revenue generated during the Reporting Period, resulting in a discrepancy between the current period’s apparent income and actual business income. If the effect of the cloud contract liabilities were included, the total pro-forma operating income would amount to RMB6.156 billion, representing a YoY increase of 33.21% on the same basis. The pro-forma net profit attributable to shareholders of the Company would amount to RMB1.144 billion, representing a YoY increase of 29.19% on the same basis. (Note: total pro-forma operating income = total operating income+ cloud contract liabilities as at the end of the period – cloud contract liabilities as at the beginning of the period. The pro-forma net profit attributable to shareholders of the Company = net profit attributable to shareholders of the Company + (cloud contract liabilities as at the end of the period – cloud contract liabilities as at the beginning of the period) * 90%).

During the Reporting Period, the Company stepped up forward-looking technology development and integrated innovation efforts, and continued to make breakthroughs in high-priority areas such as graphics, AI, and open platform for the construction industry. R&D expenditure for the year totaled RMB1.626 billion, accounting for 29.23% of operating income. On the “technology support business” front, we continued to improve the design scene processing performance capability and drawing expression of graphics engines, and supported the release of Digital Design Products. The FalconV rendering engine for architectural design and construction process animation and other related products were released to seamlessly connect the Glodon Digital Design Product and BIMMAKE software. Our device-edge-cloud integrated AI technology system can satisfy various requirements on construction safety, progress, quality and cost control, with the total number of hidden danger algorithm categories increasing to 35, covering more than 20,000 projects. In terms of the “technology-driven business,” AI conversation technology has started to apply to automatic reporting of construction safety hazards; the AI concept design platform has started to take shape; and the master data management at customers’ corporate level is now complete, ensuring the uniformity of enterprises’ master data. In terms of “technology become the business,” the number of active applications of the proprietary lightweight BIM engine BIMFace reached 500, and more than 10 new privatized clients were acquired. We successfully launched the BIM + GIS platform, and brought CIM engine development to completion. In 2021, the Company continued to improve and deepen the intellectual property system to protect the R&D findings of the Company and individuals: we took out five new patents related to BIMMAKE, quantity takeoff software and the Magical Index Tool. We filed 80 new software copyrights concerning the market-based pricing platform, BIM construction management, BIMFACE platform and Glodon Digital Design Product for Architectural Design; and registered 168 new trademarks for Gldjc.com,

public resource trading service platforms and developer platforms.

In 2021, the Company stepped up the transformation into a “Digital Glodon” in line with its positioning as a champion of digital management, and initially set up a closed loop that leverages the customer success indicator system to drive construction of processes and organizational upgrades. Customer services have been made entirely digital, enabling us to investigate an online precise matching model to improve large-scale service capabilities. Based on the unique characteristics of online services, we have built a multi-channel closed loop connecting customer feedback with the product value chain and the operation value chain, so as to facilitate continuous business improvement. On the business side, we pushed forward the development of the Group-level LTC (from Lead to Cash) process and system, and connected the data from key business lines to achieve a mutually-supporting data-driven business analysis. In digitizing our own office administration systems, we completed the design for financial digital transformation by bringing the budgeting/accounting management system entirely online, as well as steadily pushing forward towards the basic digitalized system for human resources management, and continuing to improve supplier management, production and research management, IT process management and data security management.

While promoting digital management, the Company also built a functional safeguards covering business strategies, remuneration and corporate culture. During the Reporting Period, we completed the DSTE (Develop Strategy to Execution) 1.0 version of the strategic management methodology, and implemented a closed-loop management system covering the entire management process from strategy development all the way through to execution. We released the core value 3.0 - G-Star, and continued to build a “learning organization” through special activities such as C-level study tours and digital learning activities for all staff. We continued to optimize the short-, medium- and long-term remuneration system using tools such as equity incentives and the Glodon Time Unit Plan, to achieve institutionalized and standardized remuneration and performance appraisal systems.

Specializing in the construction IT industry, the Company drew on its extensive theoretical and practical experience and expertise to maintain thought leadership in the digital transformation and upgrading of the industry. In 2021, we released industry reports such as the *Digital Design White Paper*, *Digital Security White Paper*, *CIM Application and Development Report*, *Informatization Application Analysis of Construction Industry Enterprises*, *China Construction Industry BIM Application Analysis Report (2021)* and *China Construction Industry Informatization Development Report (2021) - Application and Development of Intelligent Construction*, exploring the different directions of intelligent construction with the focus on prominent issues in the industry. Leveraging the construction digitalization resources it acquired over the years, Glodon has played a leading role in the “National Key R&D Program – City Information Modeling (CIM) Platform Key Technology Research and Demonstration” project, the “Research on Digital Transformation and Upgrading of End-to-End Engineering Consulting Industry” of the National Development and Reform Commission and several other high-profile projects, contributing to essential areas of national interest. Continuing its efforts in promoting the “digital building” concept, the Company has held the “China Digital Building Summit” for 12 consecutive years to provide the industry with the latest multi-position and diversified digital solutions. In more than 30 national and industry conferences such as the “China Digital Construction Summit”, China (Beijing) International Service Trade Fair,” “China International Digital Economy Expo” and “China International Intelligent Industry Expo” as

well as national and provincial satellite television and other main media channels, we communicated Glodon's insights and practices on the digital transformation and upgrading of the construction industry to construction practitioners across the country and the world, attesting to its growing global professional influence.

In 2021, the Company made substantial headway in improving its corporate and product influence as a participant in the capital market and a responsible corporate citizen. It was once again selected as one of the "Top 100 Private Enterprises in Beijing" awarded by the Beijing Federation of Industry and Commerce, and was included in the lists of "Top 100 Private Enterprises in Technology Innovation in Beijing in 2021" and "Top 100 Socially Responsible Private Enterprises in Beijing in 2021." Our core product "Digital Project Management Platform" won the "China's Most Competitive Product Award for Digital and Software Services" at the China International Digital and Software Services Fair hosted by the Ministry of Commerce. We received a number of prestigious awards in the capital market, in recognition of our consistently and prudently managed business and legally compliant operations. We successively won the "2020 Annual Results Announcement Best Practices" from the China Association for Public Companies, the "Party Building Best Practices of Beijing-based Private Listed Companies" from the Listed Companies Association of Beijing, as well as "Top 100 Most Valuable Companies Listed on the Main Board," "A-Share Listed Company Social Responsibility Award" and "Best Board of Directors Award" elected by multiple media organizations. Glodon's Chairman Diao Zhizhong was once again awarded the "Golden Bull Enterprise Leader Award" by the *China Securities Journal* and the first "China Listed Company Jinglun Award – Best Company Captain of the Year" by *ChinaFund*.

During the Reporting Period, the Company's primary businesses ran smoothly according to schedule, as follows:

1) Construction Cost segment

The operating income of the Construction Cost business came in at RMB3.813 billion in 2021, a YoY increase of 36.64%. If the outstanding cloud-based contract liabilities were included, the adjusted operating income would amount to RMB4.353 billion, representing a YoY increase of 27.90% on the same basis.

Cloud-based contracts executed during the Reporting Period amounted to RMB3.1 billion, a YoY increase of 38.77%, and the year-end outstanding cloud contract liabilities were RMB2.047 billion, an increase of RMB537 million compared to the start of the year. Cloud revenue recognized during the Reporting Period was RMB2.561 billion, accounting for 67.15% of the total revenue of the Construction Cost segment.

In 2021, cloud transformation of the Construction Cost services was rolled out in the four remaining regions of Jiangsu, Zhejiang, Anhui and Fujian, and it progressed smoothly throughout the year. For the first time, a positive revenue growth after restoration was achieved during the year of transformation. The subscription model improved the cost-effectiveness of related products and services, and the application rates of the cloud-based pricing and cloud based quantity takeoff products and engineering information services such as Gldjc.com and Guangcai Assistant hit new highs, which translated into customer satisfaction and gains in conversion rate and renewal rate. As of the end of 2021, both the conversion rate and renewal rate in the regions where cloud transformation was initiated in 2017 and 2018 exceeded 85%; the conversion rate in regions where the transformation was initiated in 2019 exceeded 85%, with a renewal rate of 90%; the conversion rate in regions where the transformation was initiated in 2020 was 80%, with the renewal rate exceeded 85%; and the conversion

rate in regions where the transformation was initiated in 2021 exceeded 60%, indicating increases in first-year conversion rate compared to previous years.

Data on Construction Cost cloud transformation (unit: million Yuan)

Product line	Operating income from cloud services	YoY change	Cloud contract	YoY change	Year-end outstanding contract liabilities from cloud transformation	Change from the beginning of the period
Cloud-based pricing	924	63.30%	1153	43.70%	774	42.16%
Cloud-based quantity takeoff	830	61.33%	990	38.47%	645	33.13%
Engineering information	807	49.04%	957	33.53%	628	31.32%
Total	2561	57.91%	3100	38.77%	2047	35.82%

Against the backdrop of the market-based transformation of construction cost budgeting services, the Company continued to promote the conceptual upgrade from “budgeting” toward “cost management.” Market-oriented pricing products which have adapted effectively to the budgeting service reform have been formally adopted by a large number of state-owned investment pilot projects. Following the principle of “ensuring reliable pricing and improved benefits”, Guangcai Data Services further increased its number of benchmark clients and projects and started commercialized exploration. Two new products, the cost index application platform integrated with the “Magical Index Tool” and the “Index Network”, went on line to help users greatly improve efficiency through fast and efficient index calculation and accurate auditing. We continued to drive product transformation away from “budgeting” towards services for the whole-project lifecycle. BIMQ, the three-dimensional cost calculation and estimation product, has completed the first forward design project for a benchmark client, representing a breakthrough in the design of cost estimation products.

On the service front, the Construction Cost business continued to promote the development of digital systems such as the LTC (from Lead to Cash) and ITR (from Issue to Resolution) processes, and completed the digital upgrade of our call center, boosting both client satisfaction and internal operating efficiency. In the meantime, we continued with our online operations system against the backdrop of living with COVID, built an integrated media center for the Construction Cost business, and promoted a “technology upgrade” of the Construction Cost brand.

During the Reporting Period, the operation and maintenance revenue from public resource transaction management systems, as part of the e-government business, continued to increase relative to total revenue, and market-oriented bid clearing products logged strong revenue growth. In September, the Company won the bid for the RMB103 million Shenzhen Smart Government Service Platform project, thus completing its market reach covering all of the first-tier cities (Beijing, Shanghai, Guangzhou and Shenzhen), and facilitating the digital transformation and upgrading of the industry on a comprehensive scale.

2) Construction Management segment

The operating income of the Construction Management segment came in at RMB1.206 billion in 2021, a YoY increase of 27.82%. This business grew rapidly, driven by a sharp increase in the value of newly executed contracts. As of the end of 2021, the Construction Management project-level products served more than 55,000 projects and over 5,000 clients; new projects and new clients acquired in 2021 amounted to 16,000 and 1,600,

respectively.

During the Reporting Period, the Company seized the opportunities arising from the digital transformation of construction enterprise clients, boosted earnings growth by acquiring new contracts as the first priority in the first half of the year; and in the second half, we focused on the implementation of an income and receipts generation strategy to scale up business operations. Of all the new contracts executed in 2021, enterprise and project-enterprise integrated solution contracts accounted for roughly 15%, indicating a sharp rise in product penetration among top-tier clients. Project-level BIM + intelligent site contracts made up roughly 85% – the large-scale corporate procurement model for project-level products has been rolled out at a fast pace, resulting in more than half of labor and material contracts coming from large-scale procurement. With the rapid expansion of contracts, we sped up deliveries related to the Construction Management business in the second half of the year, and adopted various methods such as self-reliance + ecosystem, online delivery at scale (where delivery is shared between ourselves and our partners), delivery by client, and delivery centered around major project component channels and product integration, thereby accelerating the conversion of contract growth into operating revenues.

During the Reporting Period, the Company's project-level BIM + intelligent site products and project-enterprise integration products for construction enterprises continued to bring greater value. In project-level products, Material Management has achieved breakthroughs, assisting more than 100 companies in over 7,000 projects. It has verified the closed loop of client success indicators in site-entry and site-exit operations, resulting in an approximately 3% savings on material costs for clients through digitalization. We continued to iteratively upgrade the Labor Management products in line with the evolving market, covering more than 10,000 projects and over 8 million industrial workers, and connecting more than 100 government departments, greatly broadening the coverage of Glodon's Labor Management products in the industry. Enterprise-level solutions now have in-depth partnerships with several market leaders. In response to clients' differing requirements, we released a project management platform for medium and large construction companies to help them manage the production and contract performance processes involved in construction projects, based on the actual progress of project implementation. A lightweight project management system has been released for small and medium-sized construction enterprises. Project-enterprise integration has proven its value along the "material chain," with several model projects implemented for clients in Chongqing.

The Construction Cloud product line (BIM Technology product line) achieved rapid growth in the total number of clients and projects alike. Some 180,000 new users of the Zebra Progress product have been acquired since the launch of the "BIM Tool Product Promotion Plan" in February 2021, covering more than 70,000 projects. As a BIM rapid modeling and detailing software covering the entire construction process and developed based on proprietary graphics and parametric modeling technology which are protected by intellectual property rights, BIMMAKE has been universally recognized by academics and experts as a successful application in a super high-rise building in Shenzhen developed by China Construction Third Engineering Bureau. The construction quantity takeoff product has been tested on both material and cost products, and has been applied in dozens of projects, further improving its accuracy and scope, and broadening the quantity application scenarios for the verified products. Having passed the tests for its capability, the products will be gradually rolled out.

For infrastructure clients, the Company released a general digital infrastructure solution in June 2021. This

includes tool products (such as the BIM parametric modeling and the Zebra Progress product) and project-level digital solutions (such as the Infrastructure Materials, Infrastructure Labor, Infrastructure Progress, Digital Infrastructure Command and Adjustment platforms), designed to satisfy the remote command and allocation needs of infrastructure projects over time. These products and solutions solve the issues arising from remotely managing infrastructure projects, enhance the projects' allocation efficiency, reduce wastage of resources and avoid project delays. Many benchmark projects had started during the Reporting Period, leading the way and setting an example for the digitization of the infrastructure industry, and starting the preliminary study on the digital transformation of infrastructure enterprises.

During the Reporting Period, multiple breakthroughs were made in the development of the digital project integration management platform: the business middle platform completed the v2.0 modular architecture upgrade, the data middle platform completed the construction of the master data management system and data governance system, and released 150+ standard data interfaces; the technical middle platform completed the transition from project-level support towards project-enterprise integration support to meet the system integration requirements of 700+ tenants; the AI middle platform's CV algorithm continued to focus on the construction industry; the knowledge middle platform's "knowledge graph" facility encompasses more than 100 knowledge specifications/standards, and uses NLP (Natural Language Processing) technology to train the algorithms of chatbots and contract robots, which have been continuously tested in project-level and enterprise-level products. In terms of ecosystem building, the digital project integration management platform collaborated with leading construction companies such as Beijing Construction Engineering and China Construction Seventh Engineering Division to drive the commercial co-operation of the IoT platform and the data middle platform, making the formerly internal services available to external users.

On the basis of rapid business expansion, the Construction Management segment continued to ramp up our internal digital operation management, with improved operating efficiency through technological innovation and digital means. During the Reporting Period, we completed the development of an end-to-end operational system covering the entire process from client and business opportunity management, quotation and contract management, procurement supply management and project implementation management to financial management, thereby achieving internal-facing digital constructions by the Construction Management business and providing support to the long-term high-efficiency operations and strategic decision-making of that business segment.

3) Digital Design segment

The operating income of the Digital Design segment came in at RMB131 million in 2021, a YoY increase of 250.12%.

During the Reporting Period, we successfully completed the integration of the Digital Design business unit with Hongye Technology to ensure effective connection of the R&D management, marketing and customer service systems, HR and remuneration systems, digital operation management and IT infrastructure between Glodon's design business and Hongye Technology, and conducted discussions on core value 3.0 – G-Star to accelerate team integration. After integration, the teams shared sales and marketing systems, and improved customer satisfaction concerning product quality management, brand management, and customer service management. With a sales strategy focusing on our core products, we stepped up marketing efforts giving priority

to the three-dimensional forward design solution BIMSpace and the Civil Municipal Design products; strengthened the target management system related to sales management through organizational planning and service support; fostered the Glodon brand image through specifically scheduled marketing events; and leveraged the data system to manage business opportunities and sales leads, which improved the efficiency of sales conversion and led to rapid sales growth.

On the product front, a new version the BIMSpace 2022 was launched and iteratively upgraded during the Reporting Period, which further improved the efficiency of pipeline comprehensive engineering adjustments and the quality of BIM deepening design. October 2021 saw the release of the Digital Design Product for Architectural Design (open beta version) developed for the house building industry and based on Glodon's proprietary BIM graphics platform, and a speeding up of structural, MEP, component library and collaborative platform R&D, in line with our commitment to create architectural design solutions which incorporate design, management and budgeting. Operating in a digitally integrated design environment showcasing a "terminal + cloud" architecture, and through the component-level cloud collaboration mechanism based on unified data standards, the Digital Design Product Family provides interdisciplinary collaborative design solutions for the design of residential building drawings in the domain of civil architecture, enabling end-to-end management covering the entire process from project planning, design and production, delivery to data application. As of the end of 2021, the number of installations of the Digital Design Product for Architectural Design (open beta version) exceeded 1,700.

During the Reporting Period, the Digital Design division continued to build on its brand influence, and created a unified Glodon Digital Design brand after finishing its integration with the Hongye brand. In September 2021, the Company first proposed "digital design" in the *2021 Digital Architecture White Paper – Digital Design*, which answered the central questions concerning the transformation and upgrading of the design business in the digital era, stressing that intelligent design tools will gain in popularity over time, the design process will be synchronized on the cloud, and the ultimate design products will be completely digitized. Considering the delivery of fully digitized samples, digital design should allow an integrated and collaborative working model backed by a digital design platform, and a pre-simulation and integrated delivery process that supports the construction, operation and maintenance scenarios. From the perspective of eco-friendliness, digitization and industrial transformation of the construction industry, digital design should include lean design, industrial design approaches and digital design techniques. The notion of "digital design" will provide a new methodology for the transformation of the traditional design business, and serve as a theoretical starting point for the transformation of design companies, blazing a trail for the transformation of the survey and design industries.

4) Innovative business units

The Digital City business has expanded in scope to cover urban planning, construction and governance, and new urban construction, with two industry solutions developed: CIM-based urban planning, construction and governance, and CIM-based new urban construction. During the Reporting Period, the Chongqing Smart Guangyang Island (Phase I) construction project, Fujian Quanzhou Xingu Smart Park project, and Fujian Fuzhou Binhai Integrated Platform of Planning, Construction and Management project all passed acceptance checks, and we released the smart ecological index system and a white paper on smart ecosystem, raising the public's

awareness of the Glodon CIM brand.

The Digital Supply and Procurement business unit provides bilateral services for construction project procurement and building materials suppliers, facilitates the transformation and upgrading of the digital construction engineering supply chain, and helps supply and procurement enterprises integrate into the digital construction industry ecosystem. By creating a digital transaction service B2B platform “m2.com.cn,” we extended the business along the supply chain while providing information services, so as to enhance service efficiency throughout the supply chain. During the Reporting Period, we set up a database of 300,000 suppliers on m2.com.cn, solved some 30,000 requests from procurement clients, and helped more than 100,000 suppliers to match online referral purchases with offline services.

The Digital Finance business offered supply chain finance based on clients’ digital business scenarios and financial demand scenarios. We have served more than 300 construction units through the fin-tech platform, and launched a collective query platform combining professional application data and external public data. We have also developed a transaction authentication digital risk control product, which has been widely applied in self-operated businesses.

As for the Digital Education business unit, we established a digital talent training platform revolving around the talent service chain of higher education institutions offering architecture programs. We developed and designed digital teaching platforms and professional courses based on the teaching practices of the institutions, and supported the digital upgrading of universities and colleges alike. During the Reporting Period, we helped more than 300,000 teachers and students participate in online job fairs, improving their employment prospects; and organized more than 30,000 student assessment sessions focusing on the “1 + X” policy adopted by the Ministry of Education, removing major hurdles for students to complete post-specific training.

5) Overseas businesses

Overcoming the difficulties brought about by the pandemic, operating income from our overseas business came in at RMB153 million in 2021, a YoY increase of 3.89% .

In terms of internationalization of the Construction Cost business, we rolled out Cubicost on an extensive scale in Singapore, Malaysia, Hong Kong and other major regional markets in Southeast Asia. We entered into strategic partnerships with JTC Corporation (Singapore), the Malaysian Construction Industry Development Board’s National Construction Cost Centre portal (N3C) and the National University of Singapore to further develop the digital transformation of the construction industry, and provide integrated industry digital services for construction clients in Southeast Asia.

As for internationalization of the Construction Management business, the MagiCAD business continues to tap further into the Northern European markets where the Company has an established presence. Furthermore, we actively promoted digital transformation partnerships with key-account clients, and stepped up client prospecting efforts in the UK, Germany, Italy and other European markets. We partnered with a British company on GSite, a product based on the Integrated Digital Project Management Platform, marking GSite’s first international foray.

3. Major accounting data and financial indicators

(1) Major accounting data and financial indicators for the previous three years

Whether the Company need to retrospectively adjust or restate its accounting data for previous years

Yes No

Unit: Yuan

	2021 Year-end	2020 Year-end	Change from end of previous year to end of this year	2019 Year-end
Total assets	10,067,626,141.36	9,547,097,154.33	5.45%	6,167,316,188.03
Net assets attributable to shareholders of the listed company	5,787,737,027.21	6,402,241,169.54	-9.60%	3,269,226,858.97
	2021	2020	Year-on-year Change	2019
Operating income	5,562,216,443.14	3,947,083,029.86	40.92%	3,464,151,444.58
Net profit attributable to shareholders of the listed company	660,974,286.88	330,388,350.03	100.06%	235,072,017.67
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss	651,128,119.78	301,547,467.71	115.93%	190,912,170.61
Net cash flow from operating activities	1,601,350,833.93	1,876,130,837.67	-14.65%	640,918,549.42
Basic earnings per share (Yuan/share)	0.5636	0.2867	96.58%	0.2087
Diluted earnings per share (Yuan/share)	0.5636	0.2858	97.20%	0.2086
Weighted average ROE	10.59%	6.94%	3.65%	7.47%

(2) Quarterly major accounting data

Unit: Yuan

	Q1	Q2	Q3	Q4
Operating income	834,036,024.85	1,315,499,007.16	1,406,478,977.91	2,006,202,433.22
Net profit attributable to shareholders of the listed company	76,656,251.98	209,337,570.60	189,383,874.72	185,596,589.58
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss	75,179,421.06	199,061,684.54	180,225,143.97	196,661,870.21
Net cash flow from operating activities	-121,777,328.48	275,554,453.62	323,883,935.91	1,123,689,772.88

Whether the above financial indicators or their sums are significantly different from those disclosed in the Company's quarterly financial reports or interim financial reports

Yes No

4. Share capital and shareholders

(1) Table of number of ordinary shareholders and preferred shareholders with restored voting rights and the shareholdings of top 10 shareholders

Unit: share

Total number of	33,460	Total number of	39,955	Total number of	0	Total number of	0
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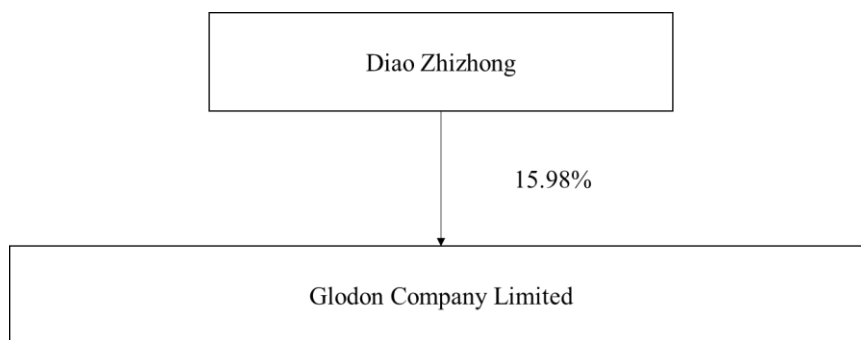
ordinary shareholders as of the end of the reporting period		ordinary shareholders at the end of the month immediately before disclosure date of annual report		preferred shareholders with restored voting rights at the end of the reporting period		preferred shareholders with restored voting rights at the end of the month before disclosure date of annual report	
Shareholding of top-10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of shares subject to trading restrictions	Pledged/labeled/frozen		
					Status of shares	Quantity	
Diao Zhizhong	Domestic natural person	15.98%	190,064,845	142,548,634	Pledged	27,399,253	
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	11.05%	131,378,229	0			
Chen Xiaohong	Domestic natural person	4.71%	55,970,000	0			
Wang Jinhong	Domestic natural person	4.29%	51,023,602	40,236,625			
Tu Jianhua	Domestic natural person	3.72%	44,293,489	0			
UBS AG	Overseas legal person	3.26%	38,739,273	0			
HHLR Management Pte. Ltd - China Value Fund(Exchange)	Overseas legal person	2.50%	29,714,738	0			
An Jinghe	Domestic natural person	1.91%	22,730,084	0			
MERRILL LYNCH INTERNATIONAL	Overseas legal person	1.85%	21,974,722	0			
Wang Xiaofang	Domestic natural person	1.68%	20,000,000	0			
Explanation on any connections or acting-in-concert among the above shareholders	There is no connection among the above natural person shareholders, nor are they persons acting in concert as regulated in the Measures for the Administration of the Takeover of Listed Companies. The Company is also not aware of any connection among other shareholders or whether they are acting in concert as regulated in the Measures for the Administration of the Takeover of Listed Companies.						
Description of shareholders participating in Margin Trading (if any)	Not applicable						

Note: The Company's controlling shareholder Mr Diao Zhizhong pledged 1,000,000 shares and 2,940,000 shares on March 8, 2022 and March 11, 2022 respectively. These shares represent 0.08% and 0.25% of his shareholding in the Company, respectively. The purpose was to supplement pledges. As at the disclosure date, Mr Diao Zhizhong had pledged a total of 31,339,253 of the Company's shares, corresponding to 16.49% of his shareholding in the Company, and 2.63% of the Company's total share capital. For details, see the announcement made on www.cninfo.com.cn on March 12, 2022, entitled *Public announcement concerning the pledging of shares by controlling shareholder of Glodon Company Limited* (Announcement no. 2022-009).

(2) Table of number of preferred shareholders and the shareholding of top 10 preferred shareholders

Applicable Not applicable

During the Reporting Period, there is no information about the shareholding of preferred shareholders of the Company.

(3) Chart of equity and controlling relationship between the Company and the acting controller**5. Information of bonds outstanding on the date of annual report issuance approval**

Applicable Not applicable

III. Important Matters**1. Stock incentive scheme**

During the Reporting Period, the Company released the 2021 restricted stock incentive scheme, and completed the registration of the first grant of 5.4409 million restricted shares to 345 recipients on November 3, 2021, and the registration of a postponed grant of 220,000 restricted shares to two recipients on January 7, 2022. The source of the shares is the A-share repurchase performed by the Company on the secondary market, with the grant price set at RMB30.48 per share. The three phases of the lock-up period for the restricted shares granted via the incentive scheme are 12 months, 24 months and 36 months from the registration date of the restricted shares granted to the recipients, with the unlock ratios set for the phases being 40%, 30% and 30% respectively; the corresponding performance appraisal targets at the Company level are: generating net profit (net profit attributable to shareholders of the listed company, similarly hereinafter) of no less than RMB650 million in 2021, net profit of no less than RMB950 million in 2022, and net profit of no less than RMB1.25 billion in 2023. For more details, refer to the relevant announcements and other documents (Announcements no. 2021-066, 2021-067, 2021-070, 2021-082, 2021-103, 2022-002) published on the cninfo website (www.cninfo.com.cn).

Stock incentives granted to directors and senior managers

Unit: share

Name	Position	Number of exercisable shares during the reporting period	Number of shares exercised during the reporting period	Strike price (RMB/share) of shares exercised during the reporting period	Market price as of the end of the reporting period (RMB/share)	Number of restricted shares held at the beginning of reporting period	Number of shares unlocked in the reporting period	Number of restricted shares granted in the reporting period	Grant price of restricted shares (RMB/share)	Number of restricted shares held at the end of the reporting period
Yuan Zhenggang	Director and President	0	0			186,000	186,000	504,000	34.91/30.48	504,000
Wang Aihua	Director and Senior	0	0			141,000	141,000	180,000	34.91/30.48	180,000

	Vice President									
Liu Qian	Director and Senior Vice President	0	0			418,000	278,800	0	-	139,200
He Ping	Director, Senior Vice President and Chief Financial Officer	0	0			108,000	108,000	169,000	34.91/30.48	169,000
Li Shujian	Senior Vice President and Board Secretary	0	0			108,000	108,000	176,000	34.91/30.48	176,000
Yun Langsheng	Senior Vice President	0	0			141,000	141,000	146,000	34.91	146,000
Zhi Fei	Senior Vice President	0	0			131,000	66,800	65,000	30.48	129,200
Wang Shaoshan	Senior Vice President	0	0			125,000	60,800	80,000	30.48	144,200
Total	--	0	0	--	--	1,358,000	1,090,400	1,320,000	--	1,587,600

The Company's three incentive schemes – the 2018 stock option and restricted stock incentive scheme, 2020 stock option and restricted stock incentive scheme, and 2021 restricted stock incentive plan – were being implemented during the Reporting Period. The Company's stock option and restricted stock incentive schemes accrued equity incentive expenses of RMB146.1855 million during the Reporting Period, which affected the net profit by RMB146.1855 million, accounting for 20.27% of the total net profit. This includes RMB25.2268 million of equity incentive expenses for core technical personnel which accounted for 17.26% of the current period's equity incentive expenses.

2. Share repurchases

During the Reporting Period, the Company released two tranches of share repurchase programs.

On March 26, 2021, the *Proposal Concerning the 2021 Share Repurchase Plan* was reviewed and approved at the 10th meeting of the fifth Board of Directors. The total amount spent on the repurchase shall not be less than RMB300 million (inclusive) and shall not exceed RMB400 million (inclusive); the repurchase price shall not exceed RMB80 per share. Implementation of the plan was completed on August 3, and 5,983,476 shares were repurchased in total, with the transaction price coming in at RMB399, 982,487 (exclusive of transaction fees). Of all the shares repurchased, 5,617,000 have been used to grant shares under the 2021 restricted stock incentive scheme. For more details, refer to the relevant announcements and other documents (Announcements no. 2021-019, 2021-021, 2021-023, 2021-032, 2021-035, 2021-037, 2021-044) published on the cninfo website (www.cninfo.com.cn).

On September 1, 2021, the *Proposal Concerning the Share Repurchase Plan* was reviewed and approved at

the 14th meeting of the fifth Board of Directors. The total amount spent on the repurchase shall not be less than RMB800 million (inclusive) and shall not exceed RMB1 billion (inclusive); the repurchase price shall not exceed RMB80 per share. As of December 31, 2021, the Company repurchased 10,055,330 shares through centralized bidding via the special securities repurchase account, with the transaction amount coming in at RMB644,491,364.74 (exclusive of transaction fees). The repurchased shares will also be used for subsequent stock incentives or employee stock ownership plans. For more details, refer to the relevant announcements and other documents (Announcements no. 2021-056, 2021-063, 2021-065, 2021-074, 2021-081, 2021-090, 2022-001) published on the cninfo website (www.cninfo.com.cn).

Progress in share repurchase implementation

Date of plan disclosure	Number of shares to be repurchased	% of total share capital	Amount of repurchase proposed (RMB)	Repurchase period proposed	Purpose for which the shares will be used	Number of shares repurchased	Proportion of shares repurchased (if any) to the total number of the target shares involved in the stock incentive scheme
March 30, 2021	0	0.00%	300,000,000-400,000,000	March 26, 2021 - March 25, 2022	Stock incentive or employee stock ownership plan	5,983,476	-
September 2, 2021	0	0.00%	800,000,000-1,000,000,000	September 1, 2021 - August 31, 2022	Stock incentive or employee stock ownership plan	10,055,330	-

3. Important Contracts

On December 7, 2020, the Company formed a consortium with Taiji Computer Corporation Limited and Glodon Digital Technology (Chongqing) Co., Ltd., and entered into the contract for the *Smart Guanyang Island (Phase I) Construction Project* with Chongqing Guanyang Island Green Development Co., Ltd. to carry out the Smart Guanyang Island (Phase I) project. The project mainly involves developing the EIM spatiotemporal information database, digital twin support platform, smart ecological application, intelligent construction applications and other modules, with a total contract value of RMB175,980,800. As of December 31, 2021, the performance status of the contract is as follows:

Unit: Yuan

Project name	Contract amount	Business type	Project execution progress	Revenue recognized in reporting period	Aggregate revenue recognized	Cash collection	Has the project progressed as scheduled or expected?	Reason for project execution falling behind schedule or slower than expected
Smart Guanyang Island (Phase I) Construction Project	175,980,800.00	Smart Cities development	64.62%	120,546,798.99	120,546,798.99	130,346,400.00	Yes	

Glodon Company Limited

Chairman: Diao Zhizhong

March 25, 2022