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明源雲

Ming Yuan Cloud Group Holdings Limited 明源雲集團控股有限公司 (Incorporated in the Cayman Islands with limited liability) (Stock Code: 909)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board hereby announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021, as follows:

FINANCIAL HIGHLIGHTS

Overall financial data

Revenue was RMB881.2 million, representing a year-on-year decrease of 9.5%

Adjusted net loss was RMB342.7 million, representing a year-on-year decrease of 277.1%

SaaS products

Revenue was RMB669.4 million, representing a year-on-year increase of 21.3% and accounting for 76.0%

ERP solutions

Revenue was RMB211.8 million, representing a year-on-year decrease of 49.8% and accounting for 24.0%



Overall financial data

Revenue was RMB881.2 million for the six months ended 30 June 2022, representing a year-on-year decrease of 9.5%.

Adjusted net loss was RMB342.7 million for the six months ended 30 June 2022, representing a year-on-year decrease of 277.1%.

SaaS products

Revenue was RMB669.4 million for the six months ended 30 June 2022, representing a year-on-year increase of 21.3% and accounting for 76.0% of the total revenue.

ERP solutions

Revenue was RMB211.8 million for the six months ended 30 June 2022, representing a year-on-year decrease of 49.8% and accounting for 24.0% of the total revenue.

BUSINESS REVIEW AND OUTLOOK

Industry Review

China's real estate market consists of the development/operation/service in the residential, industrial and infrastructural fields. In terms of land supply, according to the 2020 China Urban Construction Statistical Yearbook, among the annual new land areas, residential, industrial and infrastructural construction land accounted for approximately 31%, 29%, and 40%, respectively. The annual new construction area of the real estate market has reached billions of square meters, the existing area has also reached tens of billions of square meters, and the overall market size is in the tens of trillions of RMB.

Since July 2021, China's residential market has undergone multiple terrible blows. The transaction volume has dropped significantly year-on-year. A number of Top 100 property developers have defaulted on their debts, and the confidence of home buyers is seriously low. The slowdown in China's economic growth and the recurrent pandemic has made matters worse. According to the National Bureau of Statistics, from January to June of this year, the floor space of commercial housing sold was 0.69 billion square meters, representing a year-on-year decrease of 22.2%, and the sales of commercial housing were RMB6.6 trillion, representing a year-on-year decrease of 28.9%. In the continuous decline of the industry, the Company's business has also been greatly affected. However, from a long-term perspective, the fundamentals of the industry have not changed at its root. Residential real estate involves many industries, has a long chain and strong pulling power, and still occupies an important position in the national economy.

On the other hand, the industrial and infrastructural markets, which the Company entered in full scale in the second half of 2021, are not dragged down by the residential market and continues to grow, with their market size comparable to that of the residential market, and the potential is huge. Against the background of the continuous decline in the residential market, the government has further increased investment in the industrial and infrastructural fields, and the digital needs of related enterprises are also continuously increasing.

In the medium- to long-term, the digital penetration rate of the enterprises in China is still far behind the world's average, and the digital penetration rate in the real estate sector is only one thousandth and still in the early stage with huge growth potential in the future.

Business Review

We specialize in providing digital solutions for major participants in the real estate ecological chain and helping real estate developers/operators/service providers to better achieve their business goals through digital upgrades. Facing various unfavorable factors in the first half of the year, the Company has actively responded to the downward pressure on the industry through a number of measures to increase revenues and reduce expenditures.

SaaS products

Despite various terrible blows in the first half of 2022, the Company's SaaS product business continued to grow, and recorded product revenue of RMB669.4 million (same period in 2021: RMB551.8 million), representing a year-on-year increase of 21.3% and accounting for 76.0% of the total revenue.

CRM Cloud

CRM Cloud focuses on the field of marketing technology (“**MarTech**”) and promotes the efficient interaction among home buyers, property consultants, third-party sales agents and brokers, improves the experience of home buyers, and enhances the customer acquisition ability and transaction conversion efficiency of residential developers through 3D Digital Exhibition Halls (3D 數字展廳), Traffic Operation (流量運營), Channel Risk Control (渠道風控) and other applications, so as to achieve continuous growth of the average revenue per user. For the six months ended 30 June 2022, due to the impact of the macro environment and the recurrent pandemic, some developers delayed new launches, resulting in a decrease in the number of property sales offices equipped with CRM Cloud across China to approximately 13,300 (same period in 2021: 16,200). The annual customer account retention rate for CRM Cloud was 87% as of 30 June 2022 (31 December 2021: 88%).

Construction Cloud

Construction Cloud focuses on the field of engineering construction, helping residential and industrial property developers to improve product quality and project management capabilities through digital means, and providing quality, progress and safety management solutions for state-owned enterprises. For the six months ended 30 June 2022, due to the impact of the macro environment and the recurrent pandemic, some developers delayed or suspended construction, resulting in approximately 7,200 construction sites equipped with Construction Cloud (same period in 2021: 6,000). The total annual customer account retention rate for quality inspection, customer service and risk control products of Construction Cloud was 91% as of 30 June 2022 (31 December 2021: 90%).

Procurement Cloud

Procurement Cloud focuses on the field of supply chain, which effectively matches residential and industrial property developers with suppliers through products such as Real Estate Smart Procurement (不動產智慧採招), breaks the information barriers between supply and demand, and provides targeted marketing products for supply chain around the suppliers, making real estate supply chain smarter. For the six months ended 30 June 2022, approximately 4,000 developers and 95,000 suppliers entered the Procurement Cloud platform to conduct business, representing a year-on-year increase of approximately 29% and 14% (same period in 2021: approximately 3,100 developers and 83,000 suppliers).

Space Cloud

Space Cloud focuses on the field of asset management, providing various forms of online asset management digitalization solutions for asset owners, mainly state-owned enterprises, based on overall business plans of clients. With the Company's full entry into the industrial development/operation/service market, Space Cloud has become an important product for industrial and infrastructural markets. For the six months ended 30 June 2022, Space Cloud (excluding Property Management Cloud) totally managed properties of over 309 million square meters, representing a year-on-year increase of approximately 162% (same period in 2021: 118 million square meters). The annual customer account retention rate for Space Cloud (excluding Property Management Cloud) was 89% as of 30 June 2022 (31 December 2021: 79%).

ERP solutions

Our ERP solutions help residential and industrial property developers to effectively integrate and manage enterprise resources and optimize their core business processes with products including selling, cost, procurement, planning and expense. In addition to software licensing, we offer implementation services, product support services, and value-added services. In the first half of 2022, the cloud ERP solutions based on the Skyline PaaS Platform launched multiple iterated versions, providing customers with strong scalability and integration capabilities while enabling greater implementation flexibility and development efficiency. Due to the impact of the continuous decline of the industry and the recurrent pandemic, end customers are more cautious in investing in ERP solutions, and a considerable number of projects have been postponed or cancelled. For the six months ended 30 June 2022, the revenue was RMB211.8 million (same period in 2021: RMB421.9 million), representing a year-on-year decrease of 49.8%.

Skyline PaaS Platform

During the Reporting Period, the Skyline PaaS Platform has initiated its commercialization and has become an important part of SaaS growth. Through Portal, BPA, Data Fabric and PBC, the Skyline PaaS Platform based on a composable architecture enables the flexible and free combination and efficient integration of all industrial “development/operation/service” SaaS products, meets the diverse needs of industrial customers for managing various forms of properties, and provides the one-stop customized workbench experience for end users. The Stars Program further extends from the zero-code opening of application development to business intelligence (BI) scenarios. In terms of the China-made strategy, over 50 independent and controllable patented technologies have been released. For the localized deployment requirements of state-owned enterprises for the state-owned asset cloud and private cloud, the one-click installation and deployment, the iterative upgrade of the unified version and full-link monitoring operation and maintenance support services of SaaS products are provided through MKS Cloud and Service Cloud (服務雲). With the launch of commercialization, the Skyline PaaS Platform achieved revenues of RMB74.0 million during the Reporting Period, with over 1,700 clients.

Our Sales and Distribution Network

We sell and deliver SaaS products and ERP solutions 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 SaaS products and ERP solutions to customers in the rest of China for greater cost efficiency.

As at 30 June 2022, our direct sales force consisted of more than 380 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.

Outside of tier-1 cities served by our direct sales force, we deploy an extensive sales and service network across China, to rapidly scale up our presence in regional market in a cost-effective manner.

Future and Outlook

China’s residential market is experiencing unprecedented and huge challenges, and the whole industry is at its trough. Under the continuous promotion and stimulation of relevant government policies, the market is recovering slowly. Looking to the future, although the temporary decline is serious, the residential market is still a 10 trillion-level industry, occupying an important position in the national economy. Secondly, the structure of industry participants is undergoing important changes, the proportion of state-funded developers is increasing significantly, and the proportion of private developers is expected to continue to decline. In addition, although the digital investment in the industry declined temporarily due to external factors, after the industry gradually returns to normal, developers will further increase the investment in digital transformation in response to the market competition in the future.

China's industrial and infrastructural markets are huge, and are still in a stage of rapid development with limited impact from the residential market. Compared with the residential market, state-funded enterprises at all levels, the main players in the industrial and infrastructural markets, have clearer plans and more urgent needs for digital construction. In 2018, the Company entered the digital field of the industrial and infrastructural markets dominated by state-owned enterprises through the product line of Asset Management Cloud. In 2021, the Company began to fully enter the digital field of the industrial and infrastructural markets through richer product lines, and achieved a comprehensive breakthrough with huge growth potential in the future.

Facing the scale of tens of trillions of residential, industrial and infrastructural development/operation/service markets, the Company is firmly optimistic about the digital development potential in this field, and firmly believes in the superiority of the SaaS model and the long-term development trend of the cloud computing industry. Relying on our 25-year experience in the industry with our customers and long-term investment in products/technologies, the Company is confident to continue to lead the digital transformation and upgrading of the real estate ecological chain.

In the second half of the year, the external environment is still highly uncertain, the residential market is still in the stage of slow recovery, and the pandemic still recurs. On the basis of continuing to promote various strategic measures in the first half of the year, the Company will adopt the following targeted business strategies to ensure the sound and sustainable development of the overall operation.

1. We upgrade our product strategy to build the new driver of SaaS growth around the real estate ecological chain.

In order to better support the development strategy of the Company and ensure the continuous growth of the SaaS business, the Company continues to focus on the development of four core product lines of "CRM, Construction, Asset Management and SCM" based on business sectors, which fully covers the whole value chain management of "development, operation and service" of real estate customers.

- We continue to build four core product lines of "CRM, Construction, Asset Management and SCM" to accelerate the realization of the comprehensive SaaS coverage.
- We continue to further promote the SaaS model in the industrial and infrastructural fields: When the Company entered the industrial and infrastructural fields, it adopted the SaaS model, which has been fully recognized by customers after extensive verification. On the basis of continuing to promote the SaaS model, the Company will further combine the capabilities of "PaaS + Service" to provide customers with more comprehensive solutions and services.
- We fully accelerate the transformation from on-premises to SaaS in the residential development field: After product iterations and regional pilots in the first half of the year, combined with changes in the industry situation, the Company will accelerate the transformation to SaaS and optimize its business model.

- We maintain the investment in the Skyline PaaS Platform and further upgrade the core strategy of “PaaS + Service” to accelerate the commercialization of the Skyline PaaS Platform. With the Skyline PaaS Platform as the technological base of digitalization and based on the composable business and technical architecture, we will further accelerate the layered opening of SaaS products, realize the comprehensive extension of UI customization, business processes, business logic and data model, combine existing products and capabilities flexibly, and provide in-depth vertical and professional one-stop solutions for customers in the residential, industrial and infrastructural fields, especially state-owned enterprise customers, such as business and digitalization consulting, SaaS products and professional services.
- We further link suppliers and consumers, and cooperate with ecological partners and regional partners to provide comprehensive products, solutions and services for the entire real estate ecological chain.



2. We focus on the investment in high-certainty markets and adhere to the continuous investment in core products and technologies.

- MarTech: The residential market is recovering slowly, and the highest priority for developers at this stage is to obtain valuable operating cash flow through marketing innovation. Leveraging the absolutely leading position of CRM Cloud in the industry and continuous product innovations, the Company will continue to increase the average revenue per property sales office and further expand its market share.
- Digitalization of industrial and infrastructural markets: The industrial and infrastructural markets are currently in a stage of rapid development, and the main players in the markets are state-owned enterprises. As the SASAC has clear requirements for digitalization and related budget arrangements, the digitalization needs of state-owned enterprises are very certain. The Company will continue to invest more resources to actively explore the digital needs of the industrial and infrastructural markets, which will become a new engine for the Company's performance growth.
- State-funded residential developers: The proportion of land acquired by state-funded residential developers has gradually increased, and they will become major players in the residential market in the future. The Company will increase continuous investment in state-funded developers, stabilize the revenue contribution of the residential market, and effectively ease the negative impact of the continuous decline in the industry.

3. We resolutely optimize the structure, reduce costs and improve efficiency and strengthen the cash flow management during the bottom of the industry.

- We optimize the organization and talent structure, and continue to reduce operating costs of the Company. We further optimize core business processes, improve overall business efficiency, and continue to improve per capita output.
- We continue to strengthen the management of cash flows and receivables, actively respond to industry uncertainties, and comprehensively enhance the Company's ability to resist risks.
- We adjust our business layout to reduce R&D and related investments which cannot generate returns in the short term, and effectively balance the short-term operating pressure and medium and long-term development strategies of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Six months ended 30 June	
		2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Revenues	5	881,235	973,698
Cost of sales	6	<u>(174,709)</u>	<u>(199,965)</u>
Gross profit		706,526	773,733
Selling and marketing expenses	6	(501,218)	(385,320)
General and administrative expenses	6	(302,931)	(80,956)
Research and development expenses	6	(392,930)	(254,807)
Net impairment losses on financial assets and contract assets		(28,593)	(6,864)
Other income	7	30,383	45,084
Other (losses)/gains, net	8	<u>(124,360)</u>	<u>35,185</u>
Operating (loss)/profit		(613,123)	126,055
Finance income		51,986	62,018
Finance costs		<u>(5,647)</u>	<u>(1,168)</u>
Finance income, net		46,339	60,850
Share of losses of investments accounted for using the equity method		<u>(581)</u>	<u>–</u>
(Loss)/profit before income tax		(567,365)	186,905
Income tax credit	9	<u>3,578</u>	<u>611</u>
(Loss)/profit for the period		<u>(563,787)</u>	<u>187,516</u>
(Loss)/profit attributable to:			
Owners of the Company		(561,531)	165,306
Non-controlling interests		<u>(2,256)</u>	<u>22,210</u>
		<u>(563,787)</u>	<u>187,516</u>
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)			
Basic	10	(0.30)	0.09
Diluted	10	<u>(0.30)</u>	<u>0.09</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	<i>Note</i> 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
(Loss)/profit for the period	<u>(563,787)</u>	<u>187,516</u>
Other comprehensive income/(loss), net of tax		
<i>Items that will not be reclassified to profit or loss</i>		
Currency translation differences	192,293	(64,770)
Changes in fair value of financial assets at fair value through other comprehensive loss, net of tax	<u>(1,852)</u>	<u>(1,909)</u>
Total comprehensive (loss)/income for the period	<u>(373,346)</u>	<u>120,837</u>
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(371,090)	98,627
Non-controlling interests	<u>(2,256)</u>	<u>22,210</u>
	<u>(373,346)</u>	<u>120,837</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		404,439	325,687
Investment properties		45,726	46,272
Right-of-use assets		427,989	99,816
Intangible assets		52,979	54,362
Financial assets at fair value through profit or loss		58,490	16,839
Financial assets at fair value through other comprehensive income		7,922	10,101
Contract acquisition costs	5	4,357	5,561
Prepayments and other receivables	12	16,007	79,467
Deferred income tax assets		14,284	9,507
Investments accounted for using the equity method		10,406	10,986
Restricted cash		500	500
		1,043,099	659,098
Current assets			
Inventories		742	738
Contract assets	5	95,861	82,982
Contract acquisition costs	5	295,711	278,647
Trade receivables	12	132,993	79,580
Prepayments and other receivables	12	109,644	65,253
Income tax recoverable		87	3,606
Financial assets at fair value through profit or loss		498,161	352,387
Term deposits		1,973,178	3,432,800
Restricted cash		1,073	350
Cash and cash equivalents		2,375,141	2,017,356
		5,482,591	6,313,699
Total current assets		5,482,591	6,313,699
Total assets		6,525,690	6,972,797
EQUITY			
Share capital		174	173
Treasury shares		(191,636)	(7)
Reserves		6,973,610	6,664,038
Accumulated losses		(1,292,404)	(730,873)
		5,489,744	5,933,331
Non-controlling interests		(5,411)	(3,155)
Total equity		5,484,333	5,930,176

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
LIABILITIES			
Non-current liabilities			
Contract liabilities	<i>5</i>	31,734	32,092
Lease liabilities		191,168	61,620
Deferred income tax liabilities		764	458
Total non-current liabilities		223,666	94,170
Current liabilities			
Trade payables	<i>13</i>	55,311	66,062
Other payables and accruals	<i>14</i>	135,824	239,958
Contract liabilities	<i>5</i>	575,226	601,001
Current income tax liabilities		436	9
Lease liabilities		50,894	41,421
Total current liabilities		817,691	948,451
Total liabilities		1,041,357	1,042,621
Total equity and liabilities		6,525,690	6,972,797

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Ming Yuan Cloud Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 3 July 2019 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the provision of enterprise-grade Software as a service (“**SaaS**”) products and Enterprise resource planning (“**ERP**”) solutions 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 2022 (“**Interim Financial Information**”) is presented in Renminbi (“**RMB**”), unless otherwise stated, and was approved for issue by the Company on 22 August 2022.

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 2021 (“**2021 Financial Statements**”), which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (“**IASB**”).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the 2021 Financial Statements, as described in those annual consolidated financial statements, except for the adoption of amended IFRSs effective as of 1 January 2022. Income tax expense was recognised based on management's estimate of the annual income tax rate expected for the full financial year.

3.1 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 2022. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

3.2 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 2023 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 17 and Amendments to IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 and IFRS 2 Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

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 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:

SaaS products Software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted

ERP solutions Enterprise resource planning, a business process management software that allows 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

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

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

	SaaS products <i>RMB’000</i>	ERP solutions <i>RMB’000</i>	Unallocated items <i>RMB’000</i>	Total <i>RMB’000</i>
Revenues	669,429	211,806	–	881,235
Cost of sales	<u>(46,088)</u>	<u>(128,621)</u>	<u>–</u>	<u>(174,709)</u>
Gross profit	623,341	83,185	–	706,526
Segment results	<u>(46,488)</u>	<u>(188,742)</u>	<u>(328,557)</u>	<u>(563,787)</u>

The segment information for the six months ended 30 June 2021 (unaudited) is as follows:

	SaaS products <i>RMB’000</i>	ERP solutions <i>RMB’000</i>	Unallocated items <i>RMB’000</i>	Total <i>RMB’000</i>
Revenues	551,843	421,855	–	973,698
Cost of sales	<u>(56,992)</u>	<u>(142,973)</u>	<u>–</u>	<u>(199,965)</u>
Gross profit	494,851	278,882	–	773,733
Segment results	<u>(26,949)</u>	<u>138,262</u>	<u>76,203</u>	<u>187,516</u>

5 REVENUES

The Group's revenue includes revenues from SaaS products and ERP solutions. The Group acts as the principal to end customers for sales of SaaS products. In respect of ERP business, 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	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
SaaS products	669,429	551,843
ERP solutions		
– Revenue from rendering of value-added services	88,614	150,261
– Revenue from software licensing	41,613	140,257
– Revenue from rendering of product support services	61,042	87,507
– Revenue from rendering of implementation services	20,537	43,830
	881,235	973,698

	Six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
SaaS products		
– Revenues over time	646,264	516,058
– Revenues at a point in time	23,165	35,785
ERP solutions		
– Revenues over time	170,193	281,598
– Revenues at a point in time	41,613	140,257
	881,235	973,698

5 REVENUES (CONTINUED)

(a) Assets and liabilities related to contracts with customers

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

	As at 30 June 2022 <i>RMB'000</i>	As at 31 December 2021 <i>RMB'000</i>
Contract assets	128,086	107,263
Less: Loss Allowance	<u>(32,225)</u>	<u>(24,281)</u>
Total contract assets	<u>95,861</u>	<u>82,982</u>
Contract acquisition costs	300,068	284,208
Less: non-current portion	<u>(4,357)</u>	<u>(5,561)</u>
	<u>295,711</u>	<u>278,647</u>
Contract liabilities	606,960	633,093
Less: non-current portion	<u>(31,734)</u>	<u>(32,092)</u>
	<u>575,226</u>	<u>601,001</u>

(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 increased as a result of the growth of the Group's SaaS product 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 increased as a result of the growth of the Group's SaaS product 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 increased mainly as a result of the growth of the Group's SaaS product.

6 EXPENSES BY NATURES

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Employee benefit expenses	682,137	533,595
Commission expenses	238,400	196,990
Share-based compensation	221,043	6,026
Outsourcing expenses	45,222	49,802
Depreciation of right-of-use assets	38,713	13,483
Professional and technical service fees	23,362	19,313
Depreciation of property, plant and equipment	21,170	8,608
IT and communication charges	18,175	14,985
Costs of inventories sold	17,901	28,290
Short-term rental and utilities expenses	17,450	4,361
Exhibition and promotion charges	15,640	9,101
Traveling and entertainment expenses	13,994	16,771
Office expenses	9,516	10,860
Taxes and surcharges	5,105	6,349
Amortization of intangible assets	1,786	1,395
Depreciation of investment properties	546	–
Others	1,628	1,119
	1,371,788	921,048
	1,371,788	921,048

No research and development expenses had been capitalised for the six months ended 30 June 2022 and 2021.

7 OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Government grants	13,044	13,071
VAT refund	2,249	11,586
Income from wealth management products	3,761	10,056
Income generated from offline activities and others	3,159	9,157
Dividend and interest income from investments in unlisted equity securities and debt instruments included in financial assets at fair value through profit or loss (“FVPL”)	5,451	1,214
Rental income	2,719	–
	30,383	45,084
	30,383	45,084

8 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Fair value losses on investments in redeemable preferred shares	–	(3,263)
Investment deemed disposal gains	–	10,095
Foreign exchange (losses)/gains	(116,141)	28,512
Fair value losses on investments in unlisted equity securities included in financial assets at FVPL	(2,461)	–
Fair value losses on investments in debt instruments	(8,791)	(658)
Termination of leases	2,927	503
Others	106	(4)
	(124,360)	35,185

9 INCOME TAX CREDIT

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	567	131
Deferred income tax	(4,145)	(742)
Income tax credit	(3,578)	(611)

10 (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2022 and 2021.

(a) Basic (losses)/earnings per share

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Loss)/profit attributable to owners of the Company (<i>RMB'000</i>)	(561,531)	165,306
Weighted average number of ordinary shares in issue (<i>thousand</i>)	<u>1,874,144</u>	<u>1,855,144</u>
Basic (losses)/earnings per share (<i>in RMB</i>)	<u>(0.30)</u>	<u>0.09</u>

(b) Diluted (losses)/earnings per share

Diluted (losses)/earnings 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 2021, the Group had a category of potential ordinary shares which was the restricted share units. The restricted share units were dilutive for the six months ended 30 June 2021 due to their conversion to ordinary shares would decrease the earnings per share.

During the six months ended 30 June 2022, as the Group incurred losses, the potential ordinary shares of restricted share units 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 2022 is the same as basic losses per share.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(Loss)/profit attributable to owners of the Company (<i>RMB'000</i>)	(561,531)	165,306
Weighted average number of ordinary shares in issue (<i>thousand</i>)	<u>1,874,144</u>	<u>1,855,144</u>
Weighted average number of shares outstanding to assume conversion of all dilutive potential shares (<i>thousand</i>)	<u>–</u>	<u>1,871,693</u>
Diluted (losses)/earnings per share (<i>in RMB</i>)	<u>(0.30)</u>	<u>0.09</u>

11 DIVIDENDS

Dividends of RMB101,912,000 were paid for the year ended 31 December 2021 (For the year ended 31 December 2020: RMB133,859,000). The Board of the Company did not propose any interim dividend for the six months ended 30 June 2022.

12 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables from contracts with customers	182,563	108,495
Less: Allowance for impairment	<u>(49,570)</u>	<u>(28,915)</u>
Trade receivables – net	<u>132,993</u>	<u>79,580</u>
Prepayments to suppliers	62,117	29,435
Prepayments for land use right	–	36,440
Prepayments for leasehold improvements	–	14,431
Prepayments for employee benefits	<u>7,314</u>	<u>7,596</u>
Prepayments	<u>69,431</u>	<u>87,902</u>
Rental and other deposits	27,313	39,654
Interest receivables from bank deposits	23,292	14,265
Others	5,680	2,970
Less: Allowance for impairment of other receivables	<u>(65)</u>	<u>(71)</u>
Other receivables – net	<u>56,220</u>	<u>56,818</u>
Trade receivables, prepayments and other receivables	258,644	224,300
Less: Non-current deposits	<u>(16,007)</u>	<u>(79,467)</u>
Current portion	<u>242,637</u>	<u>144,833</u>

(a) Trade receivables

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade receivables from contracts with customers	182,563	108,495
Less: Allowance for impairment	<u>(49,570)</u>	<u>(28,915)</u>
	<u>132,993</u>	<u>79,580</u>

12 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

The Group normally allows 0 to 90 days credit period to its customers. Aging analysis of the trade receivables as at 30 June 2022 and 31 December 2021, based on date of recognition, is as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Aging		
Up to 3 months	75,211	70,391
3 to 6 months	37,030	14,526
6 months to 1 year	51,188	12,707
1 to 2 years	15,761	6,950
Over 2 years	3,373	3,921
	<u>182,563</u>	<u>108,495</u>

13 TRADE PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables to third parties	<u>55,311</u>	<u>66,062</u>

As at 30 June 2022 and 31 December 2021, the aging analysis of the trade payables based on invoice date were as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Aging		
Up to 3 months	<u>55,311</u>	<u>66,062</u>

14 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Accrued payroll and employee benefit expenses	115,428	205,045
VAT and surcharges payable	6,385	14,550
Commissions payable to regional channel partners	6,800	2,097
Deposits from regional channel partners	2,814	1,662
Operating expenses advanced by employees	1,255	97
Accrued auditor's remuneration	600	5,500
Payable in respect of investments in unlisted equity securities	–	5,000
Others	2,542	6,007
	135,824	239,958

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Since July 2021, China's residential market has undergone multiple terrible blows. The transaction volume has dropped significantly year-on-year. A number of Top 100 property developers have defaulted on their debts, and the confidence of home buyers is seriously low. The slowdown in China's economic growth and the recurrent pandemic has made matters worse. Under such environment, the Company's performance has also been inevitably affected during the Reporting Period. The Company actively responded to the continuous downward pressure in the industry through various measures such as strategic focus, cost reduction and efficiency improvement and accelerated transformation to SaaS during the Reporting Period, and the Company's revenue from cloud businesses still maintained continuous growth.

Revenues

During the Reporting Period, our total revenue was RMB881.2 million (same period in 2021: RMB973.7 million), representing a year-on-year decrease of 9.5%, which was mainly due to the fact that subject to the adverse impact of the macro environment and recurrent pandemic, end customers have become more cautious in their investment in ERP solutions, a considerable number of projects have been postponed or cancelled, the project delivery and execution cycle has been prolonged, and some SaaS projects have been delayed in new launches and construction or suspended, by which the revenue recognition of the Company has been adversely impacted. The following table sets forth a breakdown of our revenue by business segment for the years indicated. Revenues from SaaS products for the six months ended 30 June 2022 were RMB669.4 million, representing an increase of 21.3%, and accounted for 76.0% of the total revenue, while revenues from ERP solutions were RMB211.8 million, representing a decrease of 49.8%, and accounted for 24.0% of the total revenue. The following table sets forth a breakdown of our revenue by business segment for the periods indicated.

	Six months ended 30 June		Change %
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	
SaaS products	669,429	551,843	21.3
ERP solutions	211,806	421,855	(49.8)
Total	881,235	973,698	(9.5)

SaaS products

We derive revenues from sales of our SaaS products through our own direct sales team and a nationwide network of regional channel partners.

The following table sets forth a breakdown of our revenues from SaaS products by product types in absolute amounts and as a percentage of our revenues from SaaS products for the periods indicated.

	Six months ended 30 June				Change %
	2022		2021		
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	
	(Unaudited)		(Unaudited)		
	<i>(RMB in thousands, except percentages)</i>				
CRM Cloud	449,590	67.2	427,965	77.6	5.1
Construction Cloud	80,770	12.1	78,957	14.3	2.3
Space Cloud	31,580	4.7	22,421	4.1	40.9
Procurement Cloud	23,333	3.5	20,029	3.6	16.5
Others	84,156	12.5	2,471	0.4	3,305.7
Total	<u>669,429</u>	<u>100.0</u>	<u>551,843</u>	<u>100.0</u>	<u>21.3</u>

During the Reporting Period, the revenues from our SaaS products were RMB669.4 million (same period in 2021: RMB551.8 million), representing a year-on-year increase of 21.3%, and the proportion of the revenues from our SaaS products to the total revenue increased from 56.7% for the six months ended 30 June 2021 to 76.0% for the same period in 2022, exceeding 75.0%, mainly because (i) subject to the adverse impact of the macro environment and recurrent pandemic, some projects have been delayed in new launches and construction or suspended, and as a result of that the revenue recognition of CRM Cloud and Construction Cloud has been affected, and the growth of revenue has slowed down; and (ii) other income in revenue from SaaS products mainly refers to the revenue from Skyline PaaS Platform, as developers' acceptance of the Skyline Platform gradually increased, the revenue from Skyline Platform increased significantly during the Reporting Period.

As at 30 June 2022, the amount of the Company's outstanding long-term SaaS contracts (exclusive of tax) was RMB895.4 million (30 June 2021: RMB843.5 million), representing a year-on-year increase of 6.2%.

ERP solutions

Revenues from our ERP solutions are primarily derived from software licensing fees for our ERP solutions and provision of implementation services, product support services and other value-added services.

The following table sets forth a breakdown of our revenues from ERP solutions by service types in absolute amounts and as a percentage of our revenues from ERP solutions for the periods indicated.

	Six months ended 30 June				Change %
	2022		2021		
	<i>RMB</i>	%	<i>RMB</i>	%	
	(Unaudited)		(Unaudited)		
	<i>(RMB in thousands, except percentages)</i>				
Software licensing	41,613	19.6	140,257	33.2	(70.3)
Implementation services	20,537	9.7	43,830	10.4	(53.1)
Product support services	61,042	28.8	87,507	20.7	(30.2)
Value-added services	88,614	41.9	150,261	35.7	(41.0)
Total	211,806	100.0	421,855	100.0	(49.8)

Revenues generated from our ERP solutions were RMB211.8 million (same period in 2021: RMB421.9 million), representing a year-on-year decrease of 49.8%, and the proportion of the revenues generated from our ERP solutions to the total revenue decreased from 43.3% for the six months ended 30 June 2021 to 24.0% for the same period in 2022, less than 25%, mainly due to the fact that subject to the adverse impact of the macro environment and recurrent pandemic, end customers have become more cautious in their investment in ERP solutions, a considerable number of projects have been postponed or cancelled, and the project delivery and execution cycle has been prolonged.

Cost of Sales

During the Reporting Period, our cost of sales was RMB174.7 million (same period in 2021: RMB200.0 million), representing a year-on-year decrease of 12.7%.

SaaS products

Cost of sales for our SaaS products primarily consists of (i) employee benefit expenses, representing salaries and benefit expenses for our staff responsible for the implementation and delivery of our SaaS products, (ii) costs of inventories sold, representing cost relating to sales of smart devices in relation to our CRM Cloud, (iii) IT and communication charges, which consist of costs associated with leased IT infrastructure that supports the operation of our SaaS products, and (iv) taxes and surcharges.

The following table sets forth a breakdown of cost of sales for our SaaS products in absolute amount and as a percentage of our revenues from SaaS products for the periods indicated.

	Six months ended 30 June				Change %
	2022		2021		
	<i>RMB</i>	%	<i>RMB</i>	%	
	(Unaudited)		(Unaudited)		
	<i>(RMB in thousands, except percentages)</i>				
Employee benefit expenses	15,733	2.4	16,427	3.0	(4.2)
Costs of inventories sold	17,305	2.6	27,935	5.1	(38.1)
IT and communication charges	10,233	1.5	10,449	1.9	(2.1)
Taxes and surcharges	2,817	0.4	2,181	0.4	29.2
Total	<u>46,088</u>	<u>6.9</u>	<u>56,992</u>	<u>10.4</u>	<u>(19.1)</u>

During the Reporting Period, our cost of sales for SaaS products was RMB46.1 million (same period in 2021: RMB57.0 million), representing a year-on-year decrease of 19.1%. This decrease was mainly due to the decrease in the costs of inventories sold as our Company decreased our sales of smart hardware.

ERP solutions

Cost of sales for our ERP solutions consists primarily of (i) employee benefit expenses, representing salaries and benefit expenses for our staff responsible for the implementation and delivery of our ERP solutions and the provision of product support services and value-added services to our customers, (ii) outsourcing expenses, representing cost associated with provision of implementation services, product support services and value-added services for our ERP solutions by third-party service providers, (iii) costs of inventories sold, (iv) professional and technical service fees we paid to third-party service providers, and (v) taxes and surcharges.

The following table sets forth a breakdown of cost of sales for our ERP solutions in absolute amount and as percentage of our revenues from ERP solutions for the periods indicated.

	Six months ended 30 June				Change %
	2022		2021		
	<i>RMB</i>	%	<i>RMB</i>	%	
	(Unaudited)		(Unaudited)		
	<i>(RMB in thousand, except percentage)</i>				
Employee benefit expenses	91,245	43.1	93,249	22.1	(2.1)
Outsourcing expenses	34,458	16.3	45,100	10.7	(23.6)
Costs of inventories sold	596	0.3	355	0.1	67.9
Professional and technical service fees	33	0.0	101	0.0	(67.3)
Taxes and surcharges	2,289	1.1	4,168	1.0	(45.1)
Total	<u>128,621</u>	<u>60.8</u>	<u>142,973</u>	<u>33.9</u>	<u>(10.0)</u>

During the Reporting Period, our cost of sales for ERP solutions was RMB128.6 million (same period in 2021: RMB143.0 million), representing a year-on-year decrease of 10.0%, primarily driven by the decreases in outsourcing expenses, taxes and surcharges.

Gross Profit

The following table sets forth a breakdown of our gross profit by our SaaS products and ERP solutions in absolute amounts and gross profit margin for the periods indicated.

	Six months ended 30 June				Change %
	2022 <i>RMB'000</i> (Unaudited)	%	2021 <i>RMB'000</i> (Unaudited)	%	
SaaS products	623,341	93.1	494,851	89.7	26.0
ERP solutions	83,185	39.3	278,882	66.1	(70.2)
Total	706,526	80.2	773,733	79.5	(8.7)

During the Reporting Period, the Company's overall gross profit was RMB706.5 million (same period in 2021: RMB773.7 million), representing a year-on-year decrease of 8.7%. Gross profit from our SaaS products was RMB623.3 million (same period in 2021: RMB494.9 million), representing a year-on-year increase of 26.0%. Gross profit from our ERP solutions was RMB83.2 million (same period in 2021: RMB278.9 million), representing a year-on-year decrease of 70.2%. The gross profit margin of SaaS products increased from 89.7% for the six months ended 30 June 2021 to 93.1% for the six months ended 30 June 2022, mainly because we decreased our sales of smart hardware, of which the gross profit margin is comparatively lower.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses were RMB501.2 million (same period in 2021: RMB385.3 million), representing a year-on-year increase of 30.1%, mainly due to (i) the increase in dealer commission expenses arising out of the increase in revenues from SaaS products, and (ii) the increase in employee benefit expenses of the sales team.

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses were RMB302.9 million (same period in 2021: RMB81.0 million), representing a year-on-year increase of 274.0%, mainly due to an increase in share-based compensation expenses during the Reporting Period. If the effect of share-based compensation expenses is excluded, our general and administrative expenses will be RMB94.2 million (same period in 2021: RMB74.9 million), representing a year-on-year increase of 25.8%. The increase of our general and administrative expenses was mainly due to the increase in employee benefit expenses of managers after excluding the effect of share-based compensation expenses.

Research and Development Expenses

We continuously invest in the development of new products and technologies as in the past. During the Reporting Period, the total research and development expenses of the Group further increased, and our research and development expenses were RMB392.9 million (same period in 2021: RMB254.8 million), representing a year-on-year increase of 54.2%, mainly due to the increase in employee benefit expenses of research and development staff. The number of research and development staff of the Company was 2,049 as at 30 June 2022 (30 June 2021: 1,759), representing a year-on-year increase of 16.5%.

Net Impairment Losses on Financial Assets and Contract Assets

We determine the provision for impairment of trade receivables and contract assets on a forward-looking basis and the expected lifetime losses are recognized from initial recognition of the assets by credit risks of our customers in accordance with IFRS 9. When assessing the credit risks of a particular customer, we consider, on a reasonable basis, available supporting information regarding the business and financial background of such customer and its ultimate beneficial shareholders and our historical business relationship (including disputes, if any) with such customer and its ultimate beneficial shareholders.

During the Reporting Period, our net impairment losses were RMB28.6 million (same period in 2021: RMB6.9 million), representing a year-on-year increase of 314.5%, primarily because we increased our provision on contract assets and trade receivables as the size of contract assets and trade receivables increased in the Reporting Period, as well as we have made a specific provision for impairment of individual real estate companies in view of the operating status of the real estate industry.

Other Income

Other income consists primarily of (i) government grants, which mainly relate to financial assistance from local governments in China, (ii) income from our investments in wealth management products, (iii) value added tax (“VAT”) refunds relating to the sales of our software solutions, (iv) income generated from offline activities and others, which primarily include (a) admission fees we charge property developers, construction materials suppliers and other service vendors for our offline industry events with respect to our Procurement Cloud (雲採購) and (b) income generated from our real estate industry seminars, (v) dividend and interest income from investments in unlisted equity securities and debt instruments included in financial assets at FVPL, and (vi) rental income generated from renting out its own properties by the Company.

The following table sets forth a breakdown of the components of our other income for the periods indicated.

	Six months ended 30 June		Change %
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	
Government grants	13,044	13,071	(0.2)
Income from wealth management products	3,761	10,056	(62.6)
VAT refund	2,249	11,586	(80.6)
Income generated from offline activities and others	3,159	9,157	(65.5)
Dividend and interest income from investments in unlisted equity securities and debt instruments included in financial assets at FVPL	5,451	1,214	349.0
Rental income	2,719	–	100.0
	<u>30,383</u>	<u>45,084</u>	<u>(32.6)</u>

During the Reporting Period, our other income was RMB30.4 million (same period in 2021: RMB45.1 million), representing a year-on-year decrease of 32.6%, mainly due to the decrease in the income from wealth management products and VAT refund, as well as the decrease in the income generated from offline activities and others due to the impact of the epidemic.

Other (Losses)/Gains, Net

Our other (losses)/gains, net primarily consist of (i) foreign exchange (losses)/gains, (ii) fair value losses on investments in unlisted equity securities included in financial assets at FVPL, (iii) fair value losses on investments in debt instruments included in financial assets at FVPL, and (iv) termination of leases.

The following table sets forth a breakdown of the components of our other (losses)/gains, net for the periods indicated.

	Six months ended 30 June		Change %
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	
Fair value losses on investments in redeemable preferred shares	–	(3,263)	(100.0)
Foreign exchange (losses)/gains	(116,141)	28,512	(507.3)
Investment deemed disposal gains	–	10,095	(100.0)
Termination of leases	2,927	503	481.9
Fair value losses on investments in unlisted equity securities included in financial assets at FVPL	(2,461)	–	(100.0)
Fair value losses on investments in debt instruments	(8,791)	(658)	1,236.0
Others	106	(4)	(2,750.0)
	<u>(124,360)</u>	<u>35,185</u>	<u>(453.4)</u>

During the Reporting Period, our other losses, net amounted to RMB124.4 million, representing a year-on-year decrease of 453.4% (other gains, net for the same period in 2021: RMB35.2 million), primarily due to an increase in foreign exchange losses as a result of exchange rate fluctuation arising from the combined impact of the international and domestic macro environment.

Operating (Loss)/Profit

During the Reporting Period, our operating loss amounted to RMB613.1 million, representing a year-on-year decrease of 586.4% (operating profit for the same period in 2021: RMB126.1 million), due to the impact of the macro environment, recurring pandemic, continued investment in research and development, share-based compensation expenses recognized for the Group's share incentive plans and foreign exchange losses as a result of exchange rate fluctuation.

The following table sets forth a breakdown of our operating profit by our SaaS products and ERP solutions in absolute amounts for the periods indicated.

	Six months ended 30 June		Change %
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	
SaaS products	(69,071)	(26,122)	164.4
ERP solutions	(201,137)	134,187	(249.9)
Unallocated items	(342,915)	17,990	(2,006.1)
Total	<u>(613,123)</u>	<u>126,055</u>	<u>(586.4)</u>

Finance Income

During the Reporting Period, our finance income amounted to RMB52.0 million, representing a year-on-year decrease of 16.1% (same period in 2021: RMB62.0 million), due to a decrease in interest income from bank deposits.

Finance Costs

During the Reporting Period, our finance costs amounted to RMB5.6 million, representing a year-on-year increase of 366.7% (same period in 2021: RMB1.2 million), due to an increase in interest expenses on lease liabilities as a result of an increase in lease assets.

(Loss)/Profit Before Income Tax

As a result of the foregoing, we had a loss before income tax of RMB567.4 million for the six months ended 30 June 2022, representing a year-on-year decrease of 403.6% (profit before income tax for the same period in 2021: RMB186.9 million).

Income Tax Credit

During the Reporting Period, our income tax credit amounted to RMB3.6 million, representing a year-on-year increase of 500.0% (same period in 2021: RMB0.6 million), primarily due to the reversal of deferred income tax expense and the reduction of the overall tax burden as a result of more super deductions for research and development arising from more research and development made by the Company.

(Loss)/Profit for the Period

As a result of the foregoing, during the Reporting Period, we reported a loss for the period of approximately RMB563.8 million, representing a year-on-year decrease of 400.7% (profit for the period for the same period in 2021: RMB187.5 million).

For our SaaS products, during the Reporting Period, we reported a loss for the period of RMB46.5 million, representing a year-on-year increase of 72.9% (same period in 2021: RMB26.9 million).

For our ERP solutions, during the Reporting Period, we reported a loss for the period of RMB188.7 million, representing a year-on-year decrease of 236.4% (profit for the period for the same period in 2021: RMB138.3 million).

Non-IFRS measures

To supplement our consolidated financial statements that are presented in accordance with IFRS, we also use EBITDA (as defined below), adjusted EBITDA and adjusted net income as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider indicative of our operating performance. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the EBITDA, adjusted EBITDA and adjusted net income may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

EBITDA and adjusted EBITDA

We define EBITDA as operating income for the period and adjusted for depreciation and amortization expenses. We add back share-based compensation to EBITDA to derive adjusted EBITDA.

The following table sets out EBITDA and adjusted EBITDA and a reconciliation from operating income for the year to EBITDA and adjusted EBITDA for the periods indicated.

	Six months ended 30 June		Change %
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	
Reconciliation of operating (loss)/income and adjusted EBITDA			
Operating (loss)/income for the period	(613,123)	126,055	(586.4)
Add:			
Depreciation of right-of-use assets	38,713	13,483	187.1
Depreciation of property, plant and equipment	21,170	8,608	145.9
Amortization of intangible assets	1,786	1,395	28.0
Amortization of investment properties	546	–	100.0
EBITDA	(550,908)	149,541	(468.4)
Add:			
Share-based compensation	221,043	6,026	3,568.2
Adjusted EBITDA	(329,865)	155,567	(312.0)

Adjusted net income

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

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

	Six months ended 30 June		Change %
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	
Reconciliation of net (loss)/income and adjusted net (loss)/income			
Net (loss)/income for the period	(563,787)	187,516	(400.7)
Share-based compensation	221,043	6,026	3,568.2
Adjusted net (loss)/income	<u>(342,744)</u>	<u>193,542</u>	<u>(277.1)</u>

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 2022, cash and cash equivalents and term deposits of the Group totaled approximately RMB4,348.3 million (31 December 2021: RMB5,450.2 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 Financial Assets at FVPL

Current financial assets at FVPL of the Group consist primarily of (i) investments in wealth management products, and (ii) investments in debt instruments. As at 30 June 2022, current financial assets at FVPL recorded by the Group amounted to approximately RMB498.2 million (31 December 2021: RMB352.4 million).

Current Ratio

As at 30 June 2022, net current assets of the Group were approximately RMB4,664.9 million (31 December 2021: RMB5,365.2 million). As at 30 June 2022, the current ratio of current assets to current liabilities was approximately 6.70, up slightly from 6.66 as at 31 December 2021.

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 2022 was nil as we did not have long-term borrowing.

Capital Commitment

As of 30 June 2022, we had capital commitments with respect to assets under construction amounting to RMB5.6 million (31 December 2021: RMB212.0 million).

Contingent Liabilities

As of 30 June 2022, we did not have any material contingent liabilities.

Pledge of Assets

As of 30 June 2022, we did not pledge any of our assets.

FOREIGN EXCHANGE RISK MANAGEMENT

The functional currency of the Company and its major subsidiaries is RMB. The majority of the revenues of the Group are derived from operations in the 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 our 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. Our 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 2022, we did not hold any significant investments. For the six months ended 30 June 2022, there were no material acquisitions, disposals or significant investment of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of 30 June 2022, we did not have plans for material investments and capital assets.

EMPLOYEES

As of 30 June 2022, we had 3,821 (31 December 2021: 4,247) employees in total, representing a decrease of 10.0% compared with 31 December 2021.

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.

IMPACT OF THE COVID-19 OUTBREAK

Since the outbreak of COVID-19 in early 2020, the Company has immediately taken measures to maintain effective and high-quality operation. During the outbreak, employees of the Group stuck to their mission, actively responding to the demand of customers through remote work, and tided over the difficulty with customers.

Through digitalization and cloud, our SaaS products can minimize or avoid direct contact between people, thus ensuring and promoting the business operation of our end customers free from the impact of the outbreak, helping our end customers more effectively respond to the challenges arising out of the outbreak. During the Reporting Period, subject to the impact of the recurrent pandemic, some projects of customers have been delayed in new launches and construction or suspended, by which the revenue recognition of SaaS products has been impacted. However, there was an increasing acceptability of our diversified SaaS products in the market, which brought about a continued increase in our revenues from SaaS products during the Reporting Period.

We also noticed that, due to the impact of the outbreak, end customers have become more cautious in their investment in ERP solutions, a considerable number of projects have been postponed or cancelled, and the project delivery and execution cycle has been prolonged, which resulted in a decline in revenues of the Company from sales of ERP solutions during the Reporting Period. We will respond actively, accelerate the transformation from OP to SaaS comprehensively in the residential development field, and optimize business models, so as to provide customers with better products and services.

During the Reporting Period, although the COVID-19 outbreak has had a certain degree of impact on the overall financial performance of the Company, the Board of the Company believes that the COVID-19 outbreak has not had any significant impact on our overall business plan, production schedule and operating activities, and we do not expect the above-mentioned significant impact to occur in the future.

SUBSEQUENT EVENT

Since 30 June 2022 and up to the date of this announcement, there were no significant events occurred in the Group.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The Shares were listed on the Main Board of the Stock Exchange on 25 September 2020. Our Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering (including the proceeds from the full exercise of over-allotment option) of approximately HK\$6,910.3 million. Our Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended application of net proceeds from the Global Offering are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (HK\$ million)	Utilized as at 30 June 2022 (HK\$ million)	Unutilized as at 30 June 2022 (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
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	402.59	841.27	Before 31 December 2023
(b) Purchase from qualified suppliers advanced equipment, infrastructure and applications	6.0%	414.62	45.51	369.11	Before 31 December 2023
(c) Invest in product development to introduce new SaaS products	6.0%	414.62	27.32	387.30	Before 31 December 2025

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (HK\$ million)	Utilized as at 30 June 2022 (HK\$ million)	Unutilized as at 30 June 2022 (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds
Enhance research and development efforts in cutting-edge technologies					
(a) Develop our proprietary key fundamental technologies that support product innovation	8.0%	552.82	90.00	462.82	Before 31 December 2025
(b) Develop our own technology infrastructure	12.0%	829.24	134.99	694.25	Before 31 December 2025
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	259.47	155.15	Before 31 December 2022
(b) Expand our existing ERP modules and functions to cover more internal business and operational processes of property developers	4.0%	276.41	20.93	255.48	Before 31 December 2023
Enhance our sales and marketing capabilities and strengthen our brand reputation					
(a) Expand, retain and train our direct sales force	3.0%	207.31	168.78	38.53	Before 31 December 2023
(b) Establish an interactive, knowledge-sharing platform with leading property developers	2.0%	138.21	12.90	125.31	Before 31 December 2023
(c) Enhance our branding and marketing activities to acquire new customers	3.0%	207.31	44.75	162.56	Before 31 December 2023
(d) Invest to strengthen and expand our regional channel partner network	2.0%	138.21	44.91	93.30	Before 31 December 2023
Selectively pursue strategic investments and acquisitions	20.0%	1,382.06	570.72	811.34	Before 31 December 2023
Working capital and general corporate purposes	10.0%	691.03	173.09	517.94	Before 31 December 2023
Total	100.0%	6,910.32	1,995.96	4,914.36	

The Company will use the remaining proceeds for the purpose as disclosed in the Prospectus and follow the expected implementation timetable as disclosed in the Prospectus.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

CORPORATE GOVERNANCE

The Board is committed to achieving good corporate governance standards.

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2022, the Company has repurchased a total of 22,157,000 Shares (the “**Share Repurchases**”) on the Stock Exchange at an aggregate consideration of HK\$231,969,717.60. Subsequently, 22,157,000 Shares repurchased were cancelled on 4 July 2022 and the Company had repurchased a total of 2,881,000 Shares at the aggregate consideration of HK\$24,999,937.92 in July 2022.

Details of the Share Repurchases during the Reporting Period are as follows:

Month of repurchase	Total number of Shares repurchased	Purchase price paid per Share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
2022				
January	1,900,000	16.18	15.54	30,465,412.94
February	552,000	16.50	15.60	8,947,383.02
March	2,147,000	10.80	10.10	22,596,275.36
April	16,594,000	11.54	8.67	159,946,507.07
June	964,000	10.50	10.24	10,014,138.77
Total	22,157,000			231,969,717.60

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. 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 2022.

AUDIT COMMITTEE

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Ms. Zeng Jing (曾靜) (Chairperson), Mr. Li Hanhui (李漢輝) and Mr. Zhao Liang (趙亮). Ms. Zeng Jing, 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 2022) 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 2021. 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 2022 have been reviewed.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

APPRECIATION

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

DEFINITIONS

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

“Audit Committee”	the audit committee of the Board
“Board” or “our Board” or “Board of Directors”	the board of Directors
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or “our Company” or “the Company”	Ming Yuan Cloud Group Holdings Limited (明源雲集團控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 3 July 2019
“Consolidated Affiliated Entity”	the entity that we control through contractual arrangements
“Director(s)”	the director(s) of our Company
“Global Offering”	the Hong Kong public offering and the international offering of the offer shares

“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and its subsidiaries and Consolidated Affiliated Entity from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entity, such subsidiaries and Consolidated Affiliated Entity as if they were subsidiaries and Consolidated Affiliated Entity of our Company at the relevant time
“HKD” or “HK\$” or “HK dollars”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Listing Date”	25 September 2020, being the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Prospectus”	the prospectus of our Company, dated 15 September 2020, in relation to the Global Offering
“Reporting Period”	for the six months ended 30 June 2022
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of China
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of HK\$0.0001 each
“Shareholder(s)”	holder(s) of our Shares
“the State Council”	The State Council of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.”	United States of America
“USD” or “US\$” or “US dollars”	United States Dollar, the lawful currency of the U.S.
“%”	per cent.

GLOSSARY OF TECHNICAL TERMS

“app” or “application”	application software designed to run on smartphones and other mobile devices
“cloud-based”	applications, services or resources made available to users on demand via the Internet from a cloud computing provider’s servers with access to shared pools of configurable resources
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“CRM”	customer relationship management, a strategy for managing an organization’s relationships and interactions with customers and potential customers
“customer entity”	a legal entity which subscribes for our software solutions by entering into contracts with us or our regional channel partners (who are responsible for marketing and selling our software solutions in designated geographic locations), as the case may be, and uses such software solutions, during the relevant period
“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
“Top 100 property developers”	top 100 property developer groups in China by sales value during a given period, according to a report published by China Real Estate Information Corporation in 2022

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

Shenzhen, PRC, 22 August 2022

As at the date of this announcement, the Board comprises Mr. GAO Yu, Mr. JIANG Haiyang, Mr. CHEN Xiaohui and Mr. JIANG Keyang as executive Directors; Mr. LIANG Guozhi and Mr. YI Feifan as non-executive Directors; and Mr. LI Hanhui, Mr. ZHAO Liang and Ms. ZENG Jing as independent non-executive Directors.