明源雲

Stock Code
0909.HK

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)

2023 INTERIM REPORT

Focusing on Digital Technology Consistently to Promote Industrial Upgrading

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Yu *(Chairman)*
Mr. Jiang Haiyang *(Chief Executive Officer)*
Mr. Chen Xiaohui *(Vice President)*

Non-executive Director

Mr. Liang Guozhi

Independent Non-executive Directors

Ms. Tong Naqiong
Mr. Li Hanhui
Mr. Zhao Liang

AUDIT COMMITTEE

Ms. Tong Naqiong *(Chairperson)*
Mr. Li Hanhui
Mr. Zhao Liang

REMUNERATION COMMITTEE

Mr. Li Hanhui *(Chairperson)*
Mr. Gao Yu
Mr. Zhao Liang

NOMINATION COMMITTEE

Mr. Gao Yu *(Chairperson)*
Ms. Tong Naqiong
Mr. Zhao Liang

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

801, Tower A
Gemdale Viseen Tower
16 Gaoxin South 10th Road
Gaoxin Community, Yuehai Subdistrict
Nanshan District, Shenzhen
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

CORPORATE INFORMATION

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

HONG KONG LEGAL ADVISER

Davis Polk & Wardwell
10th Floor, The Hong Kong Club Building
3A Chater Road
Hong Kong

COMPLIANCE ADVISER

Maxa Capital Limited
Flat 08, 19/F
Harbour Centre, 25 Harbour Road
Wanchai, Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Gao Yu
Mr. Ye Junwen

JOINT COMPANY SECRETARIES

Mr. Ye Junwen
Ms. Leung Shui Bing *(appointed with effect from 7 July 2023)*
Ms. Szeto Kar Yee Cynthia *(resigned with effect from 7 July 2023)*

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.
Shenzhen Gaoxinyuan Kechuang Sub-Branch
1/F, Deweisen Building
High-Tech South 7th Road
High-Tech District Community
Nanshan District
Shenzhen
PRC

China Minsheng Banking Corp., Ltd.
Shenzhen Bao'an Sub-Branch
No.33, Jian'an 1st Road
Baocheng 3rd District, Bao'an District
Shenzhen
PRC

Ping An Bank Co., Ltd.
Shenzhen Gaoxinjishuqu Sub-Branch
2/F, Comprehensive Service Building
West-1, South District
High-Tech District Community
Nanshan District
Shenzhen
PRC

STOCK CODE

909

COMPANY'S WEBSITE

www.mingyuanyun.com

FINANCIAL HIGHLIGHTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenues	**762,340**	881,235
Gross profit	**608,768**	706,526
Operating loss	**(403,167)**	(613,123)
Loss before income tax	**(324,569)**	(567,365)
Loss for the period	**(324,733)**	(563,787)
Adjusted net loss	**(97,136)**	(342,744)

FINANCIAL HIGHLIGHTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
ASSETS		
Non-current assets	**1,155,622**	1,013,320
Current assets	**4,785,595**	5,170,847
Total assets	**5,941,217**	6,184,167
LIABILITIES		
Non-current liabilities	**147,767**	208,984
Current liabilities	**727,041**	880,730
Total liabilities	**874,808**	1,089,714
EQUITY		
Equity attributable to the Company's owners	**5,066,409**	5,102,750
Non-controlling interests	**–**	(8,297)
Total equity	**5,066,409**	5,094,453
Total equity and liabilities	**5,941,217**	6,184,167

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.

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 report, there were no other significant events affecting the Company.

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.

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. The Company having 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.

CHANGES TO DIRECTORS' INFORMATION

There was no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the annual report of the Company for the financial year ended 31 December 2022.

OTHER INFORMATION

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).

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 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 period ended 30 June 2023 have been reviewed.

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 from 11 July 2022 to 30 September 2022 were 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:

Month of repurchase	Total number of Shares Repurchased	Purchase price paid per Share Highest	Purchase price paid per Share 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 and note 21 to the interim condensed consolidated financial statements, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of our Directors, our Directors confirmed that the Company had maintained a sufficient amount of public float for its Shares as required under Rule 8.08 of the Listing Rules during the Reporting Period.

USE OF NET PROCEEDS FROM THE 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 (collectively, the "**Net Proceeds**"). As at 30 June 2023, the use of the Net Proceeds for certain specific purposes has not exceeded the proposed allocation as designated and disclosed in the Prospectus, which are required to be fully utilized by 31 December 2023. In this regard, the Board, after considering (i) the overall business operating environment, (ii) the present and future development of the Group, and (iii) other factors as set out below in the paragraph headed "*Reasons for and benefits of the Change in the Expected Timeline*", has resolved to revise the expected timeline for fully utilizing the unutilized Net Proceeds for certain specific purposes as denoted below (the "**Change in Expected Timeline**").

The table below illustrates, among others, (i) the utilization of the Net Proceeds during the Reporting Period and the unutilized amount of Net Proceeds as of 30 June 2023; (ii) the previous expected timeline of full utilization of the Net Proceeds as disclosed in the Prospectus; and (iii) the revised expected timeline of full utilization of the Net Proceeds as at the date of this report, in each case, in accordance with paragraph 11(8) of Appendix 16 to the Listing Rules:

Item	Approximate % of total Net Proceeds as disclosed in the Prospectus	Net Proceeds from the Global Offering	Unutilized Net Proceeds as at 1 January 2023	Net Proceeds utilized during the six months ended 30 June 2023	Utilized Net Proceeds as at 30 June 2023	Unutilized Net Proceeds as at 30 June 2023	Previous expected timeline of full utilization of the unutilized Net Proceeds as disclosed in the Prospectus	Revised expected timeline of full utilization of the unutilized Net Proceeds
		HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*		
Further upgrade and enhance the functionalities and features of our existing SaaS products								
(a) Hire and train more high-quality IT specialists, technology architects, software developers and examiners, as well as SaaS product managers	18.0%	1,243.86	679.17	176.01	740.70	503.16	Before 31 December 2023	Before 31 December 2026
(b) Purchase from qualified suppliers advanced equipment, infrastructure and applications	6.0%	414.62	355.67	70.77	129.72	284.90	Before 31 December 2023	Before 31 December 2026
(c) Invest in product development to introduce new SaaS products	6.0%	414.62	293.80	44.47	165.29	249.33	Before 31 December 2025	Before 31 December 2026
Enhance research and development efforts in cutting-edge technologies								
(a) Develop our proprietary key fundamental technologies that support product innovation	8.0%	552.82	430.66	27.45	149.61	403.21	Before 31 December 2025	Before 31 December 2030
(b) Develop our own technology infrastructure	12.0%	829.24	646.01	41.18	224.41	604.83	Before 31 December 2025	Before 31 December 2030
Further upgrade and enhance the functionalities and features of our cloud-based ERP solutions								
(a) Enhance our existing product support and value-added service capabilities	6.0%	414.62	–	–	414.62	–	Not applicable	Not applicable
(b) Expand our existing ERP modules and functions to cover more internal business and operational processes of property developers	4.0%	276.41	158.13	109.02	227.30	49.11	Before 31 December 2023	Not required

Item	Approximate % of total Net Proceeds as disclosed in the Prospectus	Net Proceeds from the Global Offering	Unutilized Net Proceeds as at 1 January 2023	Net Proceeds utilized during the six months ended 30 June 2023	Utilized Net Proceeds as at 30 June 2023	Unutilized Net Proceeds as at 30 June 2023	Previous expected timeline of full utilization of the unutilized Net Proceeds as disclosed in the Prospectus	Revised expected timeline of full utilization of the unutilized Net Proceeds
		HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*		
Enhance our sales and marketing capabilities and strengthen our brand reputation								
(a) Expand, retain and train our direct sales force	3.0%	207.31	9.64	1.52	199.19	8.12	Before 31 December 2023	Not required
(b) Establish an interactive, knowledge-sharing platform with leading property developers	2.0%	138.21	24.47	21.35	135.09	3.12	Before 31 December 2023	Not required
(c) Enhance our branding and marketing activities to acquire new customers	3.0%	207.31	145.22	125.42	187.51	19.80	Before 31 December 2023	Not required
(d) Invest to strengthen and expand our regional channel partner network	2.0%	138.21	82.58	80.12	135.75	2.46	Before 31 December 2023	Not required
Selectively pursue strategic investments and acquisitions	20.0%	1,382.06	809.21	1.12	573.97	808.09	Before 31 December 2023	Before 31 December 2028
Working capital and general corporate purposes	10.0%	691.03	155.50	143.28	678.81	12.22	Before 31 December 2023	Not required
Total	100.0%	6,910.32	3,790.06	841.71	3,961.97	2,948.35		

Note: The aforesaid expected timeline was devised based on the Company's estimation of its business needs as of the date of this report and is subject to change(s) so long as it is deemed to be in the best interests of the Company and to the extent permitted by applicable laws and regulations and the actual circumstances of the Company.

Reasons for and benefits of the Change in Expected Timeline

As illustrated in the above table, the remaining Net Proceeds for a number of designated intended uses were expected to be fully utilized by 31 December 2023, yet as at the date of this report, a portion of such Net Proceeds remained unutilized. The delay in the utilization of such remaining Net Proceeds was primarily attributable to:

(a) *Impact of global macroeconomic conditions on business operating environment of the Group:* The global economic environment, with its high inflation and hikes in interest rates, has brought uncertainties to the Group's operating environment, while COVID-19 social distancing policies and lock-downs in 2020 to 2022 put pressure on the Group's business growth. Since then, the Company has been cautiously monitoring the macroeconomic conditions, identifying potential issues or impediments on operational risks brought about by the global economic environment and taking measures to mitigate any adverse impact.

(b) *Very cautious and prudent deployment of funds by the Group across all fronts:* Facing uncertainties in the external operating environment, the Group adopted a very prudent approach in financial resources management to cope with the changes and impacts thereof, and to a certain extent as aforementioned, adjusted the utilization progress of the original plan as disclosed in the Prospectus to maintain the financial stability of the Group on an ongoing basis.

- In terms of *upgrading and enhancing the functionalities and features of the existing SaaS products of the Group,* the Company had been prudent in deploying funds to (i) hiring and training more high-quality IT specialists, technology architects, software developers and examiners, as well as SaaS product managers; and (ii) purchasing from qualified suppliers advanced equipment, infrastructure and applications given the uncertain market conditions, the slowing economy and weakened demands.

- In terms of *enhancing research and development efforts in cutting-edge technologies,* the Company had also been very cautious in deploying funds on (i) developing proprietary key fundamental technologies that support product innovation, and (ii) developing own technology infrastructure due to the aforesaid reason.

- In terms of *selectively pursuing strategic investments and acquisitions,* despite conducting prudent and stringent selection and due diligence process, coupled with the aforesaid reason, the Company had not been able to identify (i) an optimal or appropriate window for utilization of the Net Proceeds for such purposes, or (ii) suitable targets for strategic investments and acquisitions.

The Board considers that the development direction of the Company is still in line with the disclosures in the Prospectus despite the Change in Expected Timeline as stated above. The Company will use the remaining Net Proceeds for the purpose as disclosed in the Prospectus and follow the expected implementation timetable as disclosed above. The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus. The Board considers the Change in Expected Timeline is fair and reasonable as this would allow the Company to deploy its financial resources more meaningfully and effectively to enhance the profitability of the Group and is therefore in the interests of the Group and the Shareholders as a whole. The Board will continuously assess the plan for the use of the unutilised Net Proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at 30 June 2023, the interests and/or short positions (if applicable) of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations of our Company (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in the Shares

Name of Director	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of shareholding[4]
Mr. Gao Yu ("**Mr. Gao**")[1]	Settlor of a trust	397,923,600 (L)	20.72%
		25,000,000 (S)	1.30%
Mr. Chen Xiaohui ("**Mr. Chen**")[2]	Settlor of a trust	301,644,800 (L)	15.71%
		41,500,000 (S)	2.16%
Mr. Jiang Haiyang ("**Mr. Jiang**")[3]	Settlor of a trust	186,826,600 (L)	9.73%
		18,000,000 (S)	0.94%

(L) represents long position, (S) represents short position

Notes:

(1) As at 30 June 2023, GHTongRui Investment Limited directly held 397,923,600 Shares in our Company. GHTongRui Investment Limited is 99% held by MYTongRui Holdings Limited, which is in turn wholly-owned by TMF (Cayman) Ltd., the trustee of the family trust established by Mr. Gao (as the settlor) with him and his family members being the beneficiaries. Accordingly, Mr. Gao is deemed to be interested in the total number of Shares held by GHTongRui Investment Limited.

(2) As at 30 June 2023, HengXinYuan Investment Limited and SunshineSmoor Holdings Limited directly held 298,644,800 Shares and 3,000,000 Shares in our Company, respectively. HengXinYuan Investment Limited and SunshineSmoor Holdings Limited are 99% and wholly held by SunshineMorning Holdings Limited, respectively, which is in turn wholly-owned by TMF (Cayman) Ltd., the trustee of the family trust established by Mr. Chen (as the settlor) with him and his family members being the beneficiaries. Accordingly, Mr. Chen is deemed to be interested in the total number of Shares held by HengXinYuan Investment Limited and SunshineSmoor Holdings Limited.

(3) As at 30 June 2023, LINGFAN Investment Limited directly held 186,826,600 Shares in our Company. LINGFAN Investment Limited is 99% held by Mindfree Holdings Limited, which is in turn wholly-owned by TMF (Cayman) Ltd., the trustee of the family trust established by Mr. Jiang (as the settlor) with him and his family members being the beneficiaries. Accordingly, Mr. Jiang is deemed to be interested in the total number of Shares held by LINGFAN Investment Limited.

(4) As at 30 June 2023, there were 1,920,177,308 Shares in issue.

Interests in Associated Corporations

Name of Director	Name of associated corporation	Amount of registered capital held	Approximate percentage of interests
Mr. Gao	Ming Yuan Cloud Procurement	RMB4,000,000.05	45.00%
Mr. Chen	Ming Yuan Cloud Procurement	RMB3,022,222.26	34.00%
Mr. Jiang	Ming Yuan Cloud Procurement	RMB1,866,666.69	21.00%

Save as disclosed above and to the best knowledge of our Directors, none of the Directors or chief executive of our Company had or was deemed to have any interest or short positions in the Shares, underlying Shares or debentures of our Company or any of its associated corporations as at 30 June 2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As far as the Company is aware, as at 30 June 2023, the persons, other than our Directors or the chief executive of our Company, who had interests or short positions in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO are as follows:

Interests in the Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of shareholding[6]
GHTongRui Investment Limited[1]	Beneficial interest	397,923,600 (L) 25,000,000 (S)	20.72% 1.30%
MYTongRui Holdings Limited[1]	Interest in controlled corporation	397,923,600 (L) 25,000,000 (S)	20.72% 1.30%
HengXinYuan Investment Limited[2]	Beneficial interest	298,644,800 (L) 41,500,000 (S)	15.55% 2.16%
SunshineMorning Holdings Limited[2]	Interest in controlled corporation	301,644,800 (L) 41,500,000 (S)	15.71% 2.16%
LINGFAN Investment Limited[3]	Beneficial interest	186,826,600 (L) 18,000,000 (S)	9.73% 0.94%
Mindfree Holdings Limited[3]	Interest in controlled corporation	186,826,600 (L) 18,000,000 (S)	9.73% 0.94%
TMF (Cayman) Ltd.[1][2][3][4]	Trustee of 3 trusts	886,395,000 (L) 84,500,000 (S)	46.16% 4.40%
TMF Trust (HK) Limited[5]	Trustee	176,047,111 (L)	9.17%

(L) represents long position, (S) represents short position

Notes:

(1) GHTongRui Investment Limited is 99% held by MYTongRui Holdings Limited, which is in turn wholly-owned by TMF (Cayman) Ltd., the trustee of the family trust established by Mr. Gao (as the settlor) with him and his family members being the beneficiaries. Accordingly, MYTongRui Holdings Limited is deemed to be interested in the total number of Shares held by GHTongRui Investment Limited.

(2) HengXinYuan Investment Limited is 99% held by SunshineMorning Holdings Limited, which is in turn wholly-owned by TMF (Cayman) Ltd., the trustee of the family trust established by Mr. Chen (as the settlor) with him and his family members being the beneficiaries. Accordingly, SunshineMorning Holdings Limited is deemed to be interested in the total number of Shares held by HengXinYuan Investment Limited.

SunshineSmoor Holdings Limited beneficially holds 3,000,000 issued Shares and is wholly held by SunshineMorning Holdings Limited.

Accordingly, SunshineMorning Holdings Limited is deemed to be interested in the total number of Shares held by HengXinYuan Investment Limited and SunshineSmoor Holdings Limited.

(3) LINGFAN Investment Limited is 99% held by Mindfree Holdings Limited, which is in turn wholly-owned by TMF (Cayman) Ltd., the trustee of the family trust established by Mr. Jiang (as the settlor) with him and his family members being the beneficiaries. Accordingly, Mindfree Holdings Limited is deemed to be interested in the total number of Shares held by LINGFAN Investment Limited.

(4) TMF (Cayman) Ltd. is deemed to be interested in the total number of Shares held by each of GHTongRui Investment Limited, HengXinYuan Investment Limited, LINGFAN Investment Limited and SunshineSmoor Holdings Limited as noted above.

(5) TMF Trust (HK) Limited is deemed to be interested in the total number of Shares held by MYC and JIABAOSZ Investment Limited. JIABAOSZ Investment Limited beneficially holds 86,321,000 of our issued Shares and is 99% held by JINBAOSZ Holdings Limited, which is in turn wholly-owned by TMF Trust (HK) Limited, the trustee of the family trust established by Mr. Yao Wu (as the settlor) with him and his family members being the beneficiaries. MYC is a special purpose vehicle wholly-owned by TMF Trust (HK) Limited, the trustee appointed by the Company for the administration of the Share Award Scheme of the Company approved and adopted by the Board on 11 June 2021.

(6) As at 30 June 2023, there were 1,920,177,308 Shares in issue.

Save as disclosed above and to the best knowledge of our Directors, as at 30 June 2023, we were not aware of any other person (other than the Directors or the chief executive of our Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred therein.

SHARE SCHEMES

The Company has adopted three share schemes, namely, (1) the Share Incentive Plan, (2) the Share Award Scheme and (3) the Share Option Scheme. Each of the Share Incentive Plan and the Share Award Scheme is funded by (i) new Shares to be issued or (ii) Shares previously issued to, and held on trust by, MYC for the purpose of funding future grant of awards.

The total number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period was 2.56%.

(1) SHARE INCENTIVE PLAN

The Share Incentive Plan was adopted and approved by resolutions in writing by the Board on 29 March 2020. Further details of the Share Incentive Plan are set forth in the section headed "Statutory and General Information – D. Share Incentive Plan" in Appendix IV to the Prospectus and note 23 to the interim condensed consolidated financial statements.

Purpose

The purpose of the Share Incentive Plan is to enable our Group to grant awards to selected participants as incentives or rewards for their contribution to our Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of our Group, (ii) to attract and retain them whose contributions are or will be beneficial to our Group, and (iii) to encourage them to enhance cooperation and communication amongst team members for the growth of our Group.

Type of Awards

The Share Incentive Plan provides for awards of Options to subscribe for Shares ("**Options**"), restricted share units ("**RSUs**"), Shares issued subject to forfeiture or repurchase by our Company until vested ("**Restricted Shares**"), and other share-based awards or rights.

Who may join

The Board, in the context of the Share Incentive Plan, including any committee or person(s) duly authorized by the Board, may at its discretion, invite any person belonging to any of the following classes of eligible participants ("**Eligible Participants**"), to take up an Award to subscribe for Shares:

(1) any full-time executives, officers, managers or employees of our Company or any of its subsidiaries or controlled affiliates, or any entities designated by them, who had attained the requisite seniority and performance grade and/or targets as may be determined by the Board from time to time;

(2) any directors and supervisors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries or controlled affiliates, or any entities designated by them; and

(3) any advisor, consultant, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner, strategic partner, service provider or other third parties who the Board considers, in its sole discretion, has contributed or will contribute to our Group.

Maximum Number of Shares

Unless otherwise duly approved by the Board, the total number of Shares underlying the Share Incentive Plan shall not exceed 74,840,800 Shares.

Maximum Entitlement of a Grantee

For any 12-month period up to including the date of grant, the aggregate number of awards granted to any Eligible Participant under the Share Incentive Plan and any other share incentive schemes of the Company (including without limitation, the Share Award Scheme and the Share Option Scheme) shall not exceed 1% of the total number of issued Shares at the relevant time, without Shareholders' approval.

Exercise Period and Performance Target

The participant may be required to achieve any performance targets as the Board may specify before the relevant Options, RSUs and/or Restricted Shares can be vested, exercised or settled upon the grant of an Award to an Eligible Participant.

Exercise price, Consideration for RSU and Restricted Share purchase price

The exercise price in respect of any Option, the price to be paid for the granting of RSUs, and the purchase price of Restricted Shares under the Share Incentive Plan shall, subject to any adjustments made pursuant to the Share Incentive Plan, be such amount in such form as may be determined by the Board from time to time and set out in the offer for the grant of an Award.

Conditions of Issuance of Shares

The Eligible Participant who accepts the offer for the grant of an Award (the "**Grantee**") must not have committed any breach of the Share Incentive Plan and any ancillary documents that he has entered into with our Company in respect of the Award.

The Grantee must not have violated any provision of the Articles of Association or constitutional documents of the relevant member of our Group, or otherwise impaired the interests of our Group.

The Board may, at its absolute discretion, fix any other performance targets that must be achieved and any other conditions that must be fulfilled before any Options, RSUs and/or Restricted Shares can be vested or settled.

If the conditions set out above in this clause are not satisfied, the Options, RSUs and/or Restricted Shares shall automatically lapse on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

Vesting Schedule

Subject to the terms of the Share Incentive Plan, the Options shall be vested and exercisable, the RSUs shall be vested and settled, and the Restricted Shares shall be vested and no longer subject to forfeiture, as set out in the offer for the grant of an Award.

If a change of control shall occur, such Grantee's Options shall be immediately vested and exercisable, RSUs shall be vested and settled, and Restricted Shares shall be vested and no longer subject to forfeiture (as applicable).

Vesting of Awards

- ***Exercise of Option***

  Subject to the terms of the Share Incentive Plan, the Options may be exercised by delivering to our Company an executed stock option exercise notice in such form as may be approved by the Board from time to time (the "**Exercise Notice**"), which shall set forth, among others, the number of Shares being purchased and the aggregate exercise price of the Shares being purchased.

  The Awards may not be exercised or settled unless such exercise or settlement is in compliance with all applicable securities law, as they are in effect on the date of exercise.

  Payment of the aggregate exercise price for the Shares being purchased and any applicable withholding taxes shall be paid to our Company in full within such period after the delivery of the Exercise Notice as may be set out in the offer for the grant of an Award and such payment may be made in cash or by cheque or as determined by our Company, in its sole discretion, (a) by means of any cashless exercise procedure approved by our Company; (b) by any other form of consideration approved by our Company and permitted by applicable law; or (c) any combination of the foregoing.

- ***Settlement of RSU***

  Subject to the terms of the Share Incentive Plan, RSUs will be settled upon vesting, subject to the terms of the applicable Award, either by delivery to the Grantee of the number of Shares that equals the number of RSUs that then become vested or by the payment to the holder of cash equal to the then fair market value of that number of Shares (less any costs, expenses, fees or taxes payable in connection with the RSUs). If RSUs are settled in Shares, one or more of the Directors of our Company will, on behalf of our Company, cause and direct the share registrar of our Company to update our Company's register of members with the name of the Grantee entered therein as the record holder of the Shares.

- ***Release of Restricted Share***

  Subject to the terms of the Share Incentive Plan, Restricted Shares shall, subject to the terms of the applicable Award, be released from escrow as soon as practicable after the applicable vesting date. After the Restricted Shares are released, the Shares shall be freely transferable by the Grantee, subject to applicable restrictions in the Award and any legal restrictions.

Non-transferability of the Awards

Save and except for the provisions in the paragraph below and except under the applicable laws or as otherwise provided by the Share Incentive Plan, the Awards shall be personal to the Grantee and the Grantee shall not sell, transfer, pledge or assign the Awards and the Share Incentive Plan or any interest or benefits herein.

The Grantee shall be permitted to transfer the Awards to his wholly owned entity or any trust arrangement whereby the Grantee is the sole beneficiary. The terms of the Share Incentive Plan shall be binding upon the personal representatives, executors, administrators, heirs, successors and assignees of the Grantee. Unless transferred pursuant to the foregoing, the Awards shall be exercisable, during the Grantee's lifetime, only by the Grantee.

Without limiting the generality of the foregoing, except as otherwise provided by the Share Incentive Plan, the Awards may not be assigned, transferred, pledged or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Awards contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Awards shall be null and void and without effect and such breach by an Grantee shall entitle our Company to cancel any outstanding Awards granted to such Grantee.

Lock-up Period

In connection with any underwritten public offering by our Company of its equity securities, the Grantee shall not, for a period of at least 180 days (or such longer period as may be provided in the offer for the grant of an Award) following the date of completion of the applicable offering, directly or indirectly, sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under the Share Incentive Plan without the prior written consent of our Company or its underwriters.

Termination of Employment

In the event of a Grantee, having been an employee or director of our Group at the time of the grant of the Award, subsequently ceases to be an employee or director thereof, any outstanding Options, RSUs and/or Restricted Shares (including any vested portion thereof) held by such Grantee shall terminate in accordance with provision set out in the relevant offer for the grant of an Award (if applicable).

Termination

Our Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Incentive Plan and in such event no further Award shall be offered but the provisions of the Share Incentive Plan shall remain in force to the extent necessary to give effect to any outstanding Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Incentive Plan. Outstanding Awards granted prior to such termination but not yet exercised, settled or released at the time of termination shall continue to be valid and exercisable or releasable in accordance with the Share Incentive Plan.

Remaining Life

Subject to earlier termination by the Board, the Share Incentive Plan shall be valid and effective for a period of 10 years since its adoption date. As at the date of this report, the remaining life of the Share Incentive Plan is approximately 6 years and 7 months.

Outstanding Options Granted

As of 30 June 2023, no options had been granted under the Share Incentive Plan. Accordingly, there are no new shares of the Company available for issue under the Share Incentive Plan as at 30 June 2023 and the date of this report.

Outstanding RSUs Granted

As of 30 June 2023, the Company granted to certain eligible participants a total of 16,053,294 outstanding RSUs under the Share Incentive Plan to subscribe for an aggregate of 16,053,294 Shares, representing approximately 0.84% of the total number of issued Shares. As of 30 June 2023, an aggregate of 46,460,000 RSUs had been vested and a total of 8,098,766 RSUs had lapsed in accordance with the terms of the Share Incentive Plan.

The total number of awards available for grant under the scheme mandate of the Share Incentive Plan as at 1 January 2023 and 30 June 2023 were 10,709,111 and 12,327,506 respectively.

Further details of movement of awards (funded by (i) new Shares to be issued or (ii) Shares previously issued to, and held on trust by, MYC for the purpose of funding future grant of awards) of the Group under the Share Incentive Plan and the Share Award Scheme, in each case during the six months ended 30 June 2023 have been set out in pages 45 to 46 of this report.

Save as disclosed herein, since the adoption of the Share Incentive Plan and to the date of this report, no Awards had been granted or agreed to be granted, vested, exercised, released or cancelled pursuant to the Share Incentive Plan.

(2) SHARE AWARD SCHEME

We adopted the Share Award Scheme on 11 June 2021 in order to, among other things, recognize the contributions by, and to motivate and retain, eligible persons. Further details of the Share Award Scheme are set out in the Company's announcement dated 11 June 2021.

Purpose

The purpose of the Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group.

Administration of Share Award Scheme

The Board has the power to administer the Share Award Scheme in accordance with the rules of the Share Award Scheme and, where applicable, the trust deed, including the power to construe and interpret the rules of the Share Award Scheme and the terms of the Awards granted under the Share Award Scheme. The Board may delegate the authority to administer the Share Award Scheme to a committee of the Board or other person(s) as deemed appropriate at the sole discretion of the Board. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Share Award Scheme as they think fit.

Eligible Persons to the Share Award Scheme

Any individual, being an employee, director (excluding non-executive Directors and independent non-executive Directors) or officer of any member of the Group or any affiliate who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group or any affiliate is eligible to receive an award. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Award Scheme and such individual shall therefore be excluded from the term of eligible person.

Maximum Number of Shares to be Granted

The aggregate number of Shares (i.e. 96,357,499) which may be awarded under the Share Award Scheme will not exceed 5% of the total number of issued Shares as of the adoption date (i.e. 1,927,149,990) without Shareholders' approval.

Save as stated above, for any 12-month period, the aggregate number of Shares granted to any Selected Participant shall not exceed 1% of the total number of issued Shares at the relevant time, without Shareholders' approval.

Grant of Awards

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a Selected Participant (in the case of the Board's delegate(s), to any Selected Participant other than a Director or an officer of the Company) by way of an Award Letter. The Award Letter will specify the grant date, the number of shares underlying the Award, the vesting criteria and conditions, the vesting date and such other details as the Board or its delegate(s) may consider necessary.

Vesting of Awards

The Board or its delegate(s) may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Within a reasonable time period as agreed between the trustee of the Share Award Scheme (the "**Trustee**") and the Board from time to time prior to any vesting date, the Board or its delegate(s) will send a vesting notice to the relevant Selected Participant and instruct the Trustee the extent to which the Award Shares held in the trust shall be transferred and released from the trust to the Selected Participant. Subject to the receipt of the vesting notice and notification from the Board or its delegate(s), the Trustee will transfer and release the relevant Award Shares in the manner as determined by the Board or its delegate(s).

If, in the absolute discretion of the Board or its delegate(s), it is not practicable for the Selected Participant to receive the Award in Shares, solely due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant, the Board or its delegate(s) will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds arising from such sale based on the actual selling price of such Award Shares in cash and the related income as set out in the vesting notice.

If there is an event of change in control of the Company by way of a merger, a privatization of the Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated to an earlier date.

Duration and Termination

The Share Award Scheme shall terminate on the earlier of:

- the end of the period of ten years commencing on the Adoption Date except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Share Award Scheme; and

- such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the rules of the Share Award Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a Selected Participant in this paragraph refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant.

Remaining life

Subject to earlier termination by the Board, the Share Award Scheme shall be valid and effective for a period of 10 years since its adoption date. As at the date of this report, the remaining life of the Share Award Scheme is approximately 7 years and 9 months.

As of 30 June 2023, an aggregate of 11,335,391 Award Shares had lapsed or been forfeited in accordance with the terms of the Share Award Scheme.

The total number of awards available for grant under the scheme mandate of the Share Award Scheme as at 1 January 2023 and 30 June 2023 were 48,127,114 and 47,981,572 respectively. The total number of shares of the Company available for issue and/or transfer upon vesting of awards under the Share Award Scheme as at 30 June 2023 and the date of this report is 96,357,499 and 84,569,955 respectively, which represent approximately 5.00% and 4.39% of the total issued Shares as at the date of this report; amongst which, (A) 47,981,572 and 41,339,920 new Shares are available for issue upon vesting of awards under the Share Award Scheme as at 30 June 2023 and the date of this report, which represent approximately 2.49% and 2.14% of the total issued Shares as at the date of this report; and (B) 48,375,927 and 43,230,035 existing Shares are available for transfer upon vesting of awards under the Share Award Scheme as at 30 June 2023 and the date of this report, which represent approximately 2.51% and 2.24% of the total issued Shares as at the date of this report.

Save as disclosed herein, since the adoption of the Share Award Scheme and up to 30 June 2023, no Awards had been granted or agreed to be granted, vested, transferred, released, forfeited or repurchased pursuant to the Share Award Scheme.

Details of movement in awards under the Share Incentive Plan and the Share Award Scheme during the Reporting Period pursuant to Rule 17.07 of the Listing Rules

Set forth below are the details of movement of awards (funded by (i) new Shares to be issued or (ii) Shares previously issued to, and held on trust by, MYC for the purpose of funding future grant of awards) of the Group during the six months ended 30 June 2023.

	Number of Shares underlying awards								
Date of award	Unvested awards as at 1 January 2023	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ forfeited during the Reporting Period	Cancelled during the Reporting Period	Unvested awards as at 30 June 2023	Vesting Period	Weighted average closing price of the Shares immediately before the dates on which the awards were vested	Performance target(s), if any
Employee Participants* (See Note 5)									
10 April 2020	9,030,000	–	–	350,000	–	8,680,000	25 September 2022 to 25 September 2025	–	N/A
1 July 2021	35,196,472	–	–	1,493,436	–	33,703,036	1 July 2023 to 1 July 2026	–	See Note 1
29 October 2021	1,816,207	–	–	–	–	1,816,207	29 October 2023 to 29 October 2026	–	See Note 1
11 January 2022	5,467,361	–	–	868,748	–	4,598,613	11 January 2024 to 11 January 2027	–	See Note 1
30 May 2022	5,988,916	–	–	3,074,242	–	2,914,674	30 May 2024 to 30 May 2027	–	See Note 2
14 November 2022	7,044,997	–	–	145,569	–	6,899,428	1 July 2023 to 1 July 2026	–	See Note 2
14 November 2022	1,358,121	–	–	474,684	–	883,437	14 November 2022 to 14 November 2024	–	See Note 2
17 January 2023	–	75,037	–	–	–	75,037	17 January 2023 to 17 January 2025	–	See Note 2
28 April 2023	–	5,177,329	–	318,540	–	4,858,789	28 April 2023 to 28 April 2025	–	See Note 2

Notes:

1 These awards are subject to the following performance targets: 1) grantees not graded "C" or worse for his/her personal evaluations for the year preceding the vesting date; 2) grantees not failing to meet prescribed performance targets for the year preceding the vesting date; and 3) grantees passing his/her corresponding rank certification.

2 These awards are subject to the following performance targets: 1) grantees not graded "C" or worse in terms of his/her performance assessment (if applicable) for each of the preceding two years; 2) grantees achieving the prescribed performance targets for each of the preceding two years (if applicable); and 3) grantees passing his/her corresponding rank certification (if applicable) for each of the preceding two years.

3 The following grants were made during the six months ended 30 June 2023:

Date of grant	**Number of award shares granted**	**Closing price of Shares immediately before date of grant**	**Fair value of awards at the date of grant per Share**
		HK$	*HK$*
Employee Participants*			
17 January 2023	75,037	7.73	7.73 (See Note 6)
28 April 2023	5,177,329	3.97	3.97 (See Note 6)

4 These grants were made without any exercise period, exercise price nor purchase price attached thereto.

5 Since the adoption of each of the Share Incentive Plan and the Share Award Scheme, no awards had been made to (i) any Director, chief executive, substantial shareholder or their respective associates; or (ii) related entity participant or service provider. In addition, there is no participant with options and awards granted and to be granted in excess of the 1% individual limit.

6 Details of the valuation of the share awards of the Company during the Reporting Period, including the accounting standard and policy adopted for the share schemes, are set out in note 23 to the interim condensed consolidated financial statements.

* Employee Participants include employees of any member of the Group

(3) SHARE OPTION SCHEME

The Company has adopted the share option scheme (the "**Share Option Scheme**"), which was approved by the Shareholders on 11 June 2021 and has a remaining term of approximately 7 years and 9 months as at the date of this report.

Purpose

The purpose of the Share Option Scheme is to provide incentives and rewards for the Directors, executives or officers and employees of the Group for their contributions to, and continuing efforts to promote the interest of, the Company.

Eligible Participants

The eligible participants for the Share Option Scheme include any employee (whether full time or part time), executives or officers, directors (including executive, non-executive and independent non-executive Directors) of any member of the Group who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group.

Maximum Number of Shares

The maximum number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company, must not, in aggregate, exceed 30% (or such other percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.

The Board may grant Options under the Share Option Scheme generally and without further authority, to the extent to which the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other schemes of the Company in aggregate not exceeding 5% of the total number of Shares in issue as at the date of Shareholders' approval of the Share Option Scheme (the "**Share Option Scheme Limit**"). For the avoidance of doubt, Shares which are the subject matter of any Options that have already lapsed in accordance with the terms of the Share Option Scheme shall not be counted.

As of 30 June 2023, there are 55,257,499 shares of the Company available for issue under the Share Option Scheme. Having included the shares of the Company to be issued upon exercise of the 41,100,000 Options granted during the Reporting Period, the total shares of the Company available for issue under the Share Option Scheme is 96,357,499, representing approximately 5.00% of the total issued shares of the Company and the date of this report.The Company may seek the approval of its shareholders in general meeting to refresh the Share Option Scheme Limit such that the total number of Shares which may be issued upon exercise of all Options that may be granted under the Share Option Scheme and any other option scheme/plan involving the issue or grant of options over Shares or other securities by the Company under the limit as refreshed shall not exceed 10% of the issued share capital of the Company as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other option scheme, including options outstanding, cancelled or lapsed in accordance with the relevant option scheme or exercised options, shall not be counted for the purpose of calculating the limit to be refreshed.

The Company may seek the approval of its shareholders in general meeting to grant Options which will result in the number of Shares in respect of all the Options granted under the Share Option Scheme and all the options granted under any other option scheme exceeding 10% of the issued share capital of the Company, provided that such Options are granted only to participants specifically identified by the Company before the approval of its shareholders is sought.

Maximum Entitlements to Each Eligible Participant and Options Granted to Certain Connected Persons

No Option may be granted to any eligible participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Options already granted or to be granted to such eligible participant under the Share Option Scheme (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the grant date of such new grant exceeding 1% in aggregate of the issued share capital of the Company as at such grant date of such new grant. Any grant of further Options above this limit shall be subject to the requirements provided under the Listing Rules, including (1) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the relevant eligible participant and his close associates (or his associates if the relevant eligible participant is a connected person) shall abstain from voting; (2) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and (3) the number and terms (including the exercise price) of such Option are fixed before the general meeting of the Company at which the same are approved.

Any grant of Options to a connected person (as defined in the Listing Rules) of the Company, or any of his Associates, shall also comply and be approved in accordance with the applicable requirements of the Listing Rules, including but not limited to:

- if Options are granted to a director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant shall be subject to the approval by the independent non-executive directors of the Company (and in the event that the Board offers to grant Options to an independent non-executive director of the Company, the vote of such independent non-executive director shall not be counted for the purposes of approving such grant); and

- if Options are granted to a substantial shareholder or an independent non-executive director of the Company (or any of their respective associates) and that grant would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other schemes in the 12-month period up to and including the grant date:

  (a) representing in aggregate over 0.1% or such other percentage as may from time to time be provided under the Listing Rules, of the Shares in issue on the grant date; and

  (b) having an aggregate value, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the grant date, in excess of HK$5 million or such other sum as may from time to time be provided under the Listing Rules, such grant shall be subject to, in addition to the approval of the independent non-executive directors of the Company, the issue of a circular by the Company to its shareholders and the approval of the shareholders of the Company in general meeting by way of a poll convened and held in accordance with the Articles of Association at which the grantee, his associate(s) and all core connected persons of the Company (as defined under the Listing Rules) shall abstain from voting in favour of the resolution concerning the grant of such Options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to that eligible participant shall be taken as the grant date for the purpose of calculating the subscription price.

Administration

The Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Share Option Scheme shall be final and binding on all persons who may be affected thereby.

Exercise Price

The exercise price of any particular Option granted under the Share Option Scheme shall be a price determined by the Board and notified to any grantee, and shall be at least the highest of (a) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the grant date of the relevant Options, which must be a business day; (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the grant date of the relevant Options; and (c) the nominal value per Share on the grant date.

An amount of RMB1.00 is payable by the grantee to the Company upon acceptance of the offer of Options, and such remittance shall not be refundable and shall not be deemed to be a part payment of the exercise price.

Exercise Period

The Board may specify the exercise period (the "**Exercise Period**") and the vesting schedule of the Options in the grant letter, and in all circumstances all Options shall automatically lapse upon the expiry of the tenth (10th) anniversary of the grant date. Unless the Options have been withdrawn and cancelled or been forfeited in whole or in part, the grantee may exercise his rights under the Share Option Scheme according to the vesting schedule set out in the relevant grant letter.

No offer of Options shall be open for acceptance after the expiry of the duration of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provision of the Share Option Scheme. An offer of Options not accepted within this period shall lapse. An offer may not be accepted unless the grantees remain an eligible participant on acceptance.

Period of Share Option Scheme

Subject to earlier termination by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be granted under the Share Option Scheme, but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

For further details of the Share Option Scheme, please refer to the Company's circular dated 12 May 2021.

During the Reporting Period, on 17 January 2023, the Board resolved to grant a total of 41,200,000 Options to 59 eligible participants, being the employees of the Group, to subscribe for a total of 41,200,000 Shares pursuant to the Share Option Scheme. The Options 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 17 January 2023. Since the adoption of the Share Option Scheme and up to 30 June 2023, save for the aforesaid grant of 41,200,000 Options, no other option had been granted or agreed to be granted by the Company under the Share Option Scheme. Accordingly, the total number of Options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2023 and 30 June 2023 were 96,357,499 and 55,257,499 respectively.

Details of movement in options under the Share Option Scheme during the Reporting Period pursuant to Rule 17.07 of the Listing Rules

Date of grant	As at 1 January 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Lapsed/ forfeited during the Reporting Period	Cancelled during the Reporting Period	As at 30 June 2023	Exercise price *HK$*	Exercise period/ Performance targets
Employee Participants								
17 January 2023	–	41,200,000	–	100,000	–	41,100,000	8.196	See Note 1
Total:	–	41,200,000	–	100,000	–	41,100,000		

Notes:

1 The aforesaid Options shall automatically lapse upon the expiry of the tenth anniversary of the grant date. Provided that a grantee remains as an eligible participant under the Share Option Scheme and employed with the Group at the time of vesting of the Share Options, the vesting of each tranche shall be subject to fulfilment of performance targets, including (i) not having been graded "C" or worse for his or her personal evaluations in accordance with the performance management policies of the Group; or (ii) not having received any assessment which, by nature, indicates a failure to meet prescribed performance targets or standards, in each case, for each financial year ending 31 December preceding the aforesaid vesting dates.

2 These Options are to be vested: 1) 25% of the Share Options on 17 January 2025; 2) 25% of the Share Options on 17 January 2026; 3) 25% of the Share Options on 17 January 2027; and 4) 25% of the Share Options on 17 January 2028.

3 Since the adoption of the Share Option Scheme, the only Options ever granted were those granted on 17 January 2023 to eligible employee participants of the Group; and no Options had been made to (i) any Director, chief executive, substantial shareholder or their respective associates; or (ii) related entity participant or service provider. In addition, there is no participant with options and awards granted and to be granted in excess of the 1% individual limit.

4 The closing price of the Shares immediately before the date of grant of the aforesaid Options was HK$7.73. For the fair value per share of the aforesaid Options as at the date of grant, please refer to note 23 to the interim condensed consolidated financial statements.

COMPETING INTERESTS

Our Directors are not aware of any business or interest of our Directors or the controlling shareholders (as defined in the Listing Rules) of the Company nor any of their respective associates (as defined in the Listing Rules) that competed or might compete, either directly or indirectly, with the business of the Group and any other conflicts of interest which any such person had or might have with the Group during the six months ended 30 June 2023.

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

Shenzhen, PRC, 23 August 2023

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF MING YUAN CLOUD GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 54 to 106, which comprises the interim condensed consolidated statement of financial position of Ming Yuan Cloud Group Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at 30 June 2023 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenues	8	**762,340**	881,235
Cost of sales	9	**(153,572)**	(174,709)
Gross profit		**608,768**	706,526
Selling and marketing expenses	9	**(452,004)**	(501,218)
General and administrative expenses	9	**(263,849)**	(302,931)
Research and development expenses	9	**(326,700)**	(392,930)
Net impairment losses on financial assets and contract assets	19	**(16,752)**	(28,593)
Other income	10	**27,890**	30,383
Other gains/(losses), net	11	**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	12	**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	13	**(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	14	**(0.18)**	(0.30)
Diluted	14	**(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)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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	16	**242,316**	253,799
Investment properties	16	**180,504**	182,361
Right-of-use assets	17	**331,663**	404,301
Intangible assets	16	**3,018**	19,682
Financial assets at fair value through profit or loss	18	**78,876**	53,387
Financial assets at fair value through other comprehensive income		**6,547**	6,547
Contract acquisition costs	8	**5,746**	5,412
Prepayments and other receivables	19	**33,046**	46,514
Deferred income tax assets		**19,556**	19,942
Investments accounted for using the equity method		**19,839**	20,875
Term deposit with original maturity over one year	20	**234,011**	–
Restricted cash	20	**500**	500
Total non-current assets		**1,155,622**	1,013,320
Current assets			
Inventories		**9,625**	6,723
Contract assets	8	**61,491**	56,582
Contract acquisition costs	8	**249,405**	266,898
Trade receivables	19	**86,370**	73,506
Prepayments and other receivables	19	**82,053**	98,606
Financial assets at fair value through profit or loss	18	**292,482**	29,702
Term deposit with original maturity over three months	20	**3,077,273**	2,994,122
Restricted cash	20	**1,439**	2,630
Cash and cash equivalents	20	**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
EQUITY			
Share capital	21	**169**	172
Treasury shares	21	**(2,672)**	(219,501)
Reserves	22	**7,277,261**	7,207,104
Accumulated losses		**(2,208,349)**	(1,885,025)
		5,066,409	5,102,750

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2023 RMB'000 (Unaudited)**	As at 31 December 2022 RMB'000 (Audited)
Non-controlling interests		**–**	(8,297)
Total equity		**5,066,409**	5,094,453
LIABILITIES			
Non-current liabilities			
Contract liabilities	8	**37,220**	33,225
Lease liabilities	17	**110,453**	174,983
Deferred income tax liabilities		**94**	776
Total non-current liabilities		**147,767**	208,984
Current liabilities			
Trade payables	24	**27,701**	37,874
Other payables and accruals	25	**126,864**	225,505
Contract liabilities	8	**531,260**	567,778
Current income tax liabilities		**3**	–
Lease liabilities	17	**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

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

The interim financial information on pages 54 to 106 were approved and authorized for issue by the Board of Directors on 23 August 2023 and were signed on its behalf.

Gao Yu	**Xiao Zhimiao**
Director	*Chief Financial Officer*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company						
		Share capital	Treasury Shares	Reserves	Accumulated losses	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)								
As at 1 January 2023		172	(219,501)	7,207,104	(1,885,025)	5,102,750	(8,297)	5,094,453
Loss for the period		–	–	–	(323,324)	(323,324)	(1,409)	(324,733)
Currency translation differences		–	–	60,295	–	60,295	–	60,295
Total comprehensive income for the period		–	–	60,295	(323,324)	(263,029)	(1,409)	(264,438)
Transactions with owners:								
Issuance of ordinary shares	21	1	–	–	–	1	–	1
Treasury shares	21	–	(1)	–	–	(1)	–	(1)
Share-based compensation reserve	23	–	–	227,597	–	227,597	–	227,597
Repurchase of the shares of the Company	21	–	(909)	–	–	(909)	–	(909)
Cancellation of shares	21	(4)	217,739	(217,735)	–	–	–	–
Disposal of a subsidiary		–	–	–	–	–	9,706	9,706
Total transactions with owners of the Company		(3)	216,829	9,862	–	226,688	9,706	236,394
As at 30 June 2023		169	(2,672)	7,277,261	(2,208,349)	5,066,409	–	5,066,409

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company						
	Note	Share capital RMB'000	Treasury Shares RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
(Unaudited)								
As at 1 January 2022		173	(7)	6,664,038	(730,873)	5,933,331	(3,155)	5,930,176
Loss for the period		–	–	–	(561,531)	(561,531)	(2,256)	(563,787)
Changes in fair value of financial assets at fair value through other comprehensive loss, net of tax		–	–	(1,852)	–	(1,852)	–	(1,852)
Currency translation differences		–	–	192,293	–	192,293	–	192,293
Total comprehensive income for the period		–	–	190,441	(561,531)	(371,090)	(2,256)	(373,346)
Transactions with owners:								
Issuance of ordinary shares	21	1	–	–	–	1	–	1
Treasury shares	21	–	(1)	–	–	(1)	–	(1)
Share-based compensation reserve	23	–	–	221,043	–	221,043	–	221,043
Repurchase of the shares of the Company	21	–	(191,628)	–	–	(191,628)	–	(191,628)
Dividend distribution	15	–	–	(101,912)	–	(101,912)	–	(101,912)
Total transactions with owners of the Company		1	(191,629)	119,131	–	(72,497)	–	(72,497)
As at 30 June 2022		174	(191,636)	6,973,610	(1,292,404)	5,489,744	(5,411)	5,484,333

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash used in operations		**(295,186)**	(454,557)
Interest received		**25,129**	44,298
Income taxes refund		**–**	3,380
Net cash used in operating activities		**(270,057)**	(406,879)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		**(7,242)**	(86,261)
Payments for purchase of intangible assets		**(193)**	(455)
Proceeds from disposals of property, plant and equipment		**705**	–
Purchases of land use right		**–**	(151,317)
Payments for purchase of financial assets at fair value through profit or loss		**(1,293,730)**	(1,312,549)
Proceeds from income of financial assets at fair value through profit or loss		**–**	9,212
Proceeds from disposal of financial assets at fair value through profit or loss		**1,010,704**	1,110,796
Placement of term deposits with initial terms over three months		**(930,997)**	–
Receipt from maturity of term deposits with initial terms over three months		**773,710**	1,459,622
Disposal of a subsidiary		**(36)**	–
Net cash (used in)/generated from investing activities		**(447,079)**	1,029,048
Cash flows from financing activities			
Dividend paid	15	**–**	(101,912)
Principal elements of lease payments		**(39,065)**	(39,527)
Interest paid		**(4,218)**	(5,647)
Payment for the repurchase of the shares of the Company		**(909)**	(191,628)
Net cash used in financing activities		**(44,192)**	(338,714)
Net (decrease)/increase in cash and cash equivalents		**(761,328)**	283,455
Cash and cash equivalents at beginning of the period		**1,642,078**	2,017,356
Effects of exchange rate changes on cash and cash equivalents		**34,065**	74,330
Cash and cash equivalents at the end of the period	20	**914,815**	2,375,141

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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.

3 ACCOUNTING POLICIES *(CONTINUED)*

(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 upon adopting these standards, amendments to standards and interpretations to the existing IFRSs.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2022 Financial Statements.

5 SIGNIFICANT CHANGES IN PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Save as disclosed in Note 18(b), there was no significant change in principal subsidiaries of the Group during the six months ended 30 June 2023.

6 FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 Financial Statements.

There have been no significant changes in the risk factors and management policies since the year ended 31 December 2022.

(a) Liquidity Risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the senior management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total Contractual Cash flows RMB'000	Carrying amount Total RMB'000
(Unaudited)					
At 30 June 2023					
Trade payable	27,701	–	–	27,701	27,701
Other payables and accruals (excluding salary and staff welfare payables and taxes payable)	14,082	–	–	14,082	14,082
Lease liabilities	49,684	46,686	69,490	165,860	151,666
	91,467	46,686	69,490	207,643	193,449

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.1 Financial risk factors *(Continued)*

(a) Liquidity Risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
(Audited)					
At 31 December 2022					
Trade payable	37,874	–	–	37,874	37,874
Other payables and accruals (excluding salary and staff welfare payables and tax payable)	19,729	–	–	19,729	19,729
Lease liabilities	61,527	61,549	124,160	247,236	224,556
	119,130	61,549	124,160	304,839	282,159

6.2 Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors 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 consolidated statements of financial position plus net debts. As at 30 June 2023 and 31 December 2022, the Group has a net cash position.

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation

6.3.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The tables below analyse the Group's financial instruments carried at fair value as at 30 June 2023 and 31 December 2022 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(Continued)*

6.3.1 Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Unaudited)				
As at 30 June 2023				
Financial assets at FVPL				
Investments in wealth management products (Note 18(a))	**–**	**–**	**319,175**	**319,175**
Investments in unlisted equity securities (Note 18(b))	**–**	**–**	**52,183**	**52,183**
	–	**–**	**371,358**	**371,358**
Financial assets at Fair Value through Other Comprehensive Income (FVOCI)				
Investments in unlisted equity securities	**–**	**–**	**6,547**	**6,547**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
(Audited)				
As at 31 December 2022				
Financial assets at FVPL				
Investments in wealth management products (Note 18(a))	–	–	29,702	29,702
Investments in unlisted equity securities (Note 18(b))	–	–	53,387	53,387
	–	–	83,089	83,089
Financial assets at FVOCI				
Investments in unlisted equity securities	–	–	6,547	6,547

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(Continued)*

6.3.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- The latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There were no changes to valuation techniques during the six months ended 30 June 2023 and 2022.

All of the resulting fair value estimates are included in level 3 except for Investments in debt instruments, where the fair values have been determined based on various applicable valuation techniques.

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(continued)*

6.3.3 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items including investments in wealth management products, investments in unlisted equity securities for the six months ended 30 June 2023.

	Financial assets at FVPL		Financial assets at FVOCI
	Investments in wealth management products RMB'000	**Investments in unlisted equity securities RMB'000**	**Investments in unlisted equity securities RMB'000**
(Unaudited)			
As 1 January 2023	**29,702**	**53,387**	**6,547**
Acquisitions	**1,292,695**	**1,035**	**–**
Transfer (Note 18(b))	**–**	**266**	**–**
Disposals	**(1,010,704)**	**–**	**–**
Unrealised changes in fair value	**1,373**	**(2,505)**	**–**
Realised gains	**6,109**	**–**	**–**
As at 30 June 2023	**319,175**	**52,183**	**6,547**

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(continued)*

6.3.4 Valuation process, inputs and relationships to fair value

A team in the finance department of the Group performs the valuations of financial instruments required for financial reporting purposes, including the Level 3 fair values. This team reports directly to the Chief Financial Officer ("**CFO**"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once year. External valuation experts will be involved when necessary.

At each financial year end the finance department:

- verifies all major inputs to the valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the yearly valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

The valuation of the level 3 instruments mainly included investments in wealth management products (Note 18(a)) and investments in unlisted equity securities (Note 18(b)). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including option pricing and equity allocation model, discounted cash flow model and market approach etc.

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(continued)*

6.3.4 Valuation process, inputs and relationships to fair value (Continued)

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

	Fair value			Range of inputs		
Description	**at 30 June 2023 RMB'000**	at 31 December 2022 RMB'000	**Unobservable inputs**	**at 30 June 2023**	at 31 December 2022	**Relationship of unobservable inputs to fair value**
Investments in wealth management products	**319,175**	29,702	Expected rate of return	**3.00%-3.70%**	3.79%-3.80%	The higher the expected rate of return, the higher the fair value
Investments in unlisted equity securities included in financial assets at FVPL(*)	**52,183**	53,387	Expected volatility	**48.12%-54.05%**	48.12%-54.05%	Increasing the expected volatility by 5% would decrease the fair value by RMB663,000 approximately; and decreasing the expected volatility by 5% would increase the fair value by RMB661,000 approximately

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(continued)*

6.3.4 Valuation process, inputs and relationships to fair value (Continued)

Description	Fair value at 30 June 2023 RMB'000	Fair value at 31 December 2022 RMB'000	Unobservable inputs	Range of inputs at 30 June 2023	Range of inputs at 31 December 2022	Relationship of unobservable inputs to fair value
			Risk-free rate	**2.62%-2.73%**	2.62%-2.73%	The higher the risk-free rate, the lower the fair value
			P/S ratio	**7.77-11.99**	8.65-11.99	Increasing the P/S ratio by 5% would increase the fair value by RMB1,017,000 approximately; and decreasing the P/S ratio by 5% would decrease the fair value by RMB1,039,000 approximately
			Discounts for lack of marketability	**23.69%-30.00%**	23.69%-30.00%	The higher the DLOM, the lower the fair value

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(continued)*

6.3.4 Valuation process, inputs and relationships to fair value (Continued)

Description	Fair value at 30 June 2023 RMB'000	Fair value at 31 December 2022 RMB'000	Unobservable inputs	Range of inputs at 30 June 2023	Range of inputs at 31 December 2022	Relationship of unobservable inputs to fair value
Investments in unlisted equity securities included in financial assets at FVOCI	**6,547**	6,547	Expected volatility	**44.31%-48.06%**	44.31%-48.06%	Increasing the expected volatility by 5% would increase the fair value by RMB166,000 approximately; and decreasing the expected volatility by 5% would decrease the fair value by RMB170,000 approximately
			Risk-free rate	**2.46%-2.52%**	2.46%-2.52%	The higher the risk-free rate, the higher the fair value

6 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

6.3 Fair value estimation *(continued)*

6.3.4 Valuation process, inputs and relationships to fair value (Continued)

	Fair value			Range of inputs		
Description	**at 30 June 2023 RMB'000**	at 31 December 2022 RMB'000	**Unobservable inputs**	**at 30 June 2023**	at 31 December 2022	**Relationship of unobservable inputs to fair value**
			P/S ratio	**6.81-15.71**	6.81-15.71	Increasing the P/S ratio by 5% would increase the fair value by RMB471,000 approximately; and decreasing the P/S ratio by 5% would decrease the fair value by RMB462,000 approximately
			Discounts for lack of marketability	**20.00%-30.00%**	20.00%-30.00%	The higher the DLOM, the lower the fair value

Note: There were no significant inter-relationships between unobservable inputs that materially affect fair values.

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the six months ended 30 June 2023.

The carrying amount of the Group's other financial assets, including cash and cash equivalents, restricted cash, trade receivables, other receivables, and the Group's financial liabilities, including trade payables, other payables and accruals and lease liabilities, approximate their fair values.

7 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 has 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.

7 SEGMENT INFORMATION *(CONTINUED)*

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

8 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

8 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 RMB'000	As at 31 December 2022 RMB'000
Contract assets	**100,415**	93,827
Less: Loss allowance (Note 19)	**(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.

9 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 (Note 23)	**227,597**	221,043
Commission expenses	**200,496**	238,400
Outsourcing expenses	**29,552**	45,222
Depreciation of right-of-use assets (Note 17)	**28,933**	38,713
IT and communication charges	**22,671**	18,175
Depreciation of property, plant and equipment (Note 16)	**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 (Note 16)	**1,857**	546
Amortization of intangible assets (Note 16)	**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.

10 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 (Note 18(a))	**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 FVPL (Note 18(c))	**–**	5,451
Rental income	**6,574**	2,719
Others	**23**	–
	27,890	30,383

11 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 (Note 18(b))	**(2,505)**	(2,461)
Fair value losses on investments in debt instruments (Note 18(c))	**–**	(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)

12 FINANCE INCOME, NET

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income from bank deposits	**83,852**	51,986
Finance costs:		
– Unwinding of interests on lease liabilities (Note 17)	**(4,218)**	(5,647)
	79,634	46,339

13 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)

(a) Super deduction for research and development expenses

According to the CIT laws and Detailed Implementation Rules, an enterprise is allowed to claim an additional deduction of 50% of research and development expenses incurred for the development of new technologies, new products and new craftsmanship from 2008 onwards. From 2018 to 2023, according to Caishui [2018] No.99 (財税[2018] 99號, "**Circular 99**"), according to Caishui [2018] No.99 (財税[2018] 99號), an extra 75% of the actual amount of research and development expenses can be deducted before tax.

From 1 Jan 2023, according to Ministry of Finance State Administration of Taxation Announcement No. 7 of 2023 (財政部税務總局公告 2023 年第7號, "**Ministry of Finance State Administration of Taxation Announcement No. 7 of 2023**"), an Additional 100% of the actual amount of research and development expenses can be deducted before tax.

13 INCOME TAX EXPENSE/(CREDIT) *(CONTINUED)*

(a) Super deduction for research and development expenses *(Continued)*

For those companies which were granted the qualification as "Small and Medium-sized Sci-tech Enterprise" during the financial years for the six months ended 30 June 2023, they could claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits during the six months ended 30 June 2023.

(b) PRC corporate income tax ("CIT")

CIT provision was made on the estimated assessable profits of entities within the Group incorporated in the PRC and was calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The general PRC CIT rate is 25% for the six months ended 30 June 2023.

Ming Yuan Cloud Technology was granted the qualification as High and New Technology Enterprise ("**HNTE**") in 2018 and it has renewed the qualification of HNTE in 2021. Ming Yuan Cloud Technology had qualified to apply the preferential CIT rate of 15% for HNTE for the six months ended 30 June 2023 and 30 June 2022.

Shenzhen Mingyuan Yunke Electronic Commerce Co., Ltd. (深圳市明源雲客電子商務有限公司, "**Ming Yuan Cloud Client**") had also applied to the relevant tax bureau and was granted the qualification as High and New Technology Enterprise ("**HNTE**") in 2016 and it has renewed the qualification of HNTE in 2022. In addition, according to Circular 27 and Circular 49, the newly established software enterprises were entitled to tax exemption for two years commencing from the first year of profitable operation and thereafter to a preferential rate at half of the corporate income tax rate for three years. Therefore, Ming Yuan Cloud Client had applied a preferential corporate income tax rate of 12.5% for the six months ended 30 June 2023 since it was the fourth year of profitable operation. The application of preferential tax rate stated above is subject to critical estimates of the management of the Group.

Shenzhen Mingyuan Cloud Space Electronic Commerce Co., Ltd. (深圳市明源雲空間電子商務有限公司, "**Ming Yuan Cloud Space**") and Ming Yuan Cloud Procurement had qualified to apply the preferential CIT rate of 15% for HNTE beginning from 1 January 2019 and had renewed the qualification of HNTE in 2022.

Wuhan Mingyuan Dongli Software Co., Ltd. (武漢明源動力軟件有限公司, "**Wuhan Ming Yuan Power**") and Shenzhen Mingyuan Cloud Chain Internet Technology Limited (深圳市明源雲鏈互聯網科技有限公司, "**Ming Yuan Cloud Chain**") had qualified to apply the preferential CIT rate of 15% for HNTE beginning from 1 January 2021.

14 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 as mentioned in Note 23 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.

15 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.

16 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Investment properties RMB'000	Goodwill RMB'000	Other intangible assets RMB'000	Total RMB'000
(Unaudited)					
Six months ended 30 June 2023					
Opening net book amount	**253,799**	**182,361**	**13,088**	**6,594**	**455,842**
Additions	**8,934**	**–**	**–**	**170**	**9,104**
Disposal of a subsidiary	**(27)**	**–**	**(13,088)**	**(2,169)**	**(15,284)**
Disposals	**(968)**	**–**	**–**	**–**	**(968)**
Depreciation charge	**(19,422)**	**(1,857)**	**–**	**(1,577)**	**(22,856)**
Closing net book amount	**242,316**	**180,504**	**–**	**3,018**	**425,838**
At 30 June 2023					
Cost	**361,227**	**191,913**	**–**	**16,718**	**569,858**
Accumulated depreciation	**(118,911)**	**(11,409)**	**–**	**(13,700)**	**(144,020)**
Net book amount	**242,316**	**180,504**	**–**	**3,018**	**425,838**
(Unaudited)					
Six months ended 30 June 2022					
Opening net book amount	325,687	46,272	45,896	8,466	426,321
Additions	99,922	–	–	403	100,325
Depreciation charge	(21,170)	(546)	–	(1,786)	(23,502)
Closing net book amount	404,439	45,726	45,896	7,083	503,144
At 30 June 2022					
Cost	484,975	46,977	45,896	17,549	595,397
Accumulated depreciation	(80,536)	(1,251)	–	(10,466)	(92,253)
Net book amount	404,439	45,726	45,896	7,083	503,144

The investment property comprises nineteen floors of two buildings located in Wuhan for offices, held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through rental. The fair value of the investment properties as of 30 June 2023 was RMB206,864,000 (31 December 2022: RMB210,874,000).

17 LEASES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Right-of-use assets		
– Buildings	**146,123**	216,353
– Land use right	**185,540**	187,948
	331,663	404,301
Lease liabilities		
– Current	**41,213**	49,573
– Non-current	**110,453**	174,983
	151,666	224,556

Additions to the buildings in right-of-use assets for the six months ended 30 June 2022 and the six months ended 30 June 2023 were RMB204,324,000 and RMB4,125,000, respectively. Additions to the land use right in right-of-use assets for the six months ended 30 June 2022 and the six months ended 30 June 2023 were RMB185,410,000 and nil respectively.

Disposals to the buildings in right-of-use assets for the six months ended 30 June 2022 and the six months ended 30 June 2023 were RMB64,788,000 and RMB53,436,000, respectively. No disposals of the land use right in right-of-use assets for the six months ended 30 June 2022 and 2023.

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets		
– Buildings	**28,872**	38,652
– Land use right	**61**	61
	28,933	38,713
Interest expense (included in finance costs)	**4,218**	5,647

17 LEASES *(CONTINUED)*

The total cash outflow from financing activities for leases for the six months ended 30 June 2022 and six months ended 30 June 2023 were RMB45,174,000 and RMB38,699,000 respectively, and the total cash outflow from operating activities for leases for the six months ended 30 June 2022 and six months ended 30 June 2023 were RMB363,000 and RMB324,000.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Investments in wealth management products (a)	**319,175**	29,702
Investments in unlisted equity securities (b)	**52,183**	53,387
	371,358	83,089
Less: non-current portion		
Investments in wealth management products (a)	**(26,693)**	–
Investments in unlisted equity securities (b)	**(52,183)**	(53,387)
	292,482	29,702

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(CONTINUED)*

(a) Investment in wealth management products

Movements in investment in wealth management products were as follows:

	Six months ended 30 June 2023 RMB'000 (Unaudited)	Six months ended 30 June 2022 RMB'000 (Unaudited)
At the beginning of the period	**29,702**	53,774
Acquisitions	**1,292,695**	1,227,800
Disposals	**(1,010,704)**	(1,088,758)
Unrealised changes in fair value (Note 10)	**1,373**	991
Realised income (Note 10)	**6,109**	2,770
At the end of the period	**319,175**	196,577

The returns on all of these wealth management products are not guaranteed, and therefore the Group designated them as financial assets at FVPL. Unrealised changes in fair value and realised income of these financial assets are recognised in "other income" in the consolidated statements of comprehensive income. For the fair value estimation, please refer to Note 6.3 for details.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(CONTINUED)*

(b) Investments in unlisted equity securities

The Group's investments in unlisted equity securities included in financial assets at FVPL represent the investment in certain privately owned companies.

Movements of investments in unlisted equity securities included in financial assets at FVPL were as follows:

	Six months ended 30 June 2023 RMB'000 (Unaudited)	Six months ended 30 June 2022 RMB'000 (Unaudited)
At the beginning of the period	**53,387**	16,839
Additions	**1,035**	44,112
Transfer (i)	**266**	–
Unrealised changes in fair value (Note 11)	**(2,505)**	(2,461)
At the end of the period	**52,183**	58,490

(i) On 12 June 2023, the Group disposed 30% equity of a subsidiary, Shenzhen Woxiang Technology Limited Company (深圳市沃享科技有限公司, "**Woxiang**") to a third party at a cash consideration of RMB300,000. Upon completion as at 12 June 2023, the Company's equity interest in Woxiang decreased from 56.58% to 26.58%. Pursuant to the agreement, the Group had significant influence in Woxiang and the shares should be redeemed upon request of Ming Yuan Cloud Technology upon occurrence of certain future events. Therefore, these shares are not regarded as a current ownership interest in Woxiang and should be accounted for as financial assets at fair value through profit or loss instead of using the equity method.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(CONTINUED)*

(c) Investments in debt instruments

Movements in investment in debt instruments were as follows:

	Six months ended 30 June 2023 RMB'000 (Unaudited)	Six months ended 30 June 2022 RMB'000 (Unaudited)
At the beginning of the period	–	298,613
Additions	–	35,636
Disposals	–	(29,325)
Unrealised changes in fair value (Note 11)	–	(7,858)
Realised gains (Note 10, Note 11)	–	4,518
At the end of the period	–	301,584

Note: They represented investments in publicly traded corporate bonds/debentures which had quoted prices in active markets. Therefore, they are classified as Level 1 financial instruments.

19 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

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

(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

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

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

(a) Trade receivables *(continued)*

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are determined based on historical observed default rates over the expected life which are adjusted to reflect current market condition and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2023 and 31 December 2022 was determined as follows for both trade receivables and contract assets:

30 June 2023	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
(Unaudited)						
On individual basis						
Expected loss rate	69%	70%	70%	70%	100%	
Gross carrying amount (RMB'000) – trade receivables	–	5	269	2,708	364	3,346
Gross carrying amount (RMB'000) – contract assets	26	22	35	499	17	599
Loss allowance (RMB'000)	18	19	212	2,245	381	2,875
On individual basis (guarantee of buildings)						
Expected loss rate	57%	55%	43%	56%	49%	
Gross carrying amount (RMB'000) – trade receivables	3,065	2,881	5,881	7,733	467	20,027
Gross carrying amount (RMB'000) – contract assets	1,022	896	982	5,359	208	8,467
Loss allowance (RMB'000)	2,323	2,089	2,941	7,285	334	14,972
On collective basis						
Expected loss rate	11%	24%	43%	69%	100%	
Gross carrying amount (RMB'000) – trade receivables	38,700	13,144	28,357	43,343	9,131	132,675
Gross carrying amount (RMB'000) – contract assets	40,496	8,214	17,363	22,265	3,011	91,349
Loss allowance (RMB'000)	8,465	5,089	19,462	45,597	12,142	90,755

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

(a) Trade receivables *(continued)*

31 December 2022	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
(Audited)						
On individual basis						
Expected loss rate	73%	75%	84%	92%	88%	
Gross carrying amount (RMB'000) – trade receivables	122	222	3,068	12,756	2,496	18,664
Gross carrying amount (RMB'000) – contract assets	120	104	238	4,864	540	5,866
Loss allowance (RMB'000)	177	246	2,782	16,173	2,683	22,061
On individual basis (guarantee of buildings)						
Expected loss rate	22%	19%	27%	95%	100%	
Gross carrying amount (RMB'000) – trade receivables	2,461	2,314	4,906	4,048	2	13,731
Gross carrying amount (RMB'000) – contract assets	1,140	754	2,876	1,802	116	6,688
Loss allowance (RMB'000)	793	583	2,107	5,558	118	9,159
On collective basis						
Expected loss rate	13%	26%	49%	76%	100%	
Gross carrying amount (RMB'000) – trade receivables	39,630	16,012	24,435	26,986	8,371	115,434
Gross carrying amount (RMB'000) – contract assets	31,724	13,196	20,289	12,888	3,176	81,273
Loss allowance (RMB'000)	9,303	7,464	21,768	30,266	11,547	80,348

19 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(CONTINUED)*

(a) Trade receivables *(continued)*

The loss allowances for trade receivables and contract assets as at 30 June 2023 and 30 June 2022 reconcile to the opening loss allowances as follows:

	Contract assets		Trade receivables	
	Six months ended 30 June 2023 RMB'000 (Unaudited)	Six months ended 30 June 2022 RMB'000 (Unaudited)	**Six months ended 30 June 2023 RMB'000 (Unaudited)**	Six months ended 30 June 2022 RMB'000 (Unaudited)
At the beginning of the period	**37,245**	24,281	**74,323**	28,915
Increase in loss allowance recognised in profit or loss during the period	**4,636**	7,944	**12,095**	20,655
Receivables written off during the year as uncollectible	**(2,957)**	–	**(16,740)**	–
At the end of the period	**38,924**	32,225	**69,678**	49,570

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other receivables

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Impairment on other receivables is measured as 12-month expected credit losses since the directors of the Company believe that there has been no significant increase in credit risk since initial recognition.

Financial assets and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where financial assets and contract assets have been written off, the Group continues to engage in activities to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

20 CASH AND BANK BALANCES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Cash at bank and on hand (i)	**4,228,038**	4,639,330
Less: Restricted cash (ii)	**(1,939)**	(3,130)
Term deposits (iii)	**(3,311,284)**	(2,994,122)
Cash and cash equivalents	**914,815**	1,642,078

(i) Cash at bank and on hand was denominated in the following currencies:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
RMB	**1,248,824**	1,759,927
USD	**2,973,736**	2,875,107
HKD	**5,478**	4,296
	4,228,038	4,639,330

(ii) The restricted cash were pledged to banks as required by certain customers' contracts' implementation of the Group.

20 CASH AND BANK BALANCES *(CONTINUED)*

(iii) An analysis of the Group's term deposits by currencies is as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Included in non-current assets:		
RMB term deposits over 1 year	**234,011**	–
Included in current assets:		
RMB term deposits over 3 months to 1 year	**108,678**	130,000
USD term deposits over 3 months to 1 year	**2,968,595**	2,864,122
	3,077,273	2,994,122
	3,311,284	2,994,122

As at 30 June 2023, the term deposits carried the interest rates of 3.20% to 5.65% per annum.

21 SHARE CAPITAL

Authorised:

	Number of ordinary shares '000	**Nominal value of ordinary shares HKD'000**	**Number of Preferred Shares '000**	**Nominal value of Preferred Shares HKD'000**
As at 1 January 2022, 31 December 2022 and 30 June 2023	3,800,000	380	–	–

21 SHARE CAPITAL *(CONTINUED)*

Issued:

	Number of ordinary shares '000	Nominal value of ordinary shares HKD'000	Share capital RMB'000	Treasury shares RMB'000	Total RMB'000
As at 1 January 2023	**1,959,526**	**196**	**172**	**–**	**172**
Issuance of ordinary shares (c)	**4,781**	**1**	**1**	**–**	**1**
Cancellation of shares (b)	**(44,131)**	**(4)**	**(4)**	**–**	**(4)**
Less: Treasury shares (c)	**(108,641)**	**(11)**	**–**	**(2,672)**	**(2,672)**
As at 30 June 2023	**1,811,535**	**182**	**169**	**(2,672)**	**(2,503)**
As at 1 January 2022	1,968,593	197	173	–	173
Issuance of ordinary shares (a)	13,090	1	1	–	1
Cancellation of shares (b)	(22,157)	(2)	(2)	–	(2)
Less: Treasury shares	(148,074)	(15)	–	(219,501)	(219,501)
As at 31 December 2022	1,811,452	181	172	(219,501)	(219,329)

(a) On 16 June 2022 and 8 December 2022, the Company allotted and issued total 13,089,993 ordinary shares to MYC. The issuance resulted in the increase in share capital of RMB1,000 and the ordinary shares issued were also presented as treasury shares.

(b) During the year ended 31 December 2022, the Group repurchased a total of 66,684,000 ordinary shares that listed on the Stock Exchange of Hong Kong Limited at a total cash consideration of RMB418,054,000. The total of 66,288,000 shares were cancelled on 4 July 2022 and 16 March 2023, and result in the decrease in the Company's share capital.

(c) On 19 May 2023, the Company allotted and issued total 4,781,329 ordinary shares to MYC Marvellous Limited. The issuance resulted in the increase in share capital of RMB1,000 and the ordinary shares issued were also presented as treasury shares.

(d) During the six months ended 30 June 2023, the Group repurchased a total of 313,000 ordinary shares that listed on the Stock Exchange of Hong Kong Limited at a total cash consideration of RMB908,935.

22 RESERVES

	Share premium RMB'000	Surplus reserve RMB'000	Exchange reserve RMB'000	Share-based compensation reserve RMB'000	Other reserve RMB'000	Total reserves RMB'000
At 1 January 2023	**7,360,863**	**82**	**(63,578)**	**622,815**	**(713,078)**	**7,207,104**
Changes in fair value of financial assets at FVOCI, net of tax	**–**	**–**	**–**	**–**	**–**	**–**
Share-based compensation expenses (Note 23)	**–**	**–**	**–**	**227,597**	**–**	**227,597**
Cancellation of shares	**(217,735)**	**–**	**–**	**–**	**–**	**(217,735)**
Currency translation differences	**–**	**–**	**60,295**	**–**	**–**	**60,295**
At 30 June 2023	**7,143,128**	**82**	**(3,283)**	**850,412**	**(713,078)**	**7,277,261**
At 1 January 2022	7,559,582	–	(412,931)	227,444	(710,057)	6,664,038
Changes in fair value of financial assets at FVOCI, net of tax	–	–	–	–	(1,852)	(1,852)
Share-based compensation expenses (Note 23)	–	–	–	221,043	–	221,043
Dividend distribution to the owners of the Company	(101,912)	–	–	–	–	(101,912)
Currency translation differences	–	–	192,293	–	–	192,293
At 30 June 2022	7,457,670	–	(220,638)	448,487	(711,909)	6,973,610

23 SHARE-BASED COMPENSATION

2021 Share Award Scheme

On 30 May 2022 and 14 November 2022, the Company granted Award Shares to the Grantees, representing 13,089,993 ordinary shares of par value HKD0.0001 each in the share capital of the Company. The Award Shares are subject to a vesting scale in tranches from the grant date over a certain service period, on condition that employees remain in service with certain performance requirements. Once the vesting conditions underlying the respective Award Shares are met and the Award Shares are vested, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

On 28 April 2023, the Company granted Award Shares to the Grantees, representing 5,177,329 ordinary shares of par value HKD0.0001 each in the share capital of the Company. The Award Shares are subject to a vesting scale in tranches from the grant date over a certain service period, on condition that employees remain in service with certain performance requirements. Once the vesting conditions underlying the respective Award Shares are met and the Award Shares are vested, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

2020 Share incentive plan

On 11 January 2022, 24 August 2022 and 14 November 2022, the Company granted RSUs to the Grantees, representing 26,794,019 ordinary shares of par value HKD0.0001 each in the share capital of the Company. The RSUs awarded are subject to a vesting scale in tranches from the grant date over a certain service period, on condition that employees remain in service with certain performance requirements. Once the vesting conditions underlying the respective RSUs are met and the RSUs are vested, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

On 17 January 2023, the Company granted RSUs to the Grantees, representing 75,037 ordinary shares of par value HKD0.0001 each in the share capital of the Company. The RSUs awarded are subject to a vesting scale in tranches from the grant date over a certain service period, on condition that employees remain in service with certain performance requirements. Once the vesting conditions underlying the respective RSUs are met and the RSUs are vested, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

23 SHARE-BASED COMPENSATION *(CONTINUED)*

2021 Share Option Scheme

On 17 January 2023, the Company granted a total of 41,200,000 share options to 59 employees of the Group, representing 1 ordinary share of par value HKD0.0001 each in the share capital of the Company. The share options awarded are subject to a vesting scale in tranches from the grant date over a certain service period, on condition that employees remain in service with certain performance requirements. Once the vesting conditions underlying the respective share options are met and the share options are vested, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

The share-based compensation expenses recognised during the six months ended 30 June 2023 and 2022 are summarised in the following table:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Share-based compensation expenses	**227,597**	221,043

Expected retention rate

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of the vesting periods of the virtual share options (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the consolidated statements of comprehensive income. As at 30 June 2023 and 31 December 2022, the Expected Retention Rate was assessed to be 96%.

23 SHARE-BASED COMPENSATION *(CONTINUED)*

Expected retention rate *(Continued)*

(a) RSUs

Movements in the number of RSUs granted and the respective weighted average grant date fair value per RSU are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU (RMB)
Outstanding as at 1 January 2023	**65,902,074**	**20.76**
Granted during the six months ended 30 June 2023	**5,252,366**	**3.55**
Lapsed/Forfeited	**(6,725,219)**	**13.42**
Outstanding as at 30 June 2023	**64,429,221**	**20.12**
Outstanding as at 1 January 2022	60,909,797	23.23
Granted during the six months ended 30 June 2022	12,480,894	11.65
Lapsed/Forfeited	(3,570,040)	25.61
Outstanding as at 30 June 2022	69,820,651	21.14

The fair value of each RSU at the grant dates is determined by reference to the fair value of the underlying ordinary shares on the date of grant.

23 SHARE-BASED COMPENSATION *(CONTINUED)*

Expected retention rate *(Continued)*

(b) Share options

Movements in the number of share options granted and the respective weighted average grant date fair value per share option are as follows:

	Number of share options	Weighted average grant date fair value per share option (RMB)
Outstanding as at 1 January 2023	–	–
Granted during the six months ended 30 June 2023	41,200,000	3.88
Lapsed/Forfeited	(100,000)	3.88
Outstanding as at 30 June 2023	41,100,000	3.88

Share options outstanding at the end of the year have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price
17 January 2023	17 January 2033	HKD8.20

23 SHARE-BASED COMPENSATION *(CONTINUED)*

Expected retention rate *(Continued)*

(b) Share options (Continued)

The fair value of share options granted was determined using the Binomial Option Pricing Model by an independent appraiser based on significant unobservable inputs. These inputs include:

Description	Fair value of share options granted	Unobservable inputs	Range of unobservable inputs	Relationship of Unobservable inputs to fair value
Share options	HKD185,396,000 (equivalent to RMB159,560,000)	Volatility	59.37%	The higher the volatility, the higher the fair value
		Risk-free interest rate	3.13%	The higher the risk-free interest rate, the higher the fair value
		Dividend yield	0.00%	The higher the dividend yield, the lower the fair values

The fair value of share options is subject to a number of assumptions and the limitation of the model. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

24 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

24 TRADE PAYABLES *(CONTINUED)*

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

25 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (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

26 COMMITMENTS

(a) Capital commitments

The Group mainly has capital commitments with respect to assets under construction. Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities were as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Assets under construction	**–**	572
Leasehold improvements	**–**	11,239
	–	11,811

(b) Operating lease commitments

The Group leases certain offices and land under non-cancellable operating lease arrangements with lease terms less than 1 year, which can be exempted from IFRS 16. The Group's future aggregate minimum lease payments for such short term non-cancellable operating leases were as follows:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 1 year	**516**	254

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

Save as disclosed elsewhere in this report, the directors of the Company are of the view that the following parties were related parties that had transactions or balances with the Group for the six months ended 30 June 2023 and 2022:

(a) Key management personnel compensation

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages, and bonuses	**2,280**	2,006
Pension costs – defined contribution plans	**153**	125
Other social security costs, housing benefits and other employee benefits	**213**	150
	2,646	2,281

28 CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 30 June 2023.

29 SUBSEQUENT EVENT

On 7 July 2023, the Company granted a total of 8,032,650 awards (the "Award Shares") under the Share Award Scheme to 79 employees of the Group, representing 1 ordinary share of par value HKD0.0001 each in the share capital of the Company. The Award Shares granted are subject to a vesting scale in tranches from the grant date over a certain service period, on condition that employees remain in service with certain performance requirements. Once the vesting conditions underlying the respective Award Shares are met and the Award Shares are vested, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

In this report, 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.

"Adoption Date"	11 June 2021, when Share Award Scheme was approved and adopted by the Board and Share Option Scheme approved and adopted by the Shareholders
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Award(s)"	in the context of Share Award Scheme, an award granted by the Board to a Selected Participant, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash, as the Board may determine in accordance with the terms of the scheme rules; or in the context of Share Incentive Plan, an Option, RSU, restricted share, or other share-based award or right granted or sold pursuant to terms of the Share Incentive Plan
"Award Letter"	a letter issued by the Company to each Selected Participant in such form as the Board or the committee of the Board or person(s) to which the Board has delegated its authority may from time to time determine, specifying the grant date, the number of Award Shares underlying the Award, the vesting criteria and conditions, and the vesting date and such other details as they may consider necessary
"Board" or "our Board" or "Board of Directors"	the board of Directors
"Chairman"	the chairman of the Board
"Change in Expected Timeline"	has the meaning ascribed to it under the section headed *"USE OF NET PROCEEDS FROM THE GLOBAL OFFERING"* in this report
"China" or "PRC"	the People's Republic of China, for the purposes of this report 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

DEFINITIONS

"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 Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Ming Yuan Cloud Procurement"	Shenzhen Mingyuan Cloud Procurement Technology Limited (深圳市明源雲採購科技有限公司) (previously known as Shenzhen Mingyuan Yunlian Electronic Commerce Co., Ltd. (深圳市明源雲鏈電子商務有限公司)), a limited liability company established in Shenzhen, the PRC on 22 April 2014 and is our Consolidated Affiliated Entity
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"MYC"	MYC Marvellous Limited, a limited liability company incorporated in the British Virgin Islands and a special purpose vehicle wholly owned by TMF Trust (HK) Limited, the trustee appointed by the Company for the administration of the relevant share schemes of the Company
"Net Proceeds"	has the meaning ascribed to it under the section headed *"USE OF NET PROCEEDS FROM THE GLOBAL OFFERING"* in this report
"Option(s)"	in the context of Share Incentive Plan, an option to subscribe for Shares as granted pursuant to the Share Incentive Plan; or in the context of Share Option Scheme, the right to subscribe for a specified number of Shares in issue at the subscription price pursuant to the terms of the Share Option Scheme

"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
"Selected Participant(s)"	any eligible person approved for participation in the Share Award Scheme and who has been granted any Award pursuant to the Share Award Scheme
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of HK$0.0001 each
"Share Award Scheme"	the share award scheme of the Company approved and adopted by the Board on 11 June 2021, in its present form or as amended from time to time in accordance with the Share Award Scheme
"Share Incentive Plan"	the share incentive plan of the Company approved and adopted by the Board on 29 March 2020, in its present form or as amended from time to time in accordance with the Share Incentive Plan
"Shareholder(s)"	holder(s) of our Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	United States of America
"USD" or "US$" or "US dollars"	United States Dollar, the lawful currency of the U.S.
"%"	per cent.

In this report, unless otherwise indicated, the terms "associate", "associated corporation", "connected person", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.

GLOSSARY OF TECHNICAL TERMS

"AI"	artificial intelligence
"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
"CRM"	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