明源雲

Ming Yuan Cloud Group Holdings Limited
明源雲集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 909)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023, together with the comparative figures for the six months ended 30 June 2022, as follows:

FINANCIAL HIGHLIGHTS

Overall financial data

Revenue was RMB762.3 million for the six months ended 30 June 2023 (same period in 2022: RMB881.2 million), representing a year-on-year decrease of 13.5%.

Revenue from Cloud Services was RMB635.1 million for the six months ended 30 June 2023 (same period in 2022: RMB669.4 million), representing a year-on-year decrease of 5.1%.

Adjusted net loss was RMB97.1 million for the six months ended 30 June 2023 (adjusted net loss for the same period in 2022: RMB342.7 million), representing a year-on-year decrease of 71.7%.

BUSINESS REVIEW AND OUTLOOK

I. Industry Review

1. Residential Market

In the first half of 2023, China's sales of commercial housing were RMB6,309.2 billion, representing a year-on-year increase of 1.1%, and China's real estate development investment was RMB5,855 billion, representing a year-on-year decrease of 7.9%. Due to the concentrated release of pent-up demand and the effect of previous policies, China's sales of commercial housing in the first quarter of 2023 were RMB3,054.5 billion, representing a year-on-year increase of 4.1%, but declined in the second quarter. Generally, the residential market was still in the adjustment stage.

From the perspective of policies, a meeting of the Political Bureau of the CPC Central Committee on 24 July 2023 noted that "To adapt to the great changes in the relationship between supply and demand in China's real estate market, it is imperative to adjust and improve the related policies in a timely manner, make good use of policy tools on a city-specific basis so as to better meet residents' demand for basic housing or their need to improve their housing conditions, and facilitate the steady and sound development of the real estate market". Local governments will introduce more easing regulation policies in line with the latest tone set by the central committee to promote the stable development of the residential market.

2. Commercial, Industrial and Infrastructure Market

The report of the 20th CPC National Congress mentioned about developing a modern industrial system and continuing to focus on the real economy in pursuing economic growth. Industrial parks are an important space carrier and the key to advancing new industrialization and boosting the real economy. There will be more development opportunities from the construction and operation of industrial parks.

The 2023 Government Work Report pointed out that we should enhance the intensity and effectiveness of our fiscal policy. "Prioritizing economic stability and pursuing progress while ensuring stability" remains the keynote of development. As an important component to expand domestic demand, the infrastructure investment plays a major role in stabilizing economic growth. In the first half of 2023, the investment in infrastructure in China increased by 10.2% year-on-year, among which the cumulative investment in new infrastructure, such as data centers and smart transport, increased by 16.2% year-on-year. The demand for digitalization relating to infrastructure construction companies is increasing continuously.

II. Business Review

1. Products and Services

We specialize in providing enterprise-grade Cloud Services and On-premise Software and Services for major participants in the real estate ecological chain, helping customers to better achieve their strategic goals through digital upgrades.

1.1 *Cloud Services*

Our Cloud Services consist of four product lines, namely Customer Relationship Management SaaS (CRM SaaS), Construction Management SaaS, Property Management & Operation SaaS and Skyline PaaS Platform, which fully cover real estate development, construction, operation, services and other core business areas.

Due to the impact of the pandemic and industry shocks, the number of contracted orders for Cloud Services decreased in the second half of 2022, which caused an adverse impact on the revenue from Cloud Services in the first half of 2023. For the six months ended 30 June 2023, the revenue from Cloud Services was RMB635.1 million, representing a year-on-year decrease of 5.1% (same period in 2022: RMB669.4 million), accounting for 83.3% of the total revenue.

(1) CRM SaaS

The CRM SaaS product line mainly helps participants along the real estate ecological chain digitalize their marketing business, which can enhance the overall marketing efficiency of customers and save marketing expenses. This product line mainly comprises CRM Cloud and other products involving real estate digital marketing scenarios.

In terms of the digital marketing of residential developers, residential developers paid more attention to project marketability in the first half of 2023 and showed a high willingness in purchasing products relating to digital marketing. As the improved housing became the mainstay of the market, sales offices focused more on the narrative and experience of marketing, and the demand for VR products such as Digital Sand Table (數字沙盤) increased, further enhancing the average revenue per user.

In terms of the digital marketing of suppliers, the Group provides Market Insight (市場洞察), Leads Radar (線索雷達) and other digital tools based on the Real Estate Procurement Platform (不動產採購平台) especially for the supplier customers group, so as to achieve targeted marketing. During the Reporting Period, the Group obtained more than 60 new contracted supplier customers, and was recognized by leading customers including Oriental Yuhong (東方雨虹), BNBM Waterproof (北新防水) and Haier Smart Home (海爾智家).

For the six months ended 30 June 2023, the CRM SaaS product line recorded a total revenue of approximately RMB469.5 million, representing a year-on-year decrease of 8.0% (same period in 2022: RMB510.2 million).

In particular, CRM Cloud recorded a total revenue of approximately RMB425.0 million, representing a year-on-year decrease of 5.5% (same period in 2022: RMB449.6 million). As the number of projects on sale declined due to the impact of the market environment, the number of property sales offices covered by CRM Cloud in China was 11,871, representing a year-on-year decrease of approximately 10.7% (same period in 2022: approximately 13,300). The average revenue per user in a single property sales office was RMB35,800, representing a year-on-year increase of approximately 6.0% (same period in 2022: RMB33,800). As at 30 June 2023, the customer account retention rate of CRM Cloud was 85% (same period in 2022: 87%).

(2) Construction Management SaaS

The Construction Management SaaS product line mainly helps residential, industrial and infrastructure real estate developers achieve digital management of all processes and scenarios of project construction, achieve efficient management of construction projects in terms of schedule, cost, quality, safety, etc., and enhance the operational efficiency of major upstream and downstream participants through multi-party collaboration to achieve win-win results.

In the first half of 2023, we provided multi-business real estate project management, safety management and other products, which enable local urban investment companies to achieve digital transformation in key business scenarios such as progress coordination, contract collaboration and production safety. During the Reporting Period, the Group obtained a number of new contracted benchmark customers including Pudong Development Group (浦開集團), Lujiazui Development Group (陸家嘴集團) and Chengdu High-tech Investment (成都高投), significantly increasing the number of projects.

For the six months ended 30 June 2023, the Construction Management SaaS product line recorded a total revenue of approximately RMB59.6 million, representing a year-on-year increase of approximately 12.3% (same period in 2022: approximately RMB53.1 million). The number of construction sites covered by Construction Management SaaS in China was 7,435, representing a year-on-year increase of approximately 3.3% (same period in 2022: approximately 7,200). The average revenue per user in a single construction site was RMB8,000, representing a year-on-year increase of approximately 8.1% (same period in 2022: RMB7,400). As at 30 June 2023, the customer account retention rate of Construction Management SaaS was 83% (same period in 2022: 87%).

(3) Property Management & Operation SaaS

The Property Management & Operation SaaS product line mainly helps holders and operators of existing real estate achieve digital management on their asset and multi-business space operations & services, with products covering business areas of asset management, investment attraction, leasing, space operations, property services, etc., so as to enhance the asset operation efficiency, and promote the value preservation and appreciation of assets.

In terms of property management, we provide property holders with life-cycle property management solutions, mainly including key scenarios such as property registration, inventory inspection, business supervision and property disposal. In terms of property operation, we provide property operators with digital solutions such as leasing operations and property services. In the first half of 2023, we obtained a number of new contracted benchmark customers, including Pearl River Commercial Management (珠江商管) and Wuhan Hi-Tech (武漢高科). Meantime, we actively expanded customers mainly engaging in the operation of affordable housing projects (such as local Anju construction management companies and public rental housing operation companies) to provide them with operation, leasing and other digital products.

For the six months ended 30 June 2023, the Property Management & Operation SaaS product line recorded a total revenue of approximately RMB35.5 million, representing a year-on-year increase of approximately 12.4% (same period in 2022: approximately RMB31.6 million). The total area of properties under management exceeded 459.88 million square meters, representing a year-on-year increase of approximately 17.9% (same period in 2022: approximately 390 million square meters). As at 30 June 2023, the customer account retention rate of Property Management & Operation SaaS was 93% (same period in 2022: 89%).

(4) Skyline PaaS Platform

Since its launch in November 2020, Skyline PaaS Platform has been focusing on developing five major independent capacities of "aPaaS Capacity, iPaaS Capacity, bpmPaaS Capacity, DaaS Capacity and Technology Innovation", covering five suite products namely aPaaS, iPaaS, bpmPaaS, BI&Big Data and BPA&Portal.

In the first half of 2023, Skyline PaaS Platform has completed the adaptation with China-made servers, operating systems, databases and middleware, and has obtained the mutual compatibility certification from Huawei (華為), China Electronics (中國電子), Dameng (達夢) and TongTech (東方通). The Skyline Paas Platform was selected into China's Top 60 Vendors in Information Technology Application Innovation in 2022 issued by EqualOcean Intelligence, China's Top 500 Companies in Information Technology Application Innovation in 2022 issued by CIWEEK, and obtained the 2022-2023 Information Technology Application Innovation List – Leading Companies in Information Technology Application Innovation issued by China Information Association.

Skyline PaaS Platform has introduced AIGC capabilities, and integrated the "AIGC + Zero Code" and "AIGC + Low Code" technologies into the AI production applications of corporate consultants and customers' IT developers. Meantime, the Skyline Paas Platform can optimize code comments/assisted code generation/code walkthrough/unit testing/interface document generation in the process of product and customized project development, which improves the development efficiency by approximately 20% and shortens the production cycle covering demand, development and business application.

Due to the impact of the market environment, some residential developers reduced the procurement of Skyline products and services. For the six months ended 30 June 2023, the Skyline PaaS Platform product line recorded a total revenue of RMB70.6 million, representing a year-on-year decrease of 5.5% (same period in 2022: RMB74.6 million). The Platform has provided services for a total of over 2,000 customers.

1.2 On-premise Software and Services

Our on-premise ERP software and services mainly provide residential developers with real estate products covering sales, cost, procurement, planning, expenses and budgeting. In addition to the sales of software licensing, we also offer related implementation services, product support services and value-added services.

In the first half of 2023, some residential developers have not yet effectively alleviated financial difficulties due to the impact of the market environment, which caused them to remain prudent about digital investment. For the six months ended 30 June 2023, the revenue from On-premise Software and Services was RMB127.2 million, representing a year-on-year decrease of 39.9% (same period in 2022: RMB211.8 million).

2. Sales and Distribution Network

We sell and deliver Cloud Services and On-premise Software and Services through our direct sales force and a nationwide network of regional channel partners. Our sales team is organized by geographic region and divided into different teams targeting different types of customers and offerings, which results in a higher level understanding of customers' varying needs. We conduct direct sales through our sales teams in Beijing, Shanghai, Guangzhou and Shenzhen, and closely work with our regional channel partners to market our Cloud Services and On-premise Software and Services to customers in the rest of China for greater cost efficiency.

As at 30 June 2023, our direct sales force consisted of more than 350 employees with good knowledge about our products, technology and the real estate industry and extensive professional experience. We organize our direct sales force by geographic locations and customer accounts to maximize sales efficiency.

3. Management and Operation

In the first half of 2023, we continued to promote our organizational optimization and established a flat management structure, so as to make decision-making more flexible, enable all business lines to quickly respond to market changes and enhance the personnel efficiency of the Group. Meantime, we actively optimized the configuration of middle and back offices to enhance the efficiency of organizational collaboration and focus resources on the core needs of targeted customer groups.

For the six months ended 30 June 2023, the Group's selling and marketing expenses were approximately RMB452.0 million, representing a year-on-year decrease of 9.8% (same period in 2022: approximately RMB501.2 million). Our general and administrative expenses were approximately RMB263.8 million, representing a year-on-year decrease of 12.9% (same period in 2022: approximately RMB302.9 million). Our research and development expenses were approximately RMB326.7 million, representing a year-on-year decrease of 16.8% (same period in 2022: approximately RMB392.9 million). The Company's per capita output was approximately RMB244,000, representing a year-on-year increase of 11.9% (same period in 2022: approximately RMB218,000).

III. Industry Prospect

1. Residential Market

As the relationship between supply and demand in China's real estate market has undergone great changes, it is expected that the policies issued during the overheating market stage will be successively adjusted or cancelled and that the residential market will gradually return to steady development.

In the long term, the Chinese people's aspiration for a better life has not been met, and the urban population in China is expected to increase by approximately 70 million in the next 10 years, which will increase the needs for living conditions. Secondly, one third of existing urban housing was built before the year of 2000, and a total area of approximately 1 billion to 1.1 billion square meters will be eliminated due to the consequent annual renewal, indicating that there is a vast space for the renovation and replacement of stock properties.

Considering the above factors, there will be still a market space of RMB10 trillion in China's residential real estate market in the future. Although our results have been significantly affected by the rapid downturn of the residential market in recent two years, our relevant product lines will benefit from the gradual recovery of the market and the digital demand of enterprises.

2. Commercial, Industrial and Infrastructure Market

The foundation for achieving China's economic stability and improvement needs to be further consolidated, and expanding domestic demand has become the top priority of economic and social development. Government investment and policy incentives are expected to effectively drive the investment of the society and promote the construction of major projects and those to improve weak points. In line with the economic recovery of China in the first half of 2023, it is still imperative to stimulate infrastructure investment for achieving stable economic growth. It is expected that the investment and development scale of infrastructure will continue to maintain a moderate growth in the second half of 2023.

Since local urban investment companies are the key players in the development and operation of most commercial, industrial and infrastructure projects, state-owned enterprises tend to adopt stricter assessment standards and the requirements for operating quality are constantly improving under the background of deepening the reform of state-owned enterprises. Digitalization will enable them to improve production and management methods, enhance business collaboration and optimize operating efficiency. In the future, the Group will focus on expanding customer groups of state-owned enterprises that mainly engage in industrial development and urban construction.

IV. Business Outlook

Based on the above judgments, we believe that there are opportunities from the digitalization of the real estate industry. Therefore, the Company will accelerate the strategic transformation of three aspects, namely market, product and technology, which means the Company will accelerate the transformation from the residential real estate market to the non-residential real estate market relating to industrial and infrastructure, accelerate the full coverage of key customer groups and core business areas in the real estate ecological chain, and accelerate the comprehensive adaptation of our product lines with digital technology innovation system, so as to provide better services to cater to the digital strategy of state-owned enterprises. The Group will continue to implement the following four major strategies in the second half of 2023:

1. Optimizing the product layout and reshaping the growth engine

1.1 We will leverage the generative AI technology to accelerate the accumulation of self-owned professional models for the real estate sector. We will integrate generative AI with business scenarios such as customer acquisition, sales conversion, content production and data processing, further launch related application products, and promote the continuous growth of the average revenue per user of CRM Cloud.

1.2 We will continue to optimize the digital solutions for project management, support a wider range of real estate businesses, and help customers build an efficient engineering project construction system.

1.3 We will continue to optimize the digital solutions for property management, explore business pain points of customers in real estate operations, services and other areas, and provide the life-cycle management solutions for real estate projects.

2. Accelerating the adaptation of the digital technology innovation system, and continuously promoting the commercialization process of Skyline PaaS Platform

2.1 Based on the adaptation with mainstream servers, databases and middleware in China, we will promote the wider application of digital technology innovation products of Ming Yuan Cloud in customer groups of state-owned and central enterprises.

2.2 We will cooperate with Huawei Cloud (華為雲) and other ecological partners to develop "IaaS + PaaS + SaaS" cloud solutions for the real estate industry, and promote the cross-selling of solutions for more professional vertical segments, including digital consulting, SaaS products and professional services.

2.3 We will rely on the Skyline PaaS Platform to introduce more third-party application developers, deepen the development of personalized products, cover more business scenarios, and achieve the win-win cooperation between the customer value and ecological partners.

3. Focusing on providing differentiated products and services for different customer groups of state-owned enterprises

3.1 We will focus on high-quality state-owned residential developers, and provide digital solutions around their sales of residential properties and digital technology innovation needs. We will also focus on providing state-owned residential developers with digital technology innovation versions of application software and PaaS technology platform, so as to help enterprises build independent and controllable digital capabilities.

3.2 We will expand the customer base of local urban investment companies and provide digital solutions based on their project construction management needs. We will increase the investment in research and development of engineering safety management products, and provide functional modules such as multi-party online collaboration and on-site safety intelligent early warning, so as to help construction units implement the corporate safety responsibility and prevent safety risks.

3.3 We will focus on the digital property management business of state-owned enterprises, and build a real estate management and operation system that supports multiple businesses with functions such as rental control of properties, integration of business, finance and taxation and property inspection, so as to help enterprises improve their state-owned property management capabilities.

4. Continuously strengthening our capabilities and streamlining the organization to reduce burden and cost and enhance efficiency, and improving the management of cash flow

4.1 We will streamline the decision-making structure, promote the in-depth collaboration and information sharing among organizations at all levels, and focus on meeting the needs of customers. We will deploy more employees on the frontline, and directly invest more professional resources in customer services.

4.2 We will optimize the process of receivables management and establish more prudent credit periods and payment terms. We will adopt stricter risk assessment and control measures to further reduce the risk of bad debts.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenues	*5*	**762,340**	881,235
Cost of sales	*6*	**(153,572)**	(174,709)
Gross profit		**608,768**	706,526
Selling and marketing expenses	*6*	**(452,004)**	(501,218)
General and administrative expenses	*6*	**(263,849)**	(302,931)
Research and development expenses	*6*	**(326,700)**	(392,930)
Net impairment losses on financial assets and contract assets		**(16,752)**	(28,593)
Other income	*7*	**27,890**	30,383
Other gains/(losses), net	*8*	**19,480**	(124,360)
Operating loss		**(403,167)**	(613,123)
Finance income		**83,852**	51,986
Finance costs		**(4,218)**	(5,647)
Finance income, net		**79,634**	46,339
Share of losses of investments accounted for using the equity method		**(1,036)**	(581)
Loss before income tax		**(324,569)**	(567,365)
Income tax (expense)/credit	*9*	**(164)**	3,578
Loss for the period		**(324,733)**	(563,787)
Loss attributable to:			
Owners of the Company		**(323,324)**	(561,531)
Non-controlling interests		**(1,409)**	(2,256)
		(324,733)	(563,787)
Losses per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic	*10*	**(0.18)**	(0.30)
Diluted	*10*	**(0.18)**	(0.30)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Six months ended 30 June** **2023** ***RMB'000*** **(Unaudited)**	2022 *RMB'000* (Unaudited)
Loss for the period		**(324,733)**	(563,787)
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Currency translation differences from foreign operations		**(95,950)**	–
Items that will not be reclassified to profit or loss			
Currency translation differences		**156,245**	192,293
Changes in fair value of financial assets at fair value through other comprehensive loss, net of tax		**–**	(1,852)
Total comprehensive loss for the period		**(264,438)**	(373,346)
Total comprehensive loss attributable to:			
Owners of the Company		**(263,029)**	(371,090)
Non-controlling interests		**(1,409)**	(2,256)
		(264,438)	(373,346)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2023** ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**242,316**	253,799
Investment properties		**180,504**	182,361
Right-of-use assets		**331,663**	404,301
Intangible assets		**3,018**	19,682
Financial assets at fair value through profit or loss		**78,876**	53,387
Financial assets at fair value through other comprehensive income		**6,547**	6,547
Contract acquisition costs	*5*	**5,746**	5,412
Prepayments and other receivables	*12*	**33,046**	46,514
Deferred income tax assets		**19,556**	19,942
Investments accounted for using the equity method		**19,839**	20,875
Term deposits		**234,011**	–
Restricted cash		**500**	500
Total non-current assets		**1,155,622**	1,013,320
Current assets			
Inventories		**9,625**	6,723
Contract assets	*5*	**61,491**	56,582
Contract acquisition costs	*5*	**249,405**	266,898
Trade receivables	*12*	**86,370**	73,506
Prepayments and other receivables	*12*	**82,053**	98,606
Financial assets at fair value through profit or loss		**292,482**	29,702
Term deposits		**3,077,273**	2,994,122
Restricted cash		**1,439**	2,630
Cash and cash equivalents		**914,815**	1,642,078
		4,774,953	5,170,847
Assets classified as held for sale		**10,642**	–
Total current assets		**4,785,595**	5,170,847
Total assets		**5,941,217**	6,184,167

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2023** ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
EQUITY			
Share capital		**169**	172
Treasury shares		**(2,672)**	(219,501)
Reserves		**7,277,261**	7,207,104
Accumulated losses		**(2,208,349)**	(1,885,025)
		5,066,409	5,102,750
Non-controlling interests		**–**	(8,297)
Total equity		**5,066,409**	5,094,453
LIABILITIES			
Non-current liabilities			
Contract liabilities	*5*	**37,220**	33,225
Lease liabilities		**110,453**	174,983
Deferred income tax liabilities		**94**	776
Total non-current liabilities		**147,767**	208,984
Current liabilities			
Trade payables	*13*	**27,701**	37,874
Other payables and accruals	*14*	**126,864**	225,505
Contract liabilities	*5*	**531,260**	567,778
Current income tax liabilities		**3**	-
Lease liabilities		**41,213**	49,573
Total current liabilities		**727,041**	880,730
Total liabilities		**874,808**	1,089,714
Total equity and liabilities		**5,941,217**	6,184,167

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Ming Yuan Cloud Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 3 July 2019 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 25 September 2020.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the provision of Cloud Services, On-premise Software and Services for property developers and other industry participants along the real estate value chain in the People's Republic of China (the "**PRC**"), which enable property developers and other real estate industry participants to streamline and digitalise their business operations.

The interim financial information for the six months ended 30 June 2023 ("**Interim Financial Information**") is presented in Renminbi ("**RMB**"), unless otherwise stated, and was approved for issue by the Company on 23 August 2023.

2 BASIS OF PREPARATION

This Interim Financial Information has been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". This Interim Financial Information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022 ("**2022 Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2022 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of amended IFRSs effective as of 1 January 2023. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

(a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2023. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

(b) New standards, amendments to standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after 1 January 2024 and have not been early adopted by the Group.

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

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. Management has performed preliminary assessment and does not anticipate any significant impact on the Group's financial position and results of operations up-on adopting these standards, amendments to standards and interpretations to the existing IFRSs.

4 SEGMENT INFORMATION

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

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

Cloud Services	Including software as a service and platform as a service.
On-premise Software and Services	On-premise Software and Services, a business process management software and related services that allow an organisation to use a system of integrated applications to manage the business and automate back-office functions relating to technology, services, and human resources.

Since 1 January 2023, considering the changes that took place in the industry and to allow the relevant stakeholders to better understand the businesses of the Group in relative terms to other companies of similar industries, the directors of the Company have re-named and re-defined the original operating segments formerly known as "SaaS products" and "ERP solutions" to "Cloud Services" and "On-premise Software and Services" respectively. The CODM assesses the performance of the operating segments mainly based on segment revenues and segment gross profit. The re-naming and redefining of the operating segments have no impact on the comparative figures.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segments. Substantially all of the businesses of the Group are carried out in the PRC.

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

	Cloud Services *RMB'000*	**On-premise Software and Services** *RMB'000*	**Total** *RMB'000*
Revenues	**635,140**	**127,200**	**762,340**
Cost of sales	**(72,988)**	**(80,584)**	**(153,572)**
Gross profit	**562,152**	**46,616**	**608,768**

The segment information for the six months ended 30 June 2022 (unaudited) is as follows:

	Cloud Services *RMB'000*	On-premise Software and Services *RMB'000*	Total *RMB'000*
Revenues	669,429	211,806	881,235
Cost of sales	(46,088)	(128,621)	(174,709)
Gross profit	623,341	83,185	706,526

5 REVENUES

The Group's revenue includes revenues from Cloud Services and On-premise Software and Services. The Group acts as the principal to end customers for sales of Cloud Services. In respect of On-premise Software and Services, the Group acts as the principal to end customers in the model of direct sales whereas the Group acts as the principal to regional channel partners in the model of sales through them. Revenue is stated net of value added tax ("**VAT**") in the PRC and comprises the following:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cloud Services	**635,140**	669,429
On-premise Software and Services	**127,200**	211,806
	762,340	881,235

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cloud Services		
– Revenues over time	**611,555**	646,264
– Revenues at a point in time	**23,585**	23,165
On-premise Software and Services		
– Revenues over time	**96,164**	170,193
– Revenues at a point in time	**31,036**	41,613
	762,340	881,235

5 REVENUES (CONTINUED)

(a) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Contract assets	**100,415**	93,827
Less: Loss Allowance	**(38,924)**	(37,245)
Total contract assets	**61,491**	56,582
Contract acquisition costs	**255,151**	272,310
Less: non-current portion	**(5,746)**	(5,412)
	249,405	266,898
Contract liabilities	**568,480**	601,003
Less: non-current portion	**(37,220)**	(33,225)
	531,260	567,778

(i) Significant changes in contract assets, contract acquisition costs and contract liabilities

Contract assets are the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. Such assets primarily arise from the Group's On-premise Software and Services business.

Contract acquisition costs represent the differences between the gross amount billed to the end customers by the regional channel partners and the amount billed to regional channel partners by the Group, where the regional channel partners are the agents of the Group. Such assets primarily arise from the Group's Cloud Services business.

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. Such liabilities primarily arise from the Group's Cloud Services business.

6 EXPENSES BY NATURES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefit expenses	**583,830**	682,137
Share-based compensation	**227,597**	221,043
Commission expenses	**200,496**	238,400
Outsourcing expenses	**29,552**	45,222
Depreciation of right-of-use assets	**28,933**	38,713
IT and communication charges	**22,671**	18,175
Depreciation of property, plant and equipment	**19,422**	21,170
Costs of inventories sold	**17,965**	17,901
Professional and technical service fees	**17,946**	23,362
Traveling and entertainment expenses	**12,124**	13,994
Exhibition and promotion charges	**10,238**	15,640
Short-term rental and utilities expenses	**8,715**	17,450
Office expenses	**5,961**	9,516
Taxes and surcharges	**4,801**	5,105
Depreciation of investment properties	**1,857**	546
Amortization of intangible assets	**1,577**	1,786
Others	**2,440**	1,628
	1,196,125	1,371,788

No research and development expenses had been capitalised for the six months ended 30 June 2023 and 2022.

7 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**8,791**	13,044
VAT refund	**3,131**	2,249
Income from wealth management products	**7,482**	3,761
Income generated from offline activities and others	**1,889**	3,159
Interest income from investments in debt instruments included in financial assets at fair value through profit or loss ("**FVPL**")	**–**	5,451
Rental income	**6,574**	2,719
Others	**23**	–
	27,890	30,383

8 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Foreign exchange gains/(losses)	**29,831**	(116,141)
Fair value losses on investments in unlisted equity securities included in financial assets at FVPL	**(2,505)**	(2,461)
Fair value losses on investments in debt instruments	**-**	(8,791)
Termination of leases	**(7,661)**	2,927
Net gains on disposal of property, plant and equipment	**130**	–
Disposal of a subsidiary	**124**	–
Others	**(439)**	106
	19,480	(124,360)

9 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**3**	567
Deferred income tax	**161**	(4,145)
Income tax expense/(credit)	**164**	(3,578)

10 LOSSES PER SHARE

Basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2023 and 2022.

(a) Basic losses per share

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company *(RMB'000)*	**(323,324)**	(561,531)
Weighted average number of ordinary shares in issue *(thousand)*	**1,811,795**	1,874,144
Basic losses per share *(in RMB)*	**(0.18)**	(0.30)

(b) Diluted losses per share

Diluted losses per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

During the six months ended 30 June 2023 and 2022, as the Group incurred losses, the potential ordinary shares of restricted share units and share options were not included in the calculation of dilutive losses per share, as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the six months ended 30 June 2023 and 2022 are the same as basic losses per share.

11 DIVIDENDS

The Board of the Company did not propose any final dividend for the year ended 31 December 2022. The Board of the Company did not propose any interim dividend for the six months ended 30 June 2023.

12 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade receivables from contracts with customers	**156,048**	147,829
Less: Allowance for impairment	**(69,678)**	(74,323)
Trade receivables – net	**86,370**	73,506
Prepayments to suppliers	**62,222**	53,790
Prepayments for property, plant and equipment	**12,161**	19,841
Prepayments for leasehold improvements	**-**	1,340
Prepayments for employee benefits	**5,709**	6,646
Prepayments	**80,092**	81,617
Rental and other deposits	**22,259**	26,353
Loan to a third party	**3,000**	-
Interest receivables	**-**	23,498
Others	**9,798**	13,681
Less: Allowance for impairment of other receivables	**(50)**	(29)
Other receivables – net	**35,007**	63,503
Trade receivables, prepayments and other receivables	**201,469**	218,626
Less: Non-current deposits	**(33,046)**	(46,514)
Current portion	**168,423**	172,112

(a) Trade receivables

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade receivables from contracts with customers	**156,048**	147,829
Less: Allowance for impairment	**(69,678)**	(74,323)
	86,370	73,506

12 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

The Group normally allows 0 to 90 days credit period to its customers. Aging analysis of the trade receivables as at 30 June 2023 and 31 December 2022, based on date of recognition, is as follows:

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Aging		
Up to 3 months	**41,765**	42,213
3 to 6 months	**16,030**	18,548
6 months to 1 year	**34,507**	32,409
1 to 2 years	**53,784**	43,790
Over 2 years	**9,962**	10,869
	156,048	147,829

13 TRADE PAYABLES

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade payables to third parties	**27,701**	37,874

As at 30 June 2023 and 31 December 2022, the aging analysis of the trade payables based on date of recognition is as follows:

	As at 30 June 2023 *RMB'000* **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Aging		
Up to 3 months	**27,701**	37,874

14 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accrued payroll and employee benefit expenses	**108,580**	197,489
VAT and surcharges payable	**4,202**	8,287
Commissions payable to regional channel partners	**6,033**	5,928
Deposits from regional channel partners	**1,672**	1,672
Accrued auditor's remuneration	**600**	4,982
Others	**5,777**	7,147
	126,864	225,505

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Reporting Period, the Group's total revenue was RMB762.3 million, representing a year-on-year decrease of 13.5%. In particular, the revenue from Cloud Services was RMB635.1 million, representing a year-on-year decrease of 5.1%, accounting for 83.3% of the total revenue (same period in 2022: 76.0%). As at 30 June 2023, the amount of unperformed contracts for Cloud Services (tax exclusive) was RMB841.2 million, representing an increase of 8.4% compared with 31 December 2022. The decrease in revenue from Cloud Services was mainly due to the decline in the number of contracted orders in the second half of 2022, resulting in a decrease in revenue settled during the Reporting Period. Revenue from On-premise Software and Services was RMB127.2 million, representing a year-on-year decrease of 39.9%, accounting for 16.7% of the total revenue. The residential market was still undergoing the downward adjustment, mainly attributable to the impact from the market environment, and some private residential property developers had not yet effectively alleviated financial difficulties, which caused them to remain prudent about investment in digitalization.

During the Reporting Period, the adjusted net loss of the Group was RMB97.1 million, representing a year-on-year decrease of 71.7%. The Group continued to promote the implementation of cost reduction and efficiency improvement measures and optimize the organizational mechanism since 2022. During the Reporting Period, the total expenses of the Group decreased by 12.9%, of which selling and marketing expenses, general and administrative expenses, and research and development expenses decreased by 9.8%, 12.9% and 16.8%, respectively. During the Reporting Period, the total expenses of the Group after excluding the share-based compensation decreased by 16.5%, of which selling and marketing expenses, general and administrative expenses, and research and development expenses after excluding the share-based compensation decreased by 14.7%, 21.1% and 17.7%, respectively.

During the Reporting Period, the Group's net cash used in operating activities was RMB270.1 million as compared with RMB406.9 million for the same period in 2022.

Revenues

During the Reporting Period, our total revenue was RMB762.3 million, representing a year-on-year decrease of 13.5% (same period in 2022: RMB881.2 million). The following table sets forth a breakdown of our revenue by business segment for the financial period(s) indicated.

	Six months ended 30 June		
	2023	2022	Change
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Cloud Services	**635,140**	669,429	(5.1)
– CRM SaaS	**469,521**	510,152	(8.0)
– Construction Management SaaS	**59,554**	53,050	12.3
– Property Management & Operation SaaS	**35,489**	31,580	12.4
– Skyline PaaS Platform	**70,576**	74,647	(5.5)
On-premise Software and Services	**127,200**	211,806	(39.9)
– Software licensing	**31,036**	41,613	(25.4)
– Implementation services	**15,816**	20,537	(23.0)
– Product support services	**33,545**	61,042	(45.0)
– Value-added services	**46,803**	88,614	(47.2)
Total	**762,340**	881,235	(13.5)

Gross Profit

During the Reporting Period, our overall gross profit was RMB608.8 million, representing a year-on-year decrease of 13.8% (same period in 2022: RMB706.5 million). Our overall gross profit margin remained stable from 80.2% for the same period in 2022 to 79.9%.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses were RMB452.0 million, representing a year-on-year decrease of 9.8% (same period in 2022: RMB501.2 million). Our selling and marketing expenses after excluding the share-based compensation were RMB421.4 million, representing a year-on-year decrease of 14.7% (same period in 2022: RMB493.8 million).

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses were RMB263.8 million, representing a year-on-year decrease of 12.9% (same period in 2022: RMB302.9 million). Our general and administrative expenses after excluding the share-based compensation were RMB74.3 million, representing a year-on-year decrease of 21.1% (same period in 2022: RMB94.2 million).

Research and Development Expenses

During the Reporting Period, our research and development expenses were RMB326.7 million, representing a year-on-year decrease of 16.8% (same period in 2022: RMB392.9 million). Our research and development expenses after excluding the share-based compensation were RMB319.2 million, representing a year-on-year decrease of 17.7% (same period in 2022: RMB388.0 million).

Net Impairment Losses on Financial Assets and Contract Assets

During the Reporting Period, our net impairment losses were RMB16.8 million, representing a year-on-year decrease of 41.3% (same period in 2022: RMB28.6 million).

Other Income

During the Reporting Period, our other income was RMB27.9 million, representing a year-on-year decrease of 8.2% (same period in 2022: RMB30.4 million).

Other Gains/(Losses), Net

During the Reporting Period, our other gains, net amounted to RMB19.5 million, representing a year-on-year increase of RMB143.8 million, primarily because we made a series of fund allocation in response to the large exchange rate fluctuations in 2022, which effectively reduced foreign exchange risks. During the Reporting Period, foreign exchange gains of the Group amounted to RMB29.8 million (foreign exchange losses for the same period in 2022: RMB116.1 million).

Operating Loss

During the Reporting Period, our operating loss amounted to RMB403.2 million, representing a year-on-year decrease of 34.2% (operating loss for the same period in 2022: RMB613.1 million).

Finance Income

During the Reporting Period, our finance income amounted to RMB83.9 million, representing a year-on-year increase of 61.3% (same period in 2022: RMB52.0 million), primarily due to an increase in interest income from bank deposits.

Finance Costs

During the Reporting Period, our finance costs amounted to RMB4.2 million, representing a year-on-year decrease of 25.0% (same period in 2022: RMB5.6 million).

Loss Before Income Tax

As a result of the foregoing, we had a loss before income tax of RMB324.6 million for the six months ended 30 June 2023, representing a year-on-year decrease of 42.8% (loss before income tax for the same period in 2022: RMB567.4 million).

Income Tax Expense/Credit

During the Reporting Period, our income tax expense amounted to RMB0.2 million, representing a year-on-year decrease in credit of 105.6% (income tax credit for the same period in 2022: RMB3.6 million).

Loss for the Period

As a result of the foregoing, during the Reporting Period, we reported a loss for the period of RMB324.7 million, representing a year-on-year decrease of 42.4% (loss for the period for the same period in 2022: RMB563.8 million).

Adjusted Net Loss

We define adjusted net loss as net loss for the period adjusted by adding back share-based compensation.

The following table reconciles our adjusted net loss for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which is net loss for the periods.

	Six months ended 30 June		
	2023	2022	Change
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Reconciliation of net loss and adjusted net loss			
Net loss for the period	**(324,733)**	(563,787)	(42.4)
Share-based compensation	**227,597**	221,043	3.0
Adjusted net loss	**(97,136)**	(342,744)	(71.7)

Liquidity and Capital Resources

We have historically funded our cash requirements principally from cash generated from our business operations and shareholder equity contributions. To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our senior management to finance our operations and mitigate the effects of fluctuations in cash flows.

Cash and Cash Equivalents and Term Deposits

As at 30 June 2023, cash and cash equivalents and term deposits of the Group recorded a total of RMB4,226.1 million (31 December 2022: RMB4,636.2 million), and the Group did not have any banking facilities. Most of the cash and cash equivalents of the Group were denominated in RMB. The term deposits of the Group were denominated in RMB and USD.

Current Ratio

As at 30 June 2023, net current assets of the Group were approximately RMB4,058.6 million (31 December 2022: RMB4,290.1 million). As at 30 June 2023, the current ratio of current assets to current liabilities was approximately 6.58, up from 5.87 as at 31 December 2022.

Capital Management and Gearing Ratio

In order to maintain or adjust the capital structure, we may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt. We monitor capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as liquid liabilities, which are lease liabilities, less cash and cash equivalents, restricted cash, term deposits and liquid investments (which are investments in wealth management products and investments in debt instruments included in financial assets at FVPL). Total capital is calculated as "equity" as shown in the interim condensed consolidated statements of financial position plus net debts. Our gearing ratio as of 30 June 2023 was nil as we did not have long-term borrowing.

Capital Commitment

As of 30 June 2023, we did not have any capital commitments with respect to assets under construction (31 December 2022: RMB11.8 million).

Contingent Liabilities

As of 30 June 2023, we did not have any material contingent liabilities.

Pledge of Assets

As of 30 June 2023, we did not pledge any of our assets.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Group is mainly RMB. The majority of the revenues of the Group are derived from operations in the PRC. Foreign exchange risk is the risk of loss resulting from changes in foreign exchange rates. Fluctuations in exchange rates between RMB and other currencies will affect the Group's financial position and results of operations in the course of business. The foreign exchange risk facing the Group mainly comes from the US dollars/RMB and Hong Kong dollars/RMB exchange rates.

During the Reporting Period, we did not hedge our foreign currency exposure through any long-term contracts, currency borrowings or other means. However, management of our Group will monitor foreign exchange risks, and hedge the major foreign currency risks when necessary.

CREDIT RISK

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, at FVPL and deposits with banks and other financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

Management of the Group manages the credit risk of cash and cash equivalents, pledged and short-term bank deposits and wealth management products (classified as financial assets at FVPL) by transacting with state-owned financial institutions in the PRC or reputable financial institutions in the Mainland China and Hong Kong only.

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

For sales to distributors, the Group has assessed the credit quality of the distributors, taking into account their financial position, credit history and other factors. Individual credit limits are set based on credit quality assessed by the Group. The Group's management will also adopt certain monitoring procedures to ensure that the distributors will purchase within the credit limit.

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

For other receivables, the management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of the receivables based on historical settlement record and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balances of other receivables.

FUND AND WORKING CAPITAL MANAGEMENT

Our funds and liquidity management are centrally carried out by our finance department. Our finance department is generally responsible for overall management and implementation of funds, including formulating the capital management policy for our Group, guiding, coordinating and standardizing the fund management of regional companies, making annual funding plans, reviewing and summarizing annual capital budget, overseeing and assessing fund management of each regional company. We have also adopted sophisticated fund management policies and implemented a set of rules and guidelines on fund management to enhance the effectiveness and efficiency of fund management, thereby ensuring our financial security and reducing cost of capital.

To manage our idle cash on hand, we purchase and redeem wealth management products using them as our "cash pool" from which we could readily access cash as needed and generate higher yield than bank deposits. The underlying financial assets of the wealth management products in which we invested primarily consist of the low-risk wealth management products issued by financial institutions. The amount of the purchase will be determined based on our surplus funds. We consistently comply with our treasury policy during the procedures of purchasing the wealth management products and managing the relevant departments, as well as in conducting business, accounting and filing.

We are committed to safeguarding overall financial security and maintaining strong cash position and a healthy debt profile with strong repayment ability. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, we have established prudent fund management principle, which allows us to efficiently manage market risks.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

The financial assets that we invested mainly include investments in debt instruments and wealth management products. The Board confirmed that the transactions in these financial assets on standalone and aggregate basis during the Reporting Period did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

As of 30 June 2023, we did not hold any significant investments. For the six months ended 30 June 2023, there were no material acquisitions, disposals or significant investment of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 30 June 2023, we did not have plans for material investments and capital assets.

EMPLOYEES

As at 30 June 2023, we had 2,925 (31 December 2022: 3,310) employees in total, representing a decrease of 11.6% compared with 31 December 2022.

Our success depends on our ability to attract, retain and motivate qualified personnel. We provide various incentives and benefits to our employees. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

To maintain the quality, knowledge and skill levels of our workforce, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. We also provide trainings programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

SUBSEQUENT EVENT

On 7 July 2023, the Board resolved to grant a total of 8,032,650 awards (the "**Award Shares**") under the Share Award Scheme to 79 eligible participants who are employees of the Group. The Award Shares granted are subject to, amongst others, a vesting schedule in tranches and fulfilment of performance targets. For details, please refer to the announcement of the Company dated 7 July 2023.

Save for the aforesaid, since 30 June 2023 and up to the date of this announcement, there were no other significant events affecting the Company.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 25 September 2020. Our Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering (including the proceeds from the full exercise of over-allotment option) of approximately HK$6,910.3 million. Further details of the application of net proceeds from the Global Offering during the Reporting Period and other related information will be set forth in the interim report of the Company to be published in due course.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

CORPORATE GOVERNANCE

The Board is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate our business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

In the opinion of the Directors, during the Reporting Period, the Company has complied with all code provisions set out in the CG code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2023, the Company has repurchased a total of 313,000 Shares (the "**Shares Repurchased**") on the Stock Exchange at an aggregate consideration of HK$1,004,278.56. A total of 44,131,000 Shares repurchased between 11 July 2022 and 30 September 2022 had been cancelled on 16 March 2023. As at 30 June 2023, a total of 313,000 Shares Repurchased remained outstanding and had not been cancelled.

Details of the Shares Repurchased during the Reporting Period are as follows:

		Purchase price paid per Share		
Month of repurchase	**Total number of Shares Repurchased**	**Highest**	**Lowest**	**Aggregate consideration**
		HK$	*HK$*	*HK$*
2023				
May	313,000	3.20	3.19	1,004,278.56
Total	**313,000**			**1,004,278.56**

The Directors were of the view that the Shares Repurchased would reflect the Board and the management team's confidence in the Company's business development prospects. Therefore, the Directors believed that the Shares Repurchased were in the best interests of the Company and its shareholders as a whole.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After the Company made specific enquiries with the Directors, all of the Directors confirmed that he/she had complied with the required standards as set out in the Model Code during the Reporting Period.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance with the Model Code by the employees was noted by the Company as of 30 June 2023.

AUDIT COMMITTEE

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Ms. TONG Naqiong (童娜瓊) (Chairperson), Mr. LI Hanhui (李漢輝) and Mr. ZHAO Liang (趙亮). Ms. TONG Naqiong, being the chairperson of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has jointly reviewed with the management of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim financial information for the six months ended 30 June 2023) of the Group. The Audit Committee considered that the interim financial information is in compliance with the applicable accounting standards, laws and regulations.

REVIEW OF INTERIM FINANCIAL INFORMATION

The independent auditor of the Company, namely PricewaterhouseCoopers, has carried out a review of the interim financial information in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as of 31 December 2022. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and the related explanatory notes, for the six months ended 30 June 2023 have been reviewed.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.mingyuanyun.com. The interim report of the Company for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definitions and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"Audit Committee"	the audit committee of the Board
"Board" or "our Board" or "Board of Directors"	the board of Directors
"Chairman"	the chairman of the Board
"China" or "PRC"	the People's Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Company" or "our Company" or "the Company"	Ming Yuan Cloud Group Holdings Limited (明源雲集團控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 3 July 2019
"Consolidated Affiliated Entity"	the entity that we control through contractual arrangements
"Director(s)"	the director(s) of our Company
"Global Offering"	the Hong Kong public offering and the international offering of the offer shares
"Group", "our Group", "the Group", "we", "us", or "our"	our Company and its subsidiaries and Consolidated Affiliated Entity from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entity, such subsidiaries and Consolidated Affiliated Entity as if they were subsidiaries and Consolidated Affiliated Entity of our Company at the relevant time

"HKD" or "HK$" or "HK dollars"	Hong Kong Dollar, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing Date"	25 September 2020, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus of our Company, dated 15 September 2020, in relation to the Global Offering
"Reporting Period"	for the six months ended 30 June 2023
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of HK$0.0001 each
"Share Award Scheme"	the share award scheme of the Company approved and adopted by the Board on 11 June 2021
"Shareholder(s)"	holder(s) of our Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	United States of America
"USD" or "US$" or "US dollars"	United States Dollar, the lawful currency of the U.S.
"%"	per cent.

GLOSSARY OF TECHNICAL TERMS

"app" or "application"	application software designed to run on smartphones and other mobile devices
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud computing provider's servers with access to shared pools of configurable resources
"customer relationship management"	customer relationship management, a strategy for managing an organization's relationships and interactions with customers and potential customers
"ERP"	enterprise resource planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and digitalize back-office functions relating to technology, services, and human resources
"PaaS"	platform as a service, a category of cloud computing services that provides a platform and environment to allow property developers to build applications over the Internet
"SaaS"	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
"Skyline PaaS Platform"	a low-code PaaS platform launched by the Group for aPaaS Capacity, iPaaS Capacity, bpmPaaS Capacity, DaaS Capacity and Technology Innovation

By order of the Board
Ming Yuan Cloud Group Holdings Limited
GAO Yu
Chairman

Shenzhen, PRC, 23 August 2023

As of the date of this announcement, the Board comprises Mr. GAO Yu, Mr. JIANG Haiyang and Mr. CHEN Xiaohui as executive Directors, Mr. LIANG Guozhi as non-executive Director, and Mr. LI Hanhui, Mr. ZHAO Liang and Ms. TONG Naqiong as independent non-executive Directors.