

明源雲

Stock Code
HK.0909

明源雲集團控股有限公司

MING YUAN CLOUD GROUP HOLDINGS LIMITED

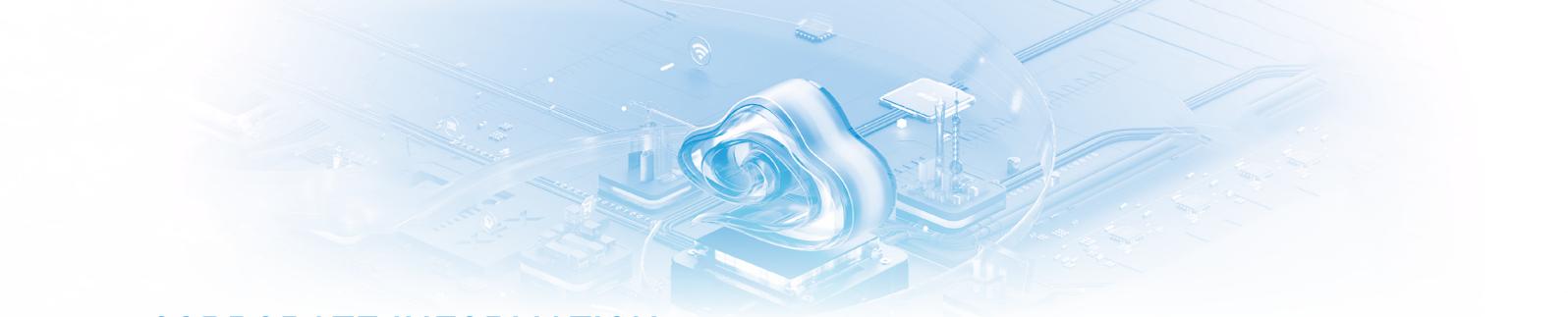
(Incorporated in the Cayman Islands with limited liability)

2022 ANNUAL REPORT

Focusing on Digital Technology Consistently to Promote Industrial Upgrading

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Gao Yu (*Chairman*)
Mr. Jiang Haiyang (*Chief Executive Officer*)
Mr. Chen Xiaohui (*Vice President*)
Mr. Jiang Keyang (*resigned with effect from 28 March 2023*)

Non-executive Directors

Mr. Liang Guozhi
Mr. Yi Feifan (*resigned with effect from 28 March 2023*)

Independent Non-executive Directors

Ms. Tong Naqiong (*appointed with effect from 26 September 2022*)
Mr. Li Hanhui
Mr. Zhao Liang
Ms. Zeng Jing (*resigned with effect from 26 September 2022*)

AUDIT COMMITTEE

Ms. Tong Naqiong (*Chairperson*)
Mr. Li Hanhui
Mr. Zhao Liang
Ms. Zeng Jing
(*resigned with effect from 26 September 2022*)

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Gao Yu (*Chairperson*)
Ms. Tong Naqiong
Mr. Zhao Liang
Ms. Zeng Jing
(*resigned with effect from 26 September 2022*)

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

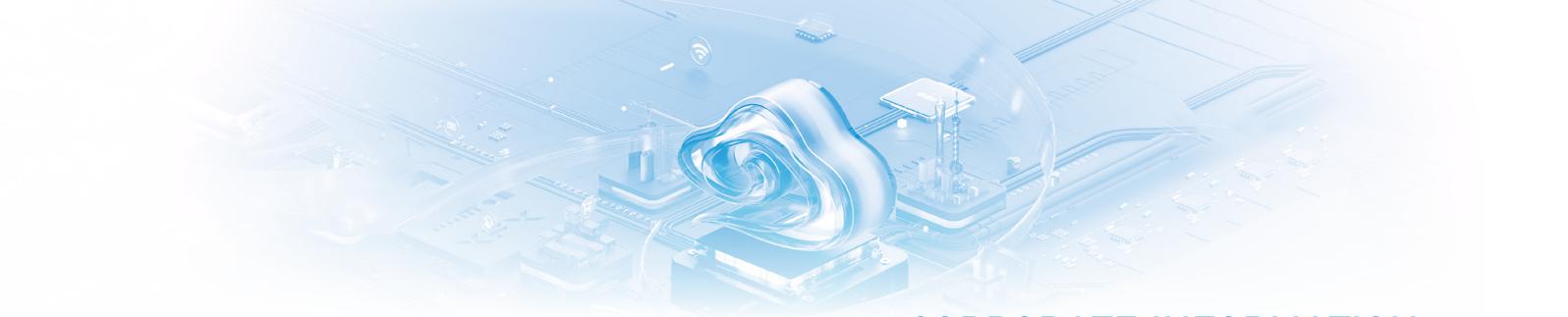
801, Tower A
Gemdale Viseen Tower
16 Gaoxin South 10th Road
Gaoxin Community, Yuehai Subdistrict
Nanshan District, Shenzhen
PRC

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



CORPORATE INFORMATION

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

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 ADVISOR

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

AUTHORIZED REPRESENTATIVES

Mr. Gao Yu
Mr. Jiang Keyang (*resigned with effect from
28 March 2023*)
Mr. Ye Junwen (*appointed with effect from
28 March 2023*)

JOINT COMPANY SECRETARIES

Mr. Jiang Keyang (*resigned with effect from
28 March 2023*)
Mr. Ye Junwen (*appointed with effect from
28 March 2023*)
Ms. Szeto Kar Yee Cynthia

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.
Gaoxinyuan 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 WEBSITE

www.mingyuanyun.com

FINANCIAL HIGHLIGHTS

	2022	Year ended 31 December			
		2021	2020	2019	2018
		(RMB'000)			
Revenues	1,816,357	2,184,490	1,705,276	1,263,969	912,795
Gross profit	1,479,328	1,751,129	1,339,722	994,569	735,680
Operating (loss)/profit	(1,265,677)	(626,771)	326,456	244,091	180,299
(Loss)/profit before income tax	(1,168,666)	(503,554)	(650,086)	242,378	178,392
(Loss)/profit for the year	(1,159,212)	(495,918)	(668,200)	231,649	163,034
Adjusted EBITDA	(619,643)	233,060	422,278	276,674	201,488
Adjusted net (loss)/income	(626,954)	307,234	382,690	235,920	163,034

	2022	Year ended 31 December			
		2021	2020	2019	2018
		(RMB'000)			
ASSETS					
Non-current assets	1,013,320	659,098	262,330	246,200	236,784
Current assets	5,170,847	6,313,699	7,209,836	988,488	549,958
Total assets	6,184,167	6,972,797	7,472,166	1,234,688	786,742
LIABILITIES					
Non-current liabilities	208,984	94,170	59,276	49,085	48,934
Current liabilities	880,730	948,451	843,354	914,651	439,811
Total liabilities	1,089,714	1,042,621	902,630	963,736	488,745
EQUITY					
Equity attributable to owners of the Company	5,102,750	5,933,331	6,538,793	266,485	302,556
Non-controlling interests	(8,297)	(3,155)	30,743	4,467	(4,559)
Total equity	5,094,453	5,930,176	6,569,536	270,952	297,997
Total equity and liabilities	6,184,167	6,972,797	7,472,166	1,234,688	786,742

FINANCIAL HIGHLIGHTS

Overall financial data

Revenue was approximately RMB1,816.4 million in 2022, representing a year-on-year decrease of approximately 16.9%.

Adjusted net loss was approximately RMB627.0 million in 2022, representing a year-on-year decrease of approximately 304.1%.



SaaS products

Revenue was approximately RMB1,426.6 million in 2022, representing a year-on-year increase of approximately 6.6% and accounting for 78.5% of the total revenue.



ERP solutions

Revenue was approximately RMB389.8 million in 2022, representing a year-on-year decrease of approximately 54.0% and accounting for 21.5% of the total revenue.



Investment in research and development

Investment in research and development was approximately RMB816.9 million in 2022, representing a year-on-year increase of approximately 27.2%.



CHAIRMAN'S STATEMENT



Gao Yu
Chairman

Dear Shareholders,

REVIEW

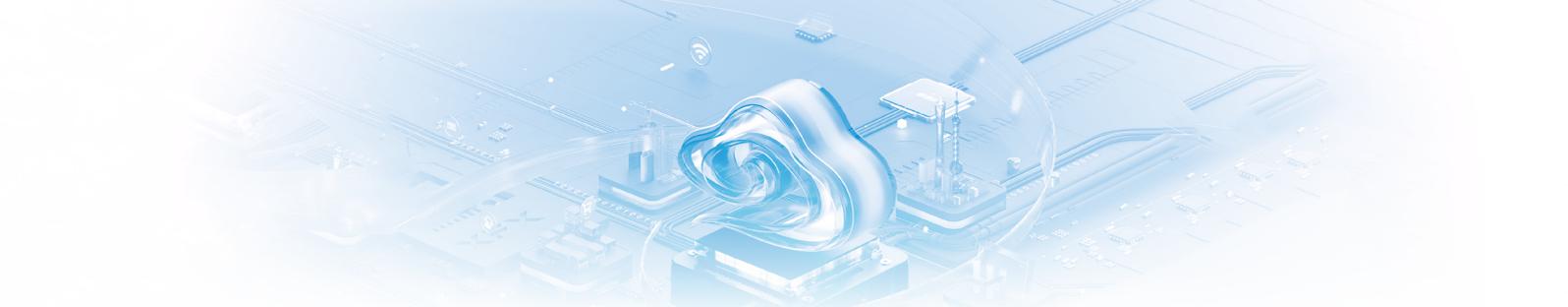
The year 2022 is a challenging year for most enterprises. Due to the macro economy, the pandemic and other factors, there was an unprecedented crisis in residential real estate in which we served. With the significant decline in the market scale, the operation of real estate developers faced severe challenges.

Under the new situation in the industry, the Company actively adjusted its operation strategy. On the one hand, the Company accelerated the expansion of its presence in industries/infrastructure markets with state-owned enterprises playing the leading role, and launched various new products and solutions. On the other hand, the Company reduced costs and improved efficiency, and promoted the optimization of organizational and personnel structure. A number of measures enabled the Company to record a significantly smaller annual revenue decline than the fall in the size of the downstream industries, demonstrating its

strong business resilience. However, the drastic changes in the market environment had a certain negative impact on the Company's performance. I sincerely apologize to all investors.

OUTLOOK

In 2023, with the macroeconomic recovery, the residential real estate market is continuously picking up. Investment in industries and infrastructure continues to grow steadily, which is an important driving force for China's economic growth. Meanwhile, the real estate market in China has entered a stage where both the existing and new housing markets go hand in hand. The government has accelerated the implementation of the public offering of REITS in the past three years, including more forms of the existing assets into the scope of REITS. In 2022, relevant policies on the counting and revitalization of state-owned assets were issued intensively. At present, state-owned enterprises at all levels hold existing assets amounting to approximately RMB300 trillion, having strong demand for the digitalization of asset management. In addition, documents such as the Overall Plan for the Construction of Digital China will accelerate the independent and controllable digitalization construction of enterprises, which is expected to create large digitalization demands in terms of upgrading and transformation.



CHAIRMAN'S STATEMENT

With a focus on the above changes in real estate digitization, the Company will accelerate its strategic upgrade in three directions.

1. Our target market, mainly the residential property, will be extended to the entire real estate market which includes residential, industrial and infrastructure real estate. There will be a shift from a focus on the development of new real estate to a focus on the development of new real estate and the operation/service market for the existing real estate, so as to achieve comprehensive coverage over the digitalization of the real estate ecosystem chain.
2. Products will be upgraded from ERP solutions for residential developers, and SaaS products to three product lines around the core areas of real estate, including customer relationship management (CRM) construction and asset management & operation, so as to better support the comprehensive upgrade of the target market of the Company.
3. In terms of technological upgrading, the Company will focus on accelerating the adaptation of the Skyline PaaS Platform to the digital technological innovation system, so as to better serve state-owned enterprise customers and accelerate the commercialization of Skyline.

China has a real estate market with a size of tens of trillions, and there is huge room for future digital transformation. Upholding the long-termism and waiting patiently for the reward are our business philosophy and long-term strategy.

APPRECIATION

On behalf of the Board, I would like to extend my appreciation to all investors and customers for their trust and support in the development of the Company, and express my heartfelt gratitude to the management team and each employee for their contributions and efforts in the previous year. Despite the significant impact on the results, the Company has abundant cash reserves, quality asset, solid customer base and extremely healthy operating fundamentals. In consideration of the latest strategic deployment, we believe that the Company will return to healthy development/sustained profitability. All of our staff will also continue to persist in dedication, innovation, and creation of long-term value for shareholders, and become the most trustworthy partners in the digitalization of the real estate ecosystem chain.

Gao Yu

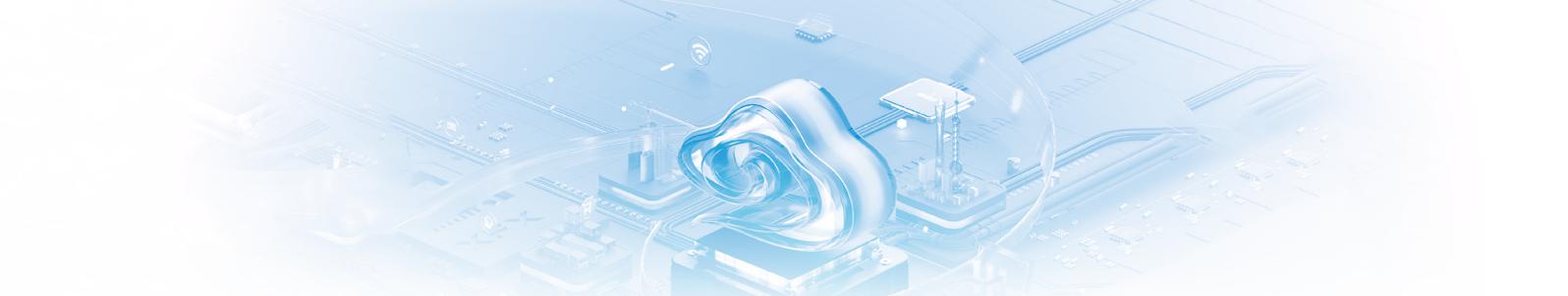
Chairman

28 March 2023

明源雲

Become the Most Trustworthy Partner in the Digitalization of the Real Estate Value Chain





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

I. Industry Review

In 2022, the residential real estate market has undergone difficulties. Due to the impact of various factors such as the economy and COVID-19, indicators of the industry declined significantly. According to the National Bureau of Statistics, China's real estate development investment in 2022 was RMB13.3 trillion, representing a year-on-year decrease of 10.0%; and China's sales of commercial housing was RMB13.3 trillion, representing a year-on-year decrease of 26.7%. Some businesses of the Company were also materially affected by the declining confidence in both the supply and demand sides.

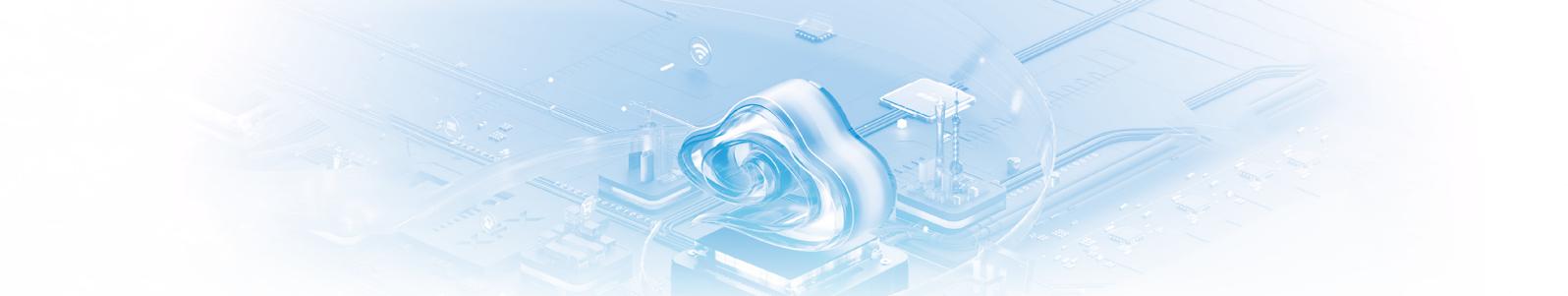
In order to stabilize the market, the Chinese government has launched various bailout policies since the second quarter of 2022, including the measures to ensure the successful handover of buildings in July, the financial and tax support for housing mortgages at the end of September, and "16 supportive financial measures" and the "three arrows" of credit, equity and bond financing in November. The regulators have fundamentally changed the attitude towards real estate enterprises shifting from rescuing troubled projects to rescuing both troubled projects and enterprises, and local governments have gradually implemented policies to stimulate the demand side of residential housing. With the stimulation of new policies, the real estate market is expected to resume a more stable development, and our business lines related to residential property are expected to gradually pick up with the improvement in the market supply and demand.

II. Business Review

1. *Products and Services*

We specialize in providing enterprise-grade SaaS products and ERP solutions for major participants in the real estate ecological chain, helping real estate development/operation/service providers to better achieve their business goals through digital upgrades. Capitalizing on the powerful scalability, connectivity of the Skyline PaaS Platform and integration with software solutions, our SaaS products and ERP solutions enable our customers to carry out their businesses internally and with their business partners in a more efficient and intelligent manner.

Under the adverse impact of the industrial downturn in 2022, the Company invested its resources in customer bases and markets with high certainty. In terms of customer bases, our business focus was shifted to state-owned developers and local urban investment and construction companies, with revenue from state-owned enterprises accounting for 40.3% of the total revenue in the year. In terms of the market, the Company accelerated its expansion in the markets of the industrial and infrastructural development/operation/service digitalization, reduced its reliance on the residential market, and achieved certain results.



MANAGEMENT DISCUSSION AND ANALYSIS

1.1 SaaS products

In 2022, the Company's SaaS products continued to grow, and recorded product revenue of RMB1,426.6 million, representing a year-on-year increase of 6.6% (same period in 2021: RMB1,337.7 million) and accounting for 78.5% of the total revenue.

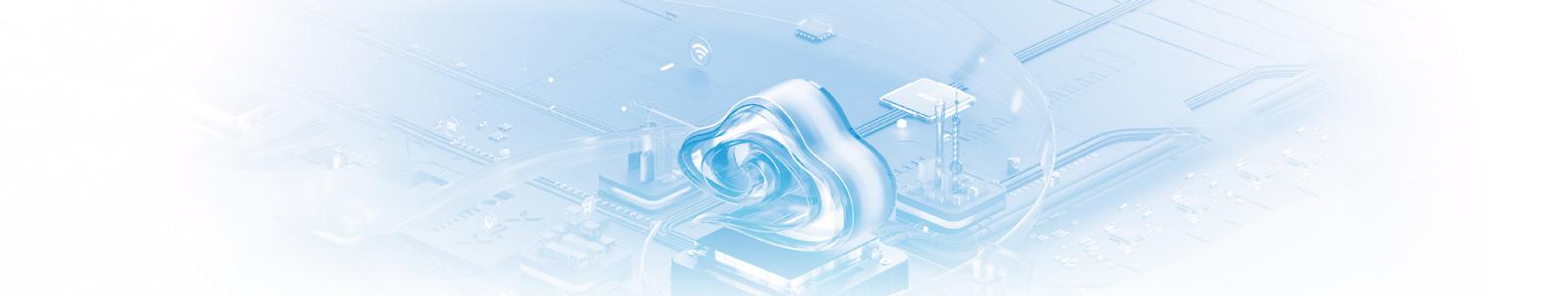
(1) CRM Cloud

In 2022, the downturn in the industry led to a market demand contraction, and residential developers paid more attention to project marketability. On top of the existing solutions, the Company further launched new functional modules of CRM Cloud including MA automatic marketing engine, SCN universal marketing system, ten-thousand store alliance system for customer acquisition based on big data, video streaming channel risk control, sales-office smart employee badge 3.0 to help developers further improve customer acquisition capacity and transaction conversion rate, and improve average revenue per user from CRM Cloud in a single sales office. Furthermore, CRM Cloud applies VR, AI and data analysis technology to the investment attraction scenario of industrial parks, and successively launches functional modules such as big data investment attraction and AI portal to facilitate public investment attraction of industrial parks and constantly enhance investment efficiency and benefits.

In 2022, the number of property sales offices covered by CRM Cloud in China was 12,278, representing a year-on-year decrease of approximately 26.0% (same period in 2021: approximately 16,600). The average revenue per user in a single property sales office in the year was RMB74,400, representing a year-on-year increase of 20.4% (same period in 2021: RMB61,800). The annual customer account retention rate was 82.0% (same period in 2021: 88.0%).

(2) Construction Cloud

Construction Cloud provided developers with standardised products regarding quality control processes to help construction sites safeguard the bottom line of quality. In 2022, private developers paid less attention to product quality due to the impact of industry downturn. On the other hand, state-owned developers and local urban investment and construction enterprises paid more attention to product quality and put forward more requirements for multi-business project management and production safety. Therefore, Construction Cloud launched functional modules such as project management and safety management in 2022, which have been successfully applied to many industrial/infrastructure projects.



MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, the number of construction sites covered by Construction Cloud in China was 7,150, representing a year-on-year decrease of approximately 4.7% (same period in 2021: approximately 7,500). The average revenue per user in a construction site in the year was RMB23,900, representing a year-on-year decrease of 5.2% (same period in 2021: RMB25,200). The annual customer account retention rate was 84.0% (same period in 2021: 90.0%).

(3) Procurement Cloud

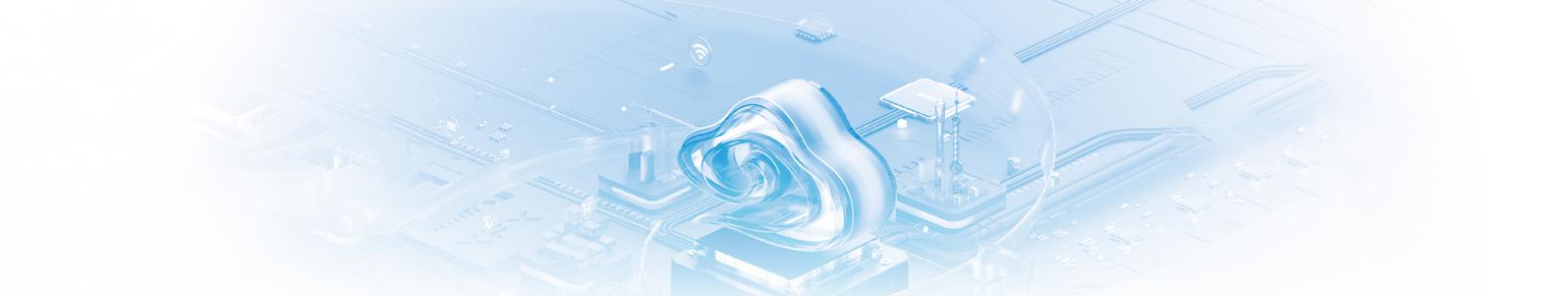
In 2022, Procurement Cloud continued to help connect real estate developers with suppliers closely, promoted efficient cooperation between upstream and downstream players of the industry, and assisted suppliers in enhancing their marketing efficiency and quality by multiple approaches online/offline. The new products launched, such as online connection meeting/pool of selected suppliers, were highly recognised by both suppliers and developers.

In 2022, there were approximately 4,400 real estate developers and 99,000 suppliers using the Procurement Cloud platform to carry out their businesses, representing a year-on-year increase of approximately 15.8% and 11.2% (same period of 2021: approximately 3,800 real estate developers and 89,000 suppliers).

(4) Space Cloud

Space Cloud provided various forms of asset management and operation digitalization solutions for real estate owners, with business scenarios including asset inventory, lease management, space operations, property services, etc. In 2022, the General Office of the State Council and the National Development and Reform Commission successively issued guidance documents on the counting and revitalization of state-owned assets. Under the influence of the market and policies, most of the state-owned enterprise customers had larger demand for asset management digitalization products, such that the Space Cloud products maintained stable growth.

In 2022, the total area of various forms of properties managed by Space Cloud exceeded 440 million square meters, representing a year-on-year increase of approximately 27.9% (same period in 2021: over 344 million square meters). The annual customer account retention rate of Space Cloud was 85.0% (same period in 2021: 78.0%).



MANAGEMENT DISCUSSION AND ANALYSIS

1.2 ERP solutions

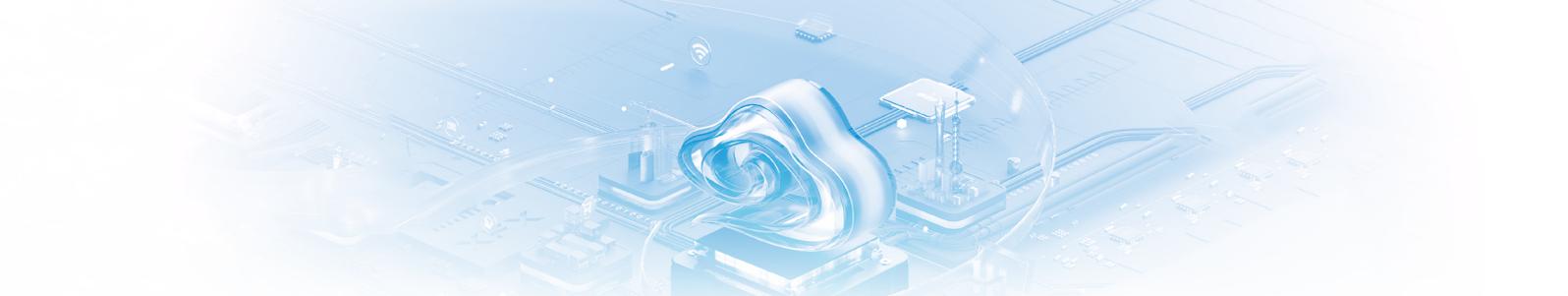
Our ERP solutions help residential and industrial property developers to effectively integrate and manage enterprise resources and optimize their core business processes with products including selling, cost, procurement, planning, expense and budgeting. In addition to software licensing, we offer implementation services, product support services, and value-added services. The cloud ERP solutions based on 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, customers are more cautious in investing in ERP products and services, and a number of projects have been postponed or cancelled, especially for private developers, which have significantly curtailed their investment in digitalization. In 2022, revenue from ERP solutions was RMB389.8 million, representing a year-on-year decrease of 54.0% (same period in 2021: RMB846.8 million).

1.3 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 2022, Skyline PaaS Platform made new breakthroughs. Among them, iPaaS integrated a total of over 3,200 systems, accumulated over 60 connectors of technology partners in the real estate industry; BI&Big Data developed a fully domestic business intelligence (BI) and big data computing platform, and accumulated approximately 300 indicators for industry data assets and over 200 large and small industry screens; BPA&Portal accumulated a Standard Operating Procedure (SOP) system relying on its packaged business capability (PBC), with focus on the journey of customers and employees; and aPaaS released a zero-code platform for implementation consultants and a low-code platform for customers, and covered a total of over 2,200 implementation consultants and customers’ IT employees through the Stars Program. The low-code capacity covered over 1,400 product research development personnel and customers’ IT employees.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of technology, Skyline PaaS Platform increased its investment in the digital technology innovation systems, and obtained seven new certifications for digital technology innovation systems, including Phytium, Kirin, Kunpeng and Dameng, and three evaluation certificates on product capability. Meanwhile, it released integrated real estate solutions based on the cloud-native database GaussDB of Huawei Cloud and worked with China Electronics Corporation to develop digital technology innovation solutions for the real estate industry, laying a solid technological foundation for upgrading the digital capabilities of state-owned and central enterprises. The Skyline PaaS Platform was honored a number of recognitions and awards, including the “2022 Top 10 High-value Technical Teams” by InfoQ, the “2022 China Economic Product Innovation List” by Jazzyear and the “Excellent Low-Code Platform Products” by HAP Academy and SOFT6.COM.

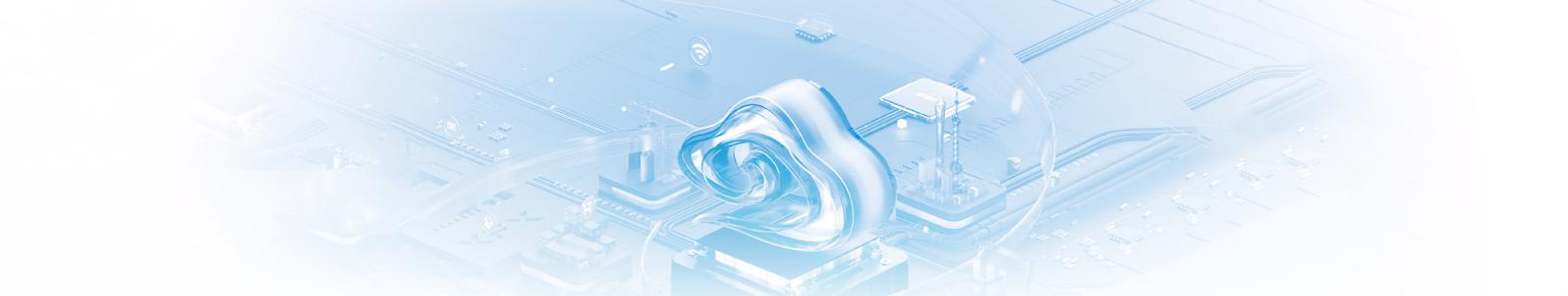
During the Reporting Period, the Company comprehensively promoted the commercialisation of Skyline PaaS Platform, which achieved revenue of RMB204.0 million (same period in 2021: RMB19.1 million) and served a total of more than 1,900 customers.

2. 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 31 December 2022, 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.

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.



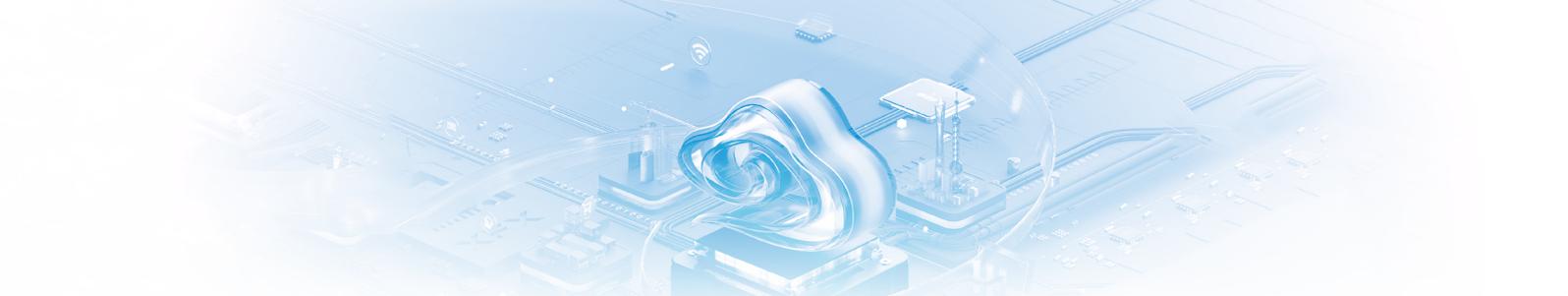
MANAGEMENT DISCUSSION AND ANALYSIS

III. Future and Outlook

As a typical cyclical industry, China's real estate industry is prone to being affected by global and Chinese economic and financial policies and government regulation factors. After the industry passes the transition period, the Company will strengthen its judgment and analysis of macro trends, grasp the definite opportunities in the real estate market, and strive to achieve healthy and sustainable development in a highly uncertain external environment.

1. Trend Analysis

- 1.1 The residential real estate market is picking up from the bottom. On the one hand, residents are expected to have stronger power to purchase commercial housing, with the gradual recovery of the economy of various regions after the easing of pandemic control measures, while residential developers will continue to increase their marketing efforts to raise the selling rate of projects. On the other hand, the government actively promotes the "dual-track" approach for housing. During the "14th Five-Year" period, China plans to invest in the construction of nearly 9 million low-income housing units. A large number of digitalization demands will be generated around the development, construction and operation of low-income housing units.
- 1.2 Industrial/infrastructure project investment will be the new driving force for the growth of the real estate market. According to the data from the National Bureau of Statistics and the local Bureau of Land and Resources, the investment in infrastructure in China increased year-on-year by 9.4% in 2022, and the area of land used for industrial and infrastructure construction increased year-on-year by 17.6%. The demand for digitalization around the stage of industrial and infrastructure development and construction will increase continuously.
- 1.3 China's real estate industry is accelerating the transition from the stage of focusing on incremental market to the stage of highlighting both existing and incremental markets. On the one hand, the development of the Real Estate Investment Trusts (REITs) is being accelerated, which encourages the inclusion of more existing assets in a different form in the scope of capitalization. On the other hand, urban renewal accelerates. The 20th CPC National Congress Report points out that "efforts should be made to carry out urban renewal actions, strengthen urban infrastructure construction and build livable, resilient and smart cities". Urban renewal projects in various regions will provide more opportunities for the transformation and development of the real estate industry.



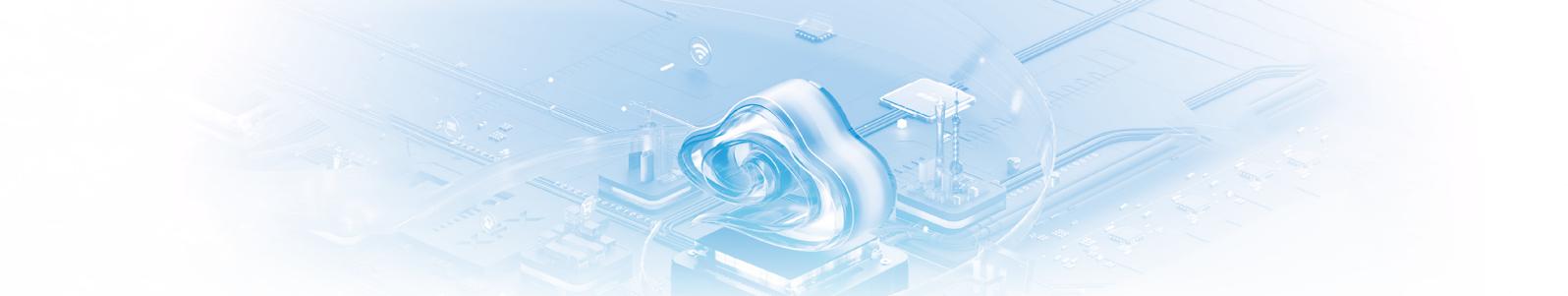
MANAGEMENT DISCUSSION AND ANALYSIS

- 1.4 State-owned enterprises have larger demands for counting and revitalizing existing assets, and relevant policies are published, such as the Opinions on Further Activating Existing Assets and Expanding Effective Investment issued by the General Office of the State Council in 2022 (Guo Ban Fa [2022] No.19) (國辦發[2022]19號); the Notice on Properly Activating Existing Assets and Expanding Effective Investment issued by the National Development and Reform Commission. According to statistics from the State Council, in 2021, the asset scale of China's state-owned enterprises was approximately RMB308 trillion, so the counting and revitalisation of stock assets of state-owned enterprises will significantly increase the demand for digital products and services.
- 1.5 The accelerated development of digital China contributes to new demand for software purchase and replacement. In 2023, the State Council issued the "Overall Layout Planning for the Construction of Digital China", which stressed the need to build a self-reliant digital technology innovation system and to foster and strengthen core industries of the digital economy. Independently developed software products in line with the standards of digital technology innovation system will have greater market opportunities.

2. Acceleration of strategic transformation and upgrading

Based on the above development trends, the Company will continue to focus on the digital field of the real estate ecological chain and accelerate strategic transformation and upgrading in three aspects.

- 2.1 **Target market aspect:** Accelerate the transformation from covering the residential real estate market to covering also the industrial/infrastructure non-residential real estate market, so as to further expand the Company's customer base in industrial and infrastructure markets; and accelerate the transformation from incremental development market to management/operation/service market of stock assets, so as to achieve full coverage of the Company's incremental and stock asset business areas in the residential, industrial and infrastructure markets.
- 2.2 **Product aspect:** Upgrade the Company's overall product lines into three major segments of CRM, construction and assets management & operation, so as to achieve full coverage of major customer groups and core business areas in the real estate ecological chain.
- 2.3 **Technology aspect:** Continue to invest in the construction of Skyline PaaS Platform, and accelerate the comprehensive adaptation of the Company's product lines to the digital technology innovation system, so as to better serve the digital strategy of state-owned and central enterprises.



MANAGEMENT DISCUSSION AND ANALYSIS

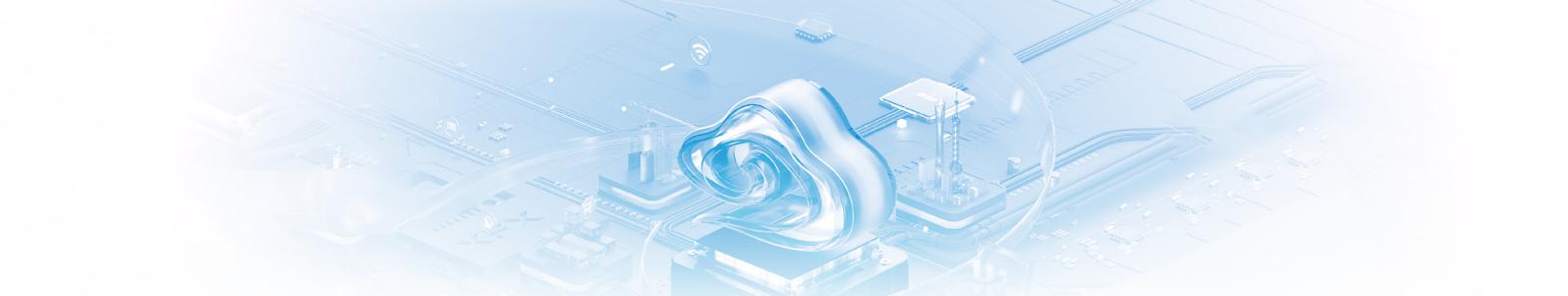
3. *Development Strategies for 2023*

Based on the above strategic transformation and upgrading aspects, the Company has further determined its core development strategies for 2023.

3.1 *Optimising the product layout and reshaping the growth engine*

In order to better cope with changes in the industry, the Company will make adjustments to its overall product line and divide it into three major product lines, namely CRM, construction and asset management and operation, by focusing on the core business areas of the real estate ecological chain, so as to achieve comprehensive coverage of the core business areas such as development/construction/management/operation/service of the real estate industry.

- (1) **CRM:** To help each participant of the real estate ecological chain achieve digital operation of their customer relationship management. This product line comprises CRM Cloud, Procurement Cloud, some modules of ERP Cloud, and other products involving real estate marketing scenarios. The customers mainly cover approximately 100,000 residential and industrial real estate developers and operators, and hundreds of thousands of upstream real estate suppliers and distributors.
- (2) **Construction:** To help residential, industrial and infrastructure real estate developers and builders 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. This product line comprises Construction Cloud, some modules of ERP Cloud and other products involving real estate construction scenarios. The customers mainly cover approximately 100,000 residential, industrial and infrastructure real estate developers and builders.
- (3) **Assets management & operation:** To help stock real estate holders and operators achieve digital control on their asset management and multi-business space operations & services, with products covering business areas of asset management, investment promotion, leasing, space operations, property services, etc., so as to enhance the asset operation efficiency, and promote the value preservation and appreciation of assets. This product line comprises Space Cloud, Property Management Cloud, Commercial Management Cloud and other products involving real estate operation scenarios. The customers mainly cover nearly 10,000 state-owned assets management enterprises, tens of thousands of asset operation companies and tens of thousands of property management companies nationwide.

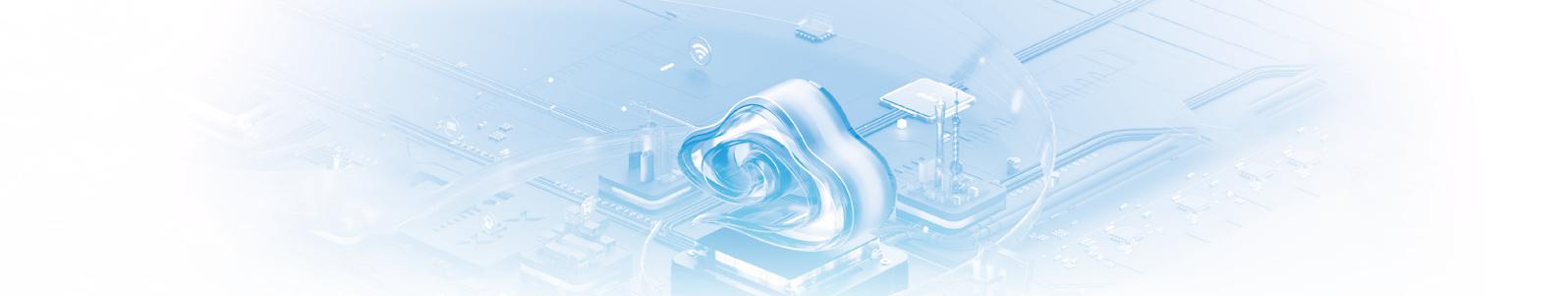


MANAGEMENT DISCUSSION AND ANALYSIS

3.2 Accelerating the adaptation of the digital technology innovation system and continuing to promote the commercialisation process of Skyline PaaS Platform

In 2023, the Company will maintain continuous investment in the research and development of Skyline PaaS Platform in line with the “SaaS + PaaS + Ecology” strategy, accelerate the adaptation of the digital technology innovation system, and continue to promote the commercialisation process of Skyline PaaS Platform.

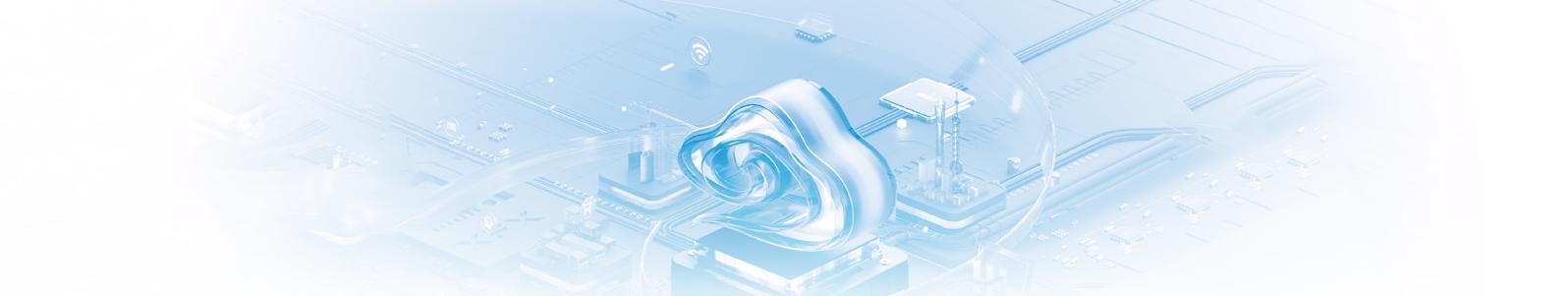
- (1) **Accelerating the adaptation of the digital technology innovation system:** Under the background of the “Overall Layout Planning for the Construction of Digital China”, state-owned and central enterprises have accelerated the construction progress of self-reliant digital technology innovation systems as well as the controllable and reliable digital security barriers. Based on the self-developed Skyline PaaS Platform, the Company accelerates the adaptation of servers and operating systems, databases and middleware that meet the domestic self-controllable conditions, and provides solutions for the digital innovation of the real estate industry.
- (2) **Zero code/low code significantly improves productivity:** Through continuous iteration and optimisation of the five Skyline PaaS Platform suite products, the Company can provide more powerful and easier-to-use zero-code extension capabilities for customer success advisors, and provide more efficient low-code development and real-time online collaboration capabilities for project customisation, ODC, and ISV partners, thus significantly enhancing their technical and service productivity, and meeting the needs of customers more efficiently and quickly.
- (3) **Continuing to promote the commercialisation process of “Skyline PaaS Platform + Service”:** Based on the current presence, we further promote the innovative services and applications of BI&Big Data + data governance, aPaaS + extended customisation, iPaaS + third-party integration, cooperate with Huawei Cloud, Chinasoft International Limited and regional partners in providing richer professional service for customers, and continue to promote the commercialisation process of Skyline PaaS Platform.



MANAGEMENT DISCUSSION AND ANALYSIS

3.3 *Providing differentiated products and services for various customer groups of state-owned enterprises*

- (1) **Further developing customer groups of state-owned developers:** In 2022, state-owned residential developers showed strong anti-cyclical resilience, so their business performance was less affected. Combined with the policy opportunities arising from digital transformation of state-owned enterprises, the Company will continue to deeply explore the digital market of state-owned developers in 2023, provide corresponding SaaS products and ERP solutions based on their internal management and business scenario requirements, and continue to increase the number and revenue proportion of cooperative customers of state-owned developers.
- (2) **Acquisition of state-owned enterprises involved in construction:** In the future, the development of industrial/infrastructure projects such as affordable housing, commercial office properties, industrial parks, logistics centers and municipal roads will become the new sources of growth of the real estate market. Most of the projects will be developed mainly by local city investment and construction companies. In 2023, the Company will continuously increase the acquisition of such customers, providing more digitalization solutions around project management, quality and safety, engineering collaboration and other needs involved in the development and construction stages, to further explore the industrial/infrastructure development market.
- (3) **Accelerating the acquisition of state-owned enterprises involved in asset management:** Central and state-owned enterprises at all levels hold various types of existing assets worth several hundred trillion RMB, and the government has put forward clear requirements for the preservation and appreciation of state-owned assets. State-owned enterprises at all levels have successively established asset management departments or subsidiaries to comprehensively strengthen their efforts in counting, revitalisation, preservation and appreciation of stock assets, and have also raised very clear demands for digitalisation in the field of asset management. In 2023, the Company will continue to broaden the customer base. With a focus on asset management and operation product lines, the Company will help state-owned enterprises at all levels maintain and increase the value of existing state-owned assets, and further stimulate customers' demand for other space operation products.



MANAGEMENT DISCUSSION AND ANALYSIS

3.4 Continuous improvement, strength development, burden and cost reduction, efficiency enhancement, and strengthened cash flow management

The rapid decline of the industry has a great impact on the overall operation of the Company and exposes the Company to various problems in terms of organization, personnel, process and management. Based on cost reduction and efficiency improvement in 2022, the Company will continue to promote business transformation and digital construction, continue to strengthen the construction of organizational mechanisms, continuously optimize the personnel structure, improve the core business processes, enhance the personnel efficiency indicators, and systematically reduce the operating costs of the Company, so as to improve the Company's profitability and operating resilience.

FINANCIAL REVIEW

In 2022, the Group's performance during the Reporting Period was severely impacted by the macroeconomic environment, industry market, COVID-19 pandemic and other factors. Our overall revenue and profit have both declined to some extent. Facing challenges from the external environment, the Group has, on the one hand, accelerated the transformation to SaaS business, focused on definite opportunities, and further conducted business adjustments. Therefore, revenue of our SaaS products maintained sustained growth during the Reporting Period. On the other hand, the Group attached great importance to enhancing our business and organizational efficiency and gradually optimizing personnel structure. As at the end of the Reporting Period, the number of personnel decreased significantly as compared with the end of 2021, and the overall cost growth slowed down significantly. The results of cost reduction and efficiency improvement will be gradually reflected in the next year.

Revenues

During the Reporting Period, our total revenue was RMB1,816.4 million, representing a year-on-year decrease of 16.9% (same period in 2021: RMB2,184.5 million), primarily because of the continuous decline of the industry and the repeated impact of the COVID-19 pandemic. As a result, (i) end customers became more cautious in the investment of ERP solutions, so that some projects have been delayed or cancelled, resulting in a sharp decrease in the revenue from ERP solutions; and (ii) the SaaS business was also affected by the decline in demand, but after a series of transformations in the SaaS business, revenue from SaaS products has maintained growth. The following table sets forth a breakdown of our revenue by business segment for the years indicated.

MANAGEMENT DISCUSSION AND ANALYSIS

	Year ended 31 December				
	2022		2021		Change
	RMB	%	RMB	%	
	<i>(RMB in thousand, except percentage)</i>				
SaaS products	1,426,592	78.5	1,337,680	61.2	6.6
ERP solutions	389,765	21.5	846,810	38.8	(54.0)
Total	1,816,357	100.0	2,184,490	100.0	(16.9)

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 years indicated.

	Year ended 31 December				
	2022		2021		Change
	RMB	%	RMB	%	
	<i>(RMB in thousand, except percentage)</i>				
CRM Cloud	913,327	64.0	1,025,237	76.6	(10.9)
Skyline PaaS Platform	203,963	14.3	19,054	1.4	970.4
Construction Cloud	170,580	12.0	189,201	14.1	(9.8)
Space Cloud	61,518	4.3	53,236	4.0	15.6
Procurement Cloud	52,732	3.7	42,563	3.2	23.9
Others	24,472	1.7	8,389	0.7	191.7
Total	1,426,592	100.0	1,337,680	100.0	6.6

During the Reporting Period, our revenues from SaaS products were RMB1,426.6 million, representing a year-on-year increase of 6.6% (same period in 2021: RMB1,337.7 million), and the proportion of the revenue from SaaS products to the total revenue increased from 61.2% for 2021 to 78.5% for 2022, mainly due to (i) the decline in the number of sales office covered by our CRM Cloud business due to the impact of the industry, resulting in a decrease in revenue; and (ii) the official commercialisation of Skyline PaaS platform, which has become an important part of the revenue growth of SaaS products, leading to a significant increase in revenue of Skyline PaaS Platform during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

ERP solutions

Revenues from our ERP solutions are primarily derived from 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 years indicated.

	Year ended 31 December				Change %
	2022		2021		
	RMB	%	RMB	%	
	<i>(RMB in thousand, except percentage)</i>				
Value-added services	169,481	43.5	323,244	38.2	(47.6)
Product support services	102,037	26.2	174,689	20.6	(41.6)
Software licensing	72,483	18.6	254,448	30.0	(71.5)
Implementation services	45,764	11.7	94,429	11.2	(51.5)
Total	389,765	100.0	846,810	100.0	(54.0)

Our revenues from ERP solutions were RMB389.8 million, representing a year-on-year decrease of 54.0% (same period in 2021: RMB846.8 million), and the proportion of the revenues from ERP solutions to the total revenue decreased from 38.8% in 2021 to 21.5% in 2022, mainly because the continuous decline of the industry and the repeated impact of the COVID-19 pandemic made end customers more cautious in the investment of ERP solutions, so that some projects have been delayed or cancelled.

Cost of Sales

During the Reporting Period, our cost of sales was RMB337.0 million, representing a year-on-year decrease of 22.2% (same period in 2021: RMB433.4 million).

SaaS products

Cost of sales for our SaaS products consists primarily of (i) employee benefit expenses, representing salaries 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, (iv) outsourcing expenses, representing cost associated with provision of value-added services for SaaS products by third-party service providers, (v) professional and technical service fees we paid to third-party service providers, and (vi) taxes and surcharges.

MANAGEMENT DISCUSSION AND ANALYSIS

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 years indicated.

	Year ended 31 December				
	2022		2021		Change
	RMB	%	RMB	%	
	<i>(RMB in thousand, except percentage)</i>				
Employee benefit expenses	32,079	2.2	38,305	2.9	(16.3)
Costs of inventories sold	31,834	2.2	59,691	4.5	(46.7)
IT and communication charges	21,161	1.5	22,293	1.7	(5.1)
Outsourcing expenses	18,922	1.3	–	–	100.0
Professional and technical service fees	220	–	–	–	100.0
Taxes and surcharges	5,917	0.5	3,614	0.3	63.7
Total	110,133	7.7	123,903	9.4	(11.1)

During the Reporting Period, our cost of sales for SaaS products was RMB110.1 million, representing a year-on-year decrease of 11.1% (same period in 2021: RMB123.9 million). Such 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 years indicated.

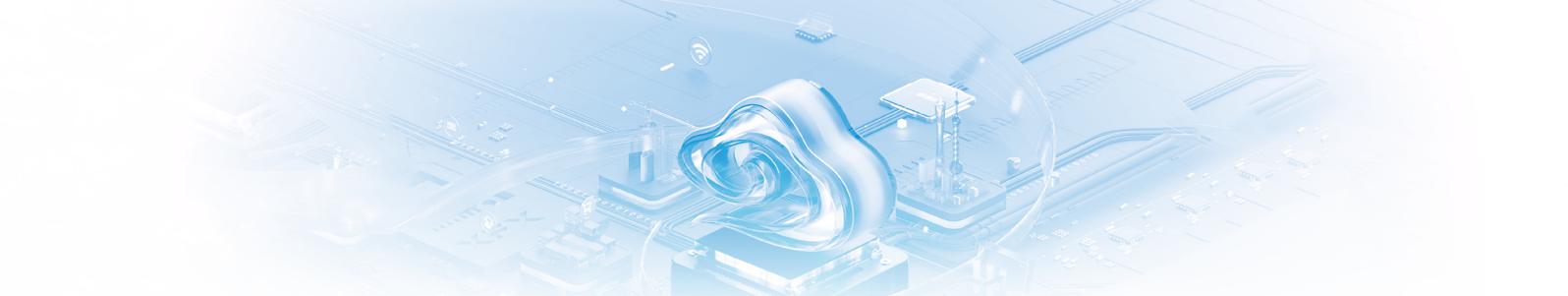
	Year ended 31 December				
	2022		2021		Change
	<i>RMB</i>	%	<i>RMB</i>	%	
	<i>(RMB in thousand, except percentage)</i>				
Employee benefit expenses	170,694	43.8	188,972	22.3	(9.7)
Outsourcing expenses	50,040	12.8	106,579	12.6	(53.0)
Costs of inventories sold	676	0.2	2,814	0.3	(76.0)
Professional and technical service fees	205	0.1	200	0.0	2.5
Taxes and surcharges	5,281	1.4	10,893	1.3	(51.5)
Total	226,896	58.3	309,458	36.5	(26.7)

During the Reporting Period, our cost of sales for ERP solutions was RMB226.9 million, representing a year-on-year decrease of 26.7% (same period in 2021: RMB309.5 million), primarily driven by the decreases in employee benefit expenses and outsourcing expenses.

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 years indicated.

	Year ended 31 December				
	2022		2021		Change
	<i>RMB'000</i>	<i>Gross profit margin</i>	<i>RMB'000</i>	<i>Gross profit margin</i>	
		%		%	%
SaaS products	1,316,459	92.3	1,213,777	90.7	8.5
ERP solutions	162,869	41.8	537,352	63.5	(69.7)
Total	1,479,328	81.4	1,751,129	80.2	(15.5)



MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group's overall gross profit was RMB1,479.3 million, representing a year-on-year decrease of 15.5% (same period in 2021: RMB1,751.1 million). Gross profit from our SaaS products was RMB1,316.5 million, representing a year-on-year increase of 8.5% (same period in 2021: RMB1,213.8 million). The gross profit margin of SaaS products increased from 90.7% in 2021 to 92.3% in 2022, mainly because we decreased our sales of smart hardware, of which the gross profit margin is comparatively lower. Gross profit from our ERP solutions was RMB162.9 million, representing a year-on-year decrease of 69.7% (same period in 2021: RMB537.4 million). The gross profit margin of ERP solutions decreased from 63.5% in 2021 to 41.8% in 2022, mainly because the orders for ERP solutions decreased significantly due to the impact of the industry and COVID-19 pandemic, and the adjustment of relevant implementation and delivery personnel required a certain period of time.

Selling and Marketing Expenses

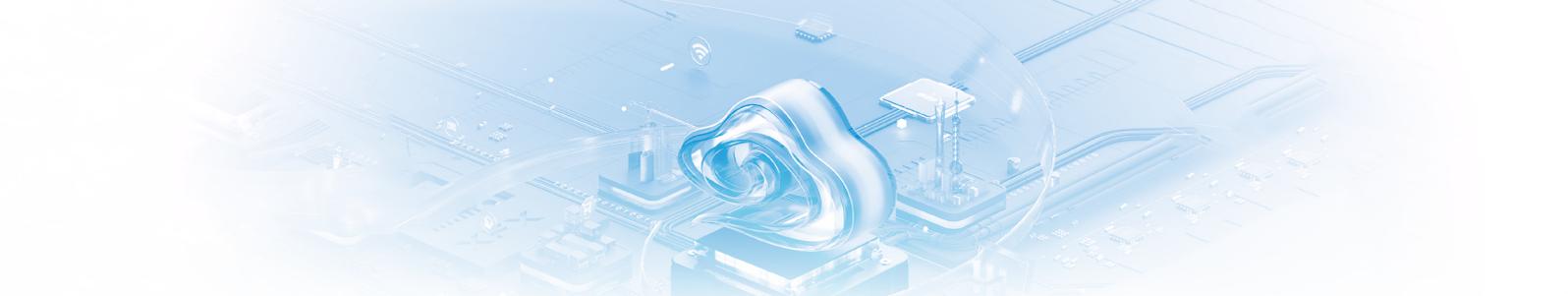
During the Reporting Period, our selling and marketing expenses were RMB1,006.9 million, representing a year-on-year increase of 12.2% (same period in 2021: RMB897.2 million), and the proportion of the selling and marketing expenses to the total revenue increased from 41.1% to 55.4%, mainly due to the increase in employee benefit expenses of the sales team.

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses were RMB682.3 million, representing a year-on-year decrease of 32.0% (same period in 2021: RMB1,002.8 million), and the proportion of the general and administrative expenses to the total revenue decreased from 45.9% to 37.6%, mainly due to a decrease 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 RMB210.4 million, representing a year-on-year increase of 5.4% (same period in 2021: RMB199.6 million), mainly due to the increase in employee benefit expenses of the management team.

Research and Development Expenses

We continuously invest in the development of new products and technologies as in the past. During the Reporting Period, our total research and development expenses further increased, and our research and development expenses were RMB816.9 million, representing a year-on-year increase of 27.2% (same period in 2021: RMB642.3 million), mainly due to the increase in employee benefit expenses of the research and development team.



MANAGEMENT DISCUSSION AND ANALYSIS

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 accessing 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 RMB58.3 million, representing a year-on-year increase of 33.7% (same period in 2021: RMB43.6 million), primarily because the macroeconomic and market changes had a certain impact on the capital turnover of the Group's customers, thus resulting in varying degrees of delays in the settlement of payments to the Group. Considering the impact of macroeconomic and market changes on the settlement ability of customers, we have set aside a relatively adequate provision for impairment of contract assets and trade receivables, which have, on the one hand, improved the overall expected impairment provision rate, and on the other hand, made a specific provision for impairment with a higher proportion for customers with major debt defaults.

Other Income

Other income consists primarily of (i) other 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, (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Year ended 31 December		
	2022 RMB'000	2021 RMB'000	Change %
Other government grants	27,228	22,719	19.8
Dividend and interest income from investments in unlisted equity securities and debt instruments included in financial assets at fair value through profit or loss	9,583	6,901	38.9
VAT refund	8,488	21,690	(60.9)
Rental income	8,159	4,199	94.3
Income generated from offline activities and others	8,043	25,039	(67.9)
Income from wealth management products	8,032	16,468	(51.2)
Total	69,533	97,016	(28.3)

During the Reporting Period, our other income was RMB69.5 million, representing a year-on-year decrease of 28.3% (same period in 2021: RMB97.0 million), 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 pandemic.

Other (losses)/gains, Net

Our other (losses)/gains, net primarily consist of (i) fair value losses on investments in redeemable preferred shares, (ii) foreign exchange (losses)/gains, (iii) fair value (losses)/gains on investments in unlisted equity securities included in financial assets at fair value through profit or loss, (iv) net gains on disposal of property, plant and equipment and right-of-use asset, and (v) goodwill impairment.

MANAGEMENT DISCUSSION AND ANALYSIS

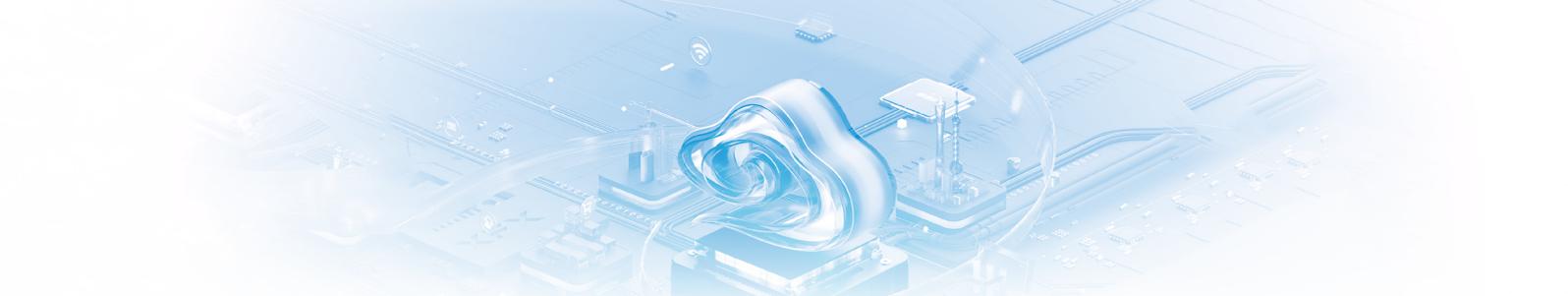
The following table sets forth a breakdown of the components of our other (losses)/gains, net for the years indicated.

	Year ended 31 December		Change %
	2022 RMB'000	2021 RMB'000	
Net gains on disposal of property, plant and equipment and right-of-use asset	3,264	901	262.3
Investment deemed disposal gains	–	10,095	(100.0)
Fair value losses on investments in redeemable preferred shares	–	(3,263)	(100.0)
Fair value (losses)/ gains on investments in unlisted equity securities included in financial assets at fair value through profit or loss	(7,564)	99	(7,740.4)
Fair value losses on investments in debt instruments	(12,836)	(3,621)	254.5
Goodwill impairment	(32,808)	–	(100.0)
Foreign exchange (losses)/ gains	(199,523)	108,438	(284.0)
Others	(558)	(1,692)	(67.0)
Total	(250,025)	110,957	(325.3)

During the Reporting Period, our other losses, net amounted to RMB250.0 million, representing a year-on-year decrease of 325.3% (other gains, net for the same period in 2021: RMB111.0 million), primarily because (i) the Group transferred and used part of overseas funds to domestic business according to the use plan of raised funds in 2022. This part of funds has been converted into RMB for deposit at the beginning of 2022. As affected by the international and domestic macroeconomic environment, the USD/RMB exchange rate has increased significantly, leading to an increase in foreign exchange losses. The Group has made a series of fund allocation adjustments in response to the large exchange rate fluctuations in 2022, which are expected to effectively reduce foreign exchange risks; and (ii) goodwill impairment of RMB32.8 million as a result of Woxiang's failure to meet expectations of financial performance during the performance evaluation period arising from the pandemic and overall economic environment.

Operating Loss

During the Reporting Period, our operating loss amounted to RMB1,265.7 million, representing a year-on-year increase of 101.9% (operating loss for the same period in 2021: RMB626.8 million), due to the impact of the macro environment, recurrent 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.



MANAGEMENT DISCUSSION AND ANALYSIS

Finance Income

During the Reporting Period, our finance income amounted to RMB108.7 million, representing a year-on-year decrease of 14.1% (same period in 2021: RMB126.6 million), primarily due to a decrease in interest income from bank deposits.

Finance Costs

Our finance costs are primarily comprised of interest expenses on our lease liabilities.

During the Reporting Period, our finance costs amounted to RMB10.3 million, representing a year-on-year increase of 232.3% (same period in 2021: RMB3.1 million), primarily due to an increase in interest expenses on lease liabilities as a result of an increase in lease assets.

Loss Before Income Tax

As a result of the foregoing, we had a loss before income tax of RMB1,168.7 million for the year ended 31 December 2022, representing a year-on-year increase of 132.1% (loss before income tax for the same period in 2021: RMB503.6 million).

Income Tax Credit

During the Reporting Period, our income tax credit amounted to RMB9.5 million, representing a year-on-year increase of 25.0% (income tax credit for the same period in 2021: RMB7.6 million), primarily due to the 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 Year

As a result of the foregoing, during the Reporting Period, we recorded a loss for the year of approximately RMB1,159.2 million, representing a year-on-year increase of 133.8% (loss for the same period in 2021: RMB495.9 million).

For our SaaS products, during the Reporting Period, we recorded a loss for the year of RMB77.0 million, representing a year-on-year decrease of 499.0% (profit for the same period in 2021: RMB19.3 million).

For our ERP solutions, during the Reporting Period, we recorded a loss for the year of RMB357.3 million, representing a year-on-year decrease of 339.0% (profit for the same period in 2021: RMB149.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Non-IFRS Measures

To supplement our consolidated annual results that are presented in accordance with IFRSs, we also use EBITDA (as defined below), adjusted EBITDA and adjusted net (loss)/profit as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that these non-IFRS measures facilitate comparisons of operating performance from year to year 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 (loss)/profit 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 IFRSs.

EBITDA and adjusted EBITDA

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

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

	Year ended 31 December		Change %
	2022 RMB'000	2021 RMB'000	
Reconciliation of operating loss and adjusted EBITDA			
Operating loss for the year	(1,265,677)	(626,771)	101.9
Add:			
Depreciation of right-of-use assets	68,223	34,129	99.9
Depreciation of property, plant and equipment	40,123	18,687	114.7
Amortization of intangible assets	3,443	3,158	9.0
Depreciation of investment properties	1,987	705	181.8
EBITDA	(1,151,901)	(570,092)	102.1
Add:			
Share-based compensation expenses	499,450	803,152	(37.8)
Goodwill impairment	32,808	–	100.0
Adjusted EBITDA	(619,643)	233,060	(365.9)

MANAGEMENT DISCUSSION AND ANALYSIS

Adjusted net (loss)/profit

We define adjusted net (loss)/profit as net loss for the period adjusted by adding back share-based compensation expenses and goodwill impairment.

The following table reconciles our adjusted net (loss)/profit for the years presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which are net loss for the years.

	Year ended 31 December		Change %
	2022 RMB'000	2021 RMB'000	
Reconciliation of net loss and adjusted net (loss)/profit			
Net loss for the year	(1,159,212)	(495,918)	133.8
Goodwill impairment	32,808	–	100.0
Share-based compensation expenses	499,450	803,152	(37.8)
Adjusted net (loss)/profit	(626,954)	307,234	(304.1)

LIQUIDITY AND CAPITAL RESOURCES

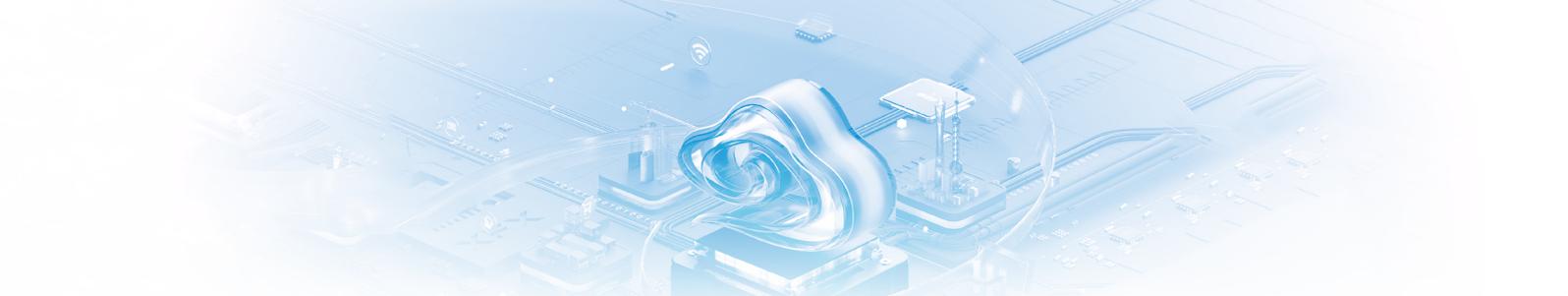
We have historically funded our cash requirements principally from cash generated from our business operations and shareholder equity contributions. To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our senior management to finance our operations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

Cash and Cash Equivalents and Term Deposits

As at 31 December 2022, cash and cash equivalents and term deposits of the Group totaled approximately RMB4,636.2 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 Ratio

As at 31 December 2022, net current assets of the Group were approximately RMB4,290.1 million (31 December 2021: RMB5,365.2 million). As at 31 December 2022, the current ratio of current assets to current liabilities was approximately 5.87, down from 6.66 as at 31 December 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL MANAGEMENT AND GEARING RATIO

In order to maintain or adjust the capital structure, we may adjust the amount 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 fair value through profit or loss. Total capital is calculated as “equity” as shown in the consolidated statement of financial position plus net debts. As at 31 December 2022 and 2021, the Group has a net cash position.

CAPITAL COMMITMENTS

As at 31 December 2022, we had capital commitments amounting to approximately RMB11.8 million (31 December 2021: RMB212.0 million).

CONTINGENT LIABILITIES

As at 31 December 2022, we did not have any material contingent liabilities.

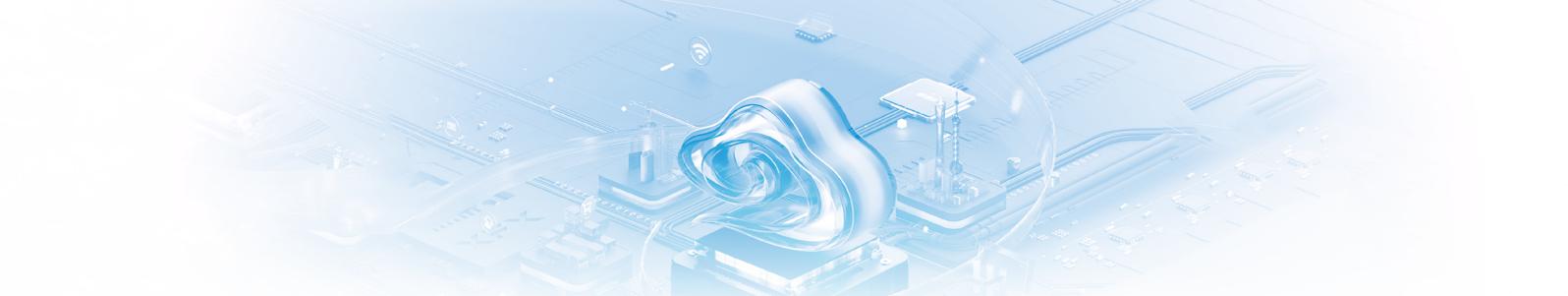
FOREIGN EXCHANGE RISK MANAGEMENT

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars and the HK dollars in exchange of Renminbi. During the Reporting Period, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure. The Group made a series of capital arrangements adjustments in response to the significant exchange rate fluctuations in 2022, which was expected to effectively reduce the foreign exchange risk.

CREDIT RISK

For cash and cash equivalents and restricted cash, management of the Group manages the credit risk by placing deposits in state-owned financial institutions in the PRC or reputable banks and financial institutions having high-credit-quality in the PRC and Hong Kong.

For term deposits, management places the deposits in banks through a reputable financial institution with acceptable credit rating.



MANAGEMENT DISCUSSION AND ANALYSIS

For trade receivables and contract assets, the Group has policies in place to ensure that sale of product and service are made to customers with an appropriate credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group's management divides customers into different categories based on their financial position, past experience and other factors, and reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The credit periods granted to customers in different categories differ from 0 to 90 days.

For other receivables, the Group assesses the nature of the financial assets and the financial condition of the counterparties. Management has closely monitored the credit qualities and the collectability of these financial assets.

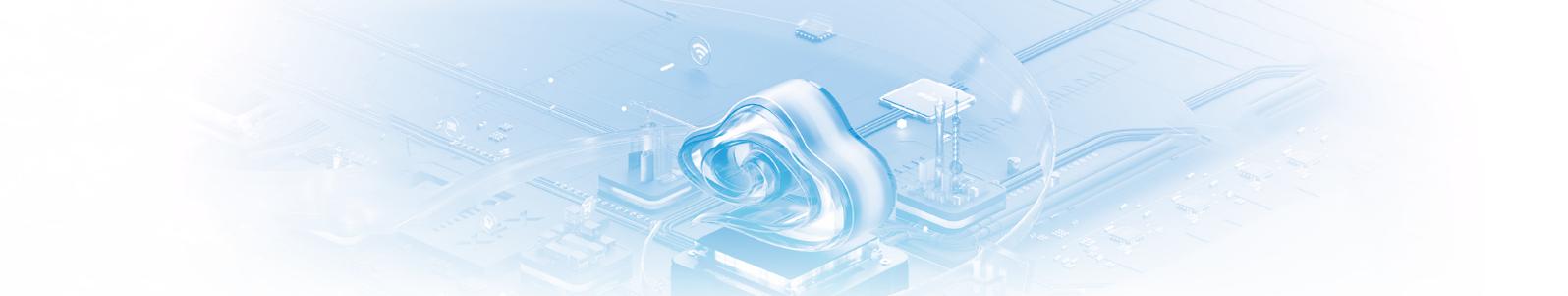
The carrying amounts of cash and cash equivalents, restricted cash, term deposits, trade and other receivables and contract assets represent the Group's maximum exposure to credit risk in relation to the assets.

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 principal, which allows us to efficiently manage market risks.



MANAGEMENT DISCUSSION AND ANALYSIS

For budget management, we have established a monthly, quarterly and annual budget management system, and then seek approval from our head of budget management committee. The capital budget plans should be made based on the Group's business plans, project schedules and contractual payment terms to ensure that the plan accurately matches the actual business needs.

PLEDGE OF ASSETS

As at 31 December 2022, we did not pledge any of our assets.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As at 31 December 2022, we did not hold any 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.

During the year ended 31 December 2022, there were no material acquisitions, disposals of subsidiaries, associates and joint ventures.

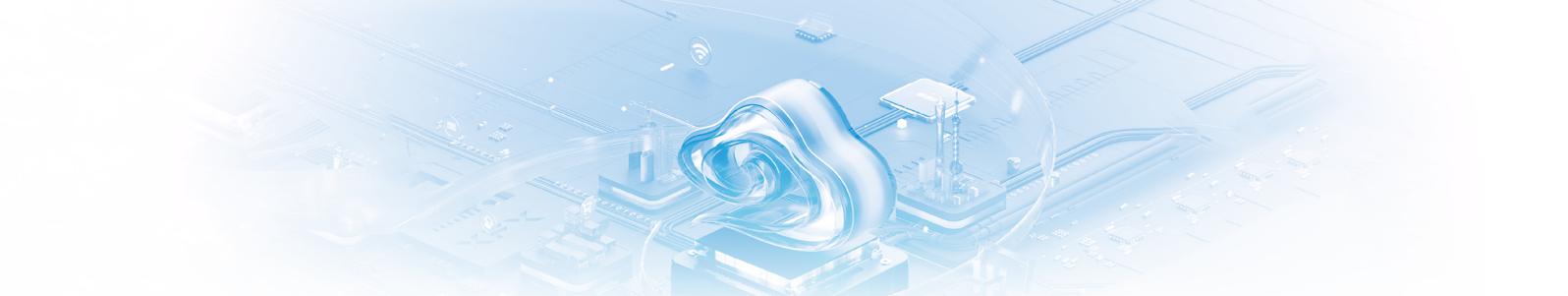
FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

During the year ended and as of 31 December 2022, the Group did not have plans for material investments and capital assets.

EMPLOYEES

As of 31 December 2022, we had 3,310 (31 December 2021: 4,247) employees in total.

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



MANAGEMENT DISCUSSION AND ANALYSIS

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 employees, 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.

SUBSEQUENT EVENT

On 17 January 2023, the Board resolved to grant a total of 75,037 RSUs, representing an aggregate of 75,037 Shares, to two employees of the Group pursuant to the Share Incentive Plan. The RSUs awarded are subject to, amongst others, a vesting schedule from the grant date over a certain service period. For details, please refer to the announcement of the Company dated 17 January 2023.

On the same day, the Board resolved to grant a total of 41,200,000 Share Options to fifty nine 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 Share 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 and the monthly return of the Company for the month of January 2023 dated 1 February 2023.

Save for the aforesaid, since 31 December 2022 and up to the date of this report, there were no other significant events affecting the Group.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors



Mr. Gao Yu (高宇) (“Mr. Gao”), aged 53, was appointed as our Director on 3 July 2019, and re-designated as our executive Director on 12 June 2020. Mr. Gao was also appointed as the Chairman of our Board on 12 June 2020. Mr. Gao co-founded our Group in November 2003. He is responsible for the overall strategic planning and business direction of our Group and management of our Company.

Mr. Gao received a bachelor’s degree in trade economy from Renmin University of China (中國人民大學) in July 1991.

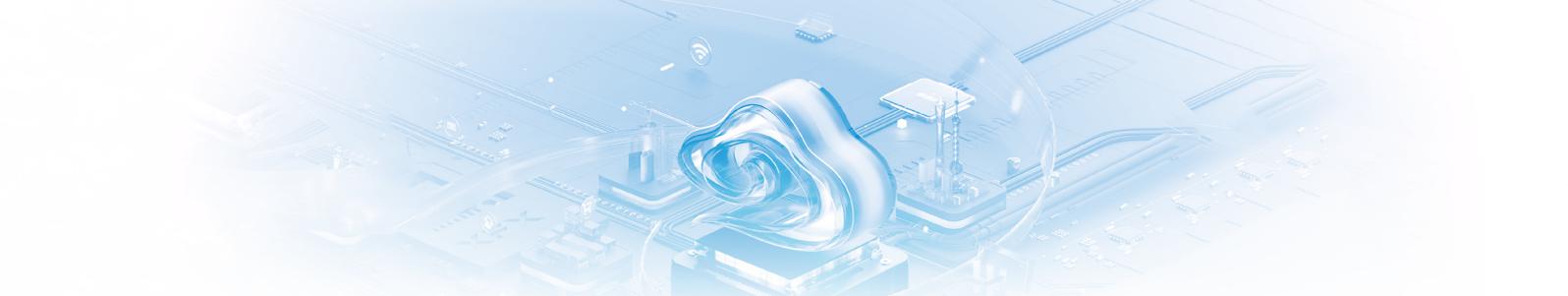
Mr. Gao currently holds directorships in the following principal subsidiaries of our Group: Ming Yuan Cloud Technology, Ming Yuan Cloud Procurement, Ming Yuan Cloud Client and Ming Yuan Cloud Space.



Mr. Jiang Haiyang (姜海洋) (“Mr. Jiang”), aged 52, was appointed as our Director on 31 March 2020, and re-designated as our executive Director on 12 June 2020. Mr. Jiang was also appointed as our Chief Executive Officer on 12 June 2020. Mr. Jiang co-founded our Group in November 2003. He is responsible for the Board’s work related to the operation and management of our Company.

Mr. Jiang received a bachelor’s degree in management operating system from Tianjin University of Business (天津商學院) in July 1993.

Mr. Jiang currently holds directorships in the following principal subsidiaries of our Group: Ming Yuan Cloud Technology, Ming Yuan Cloud Procurement, Ming Yuan Cloud Space and Shenzhen Mingyuan Cloud Chain Internet Technology Limited.



DIRECTORS AND SENIOR MANAGEMENT



Mr. Chen Xiaohui (陳曉暉) (“Mr. Chen”), aged 52, was appointed as our Director on 31 March 2020, and re-designated as our executive Director on 12 June 2020. Mr. Chen was also appointed as our Vice President on 12 June 2020. Mr. Chen co-founded our Group in November 2003. He is responsible for the Board’s work related to the operation and management of our Company and overseeing the research and development of our Group’s products.

Mr. Chen received a bachelor’s degree in radio communication from Xi’an Jiaotong University (西安交通大學) in July 1992 and a master’s degree in business administration from China Europe International Business School (中歐國際工商學院) in August 2014.

Mr. Chen currently holds directorships in the following principal subsidiaries of our Group: Ming Yuan Cloud Technology, Ming Yuan Cloud Procurement and Ming Yuan Cloud Space.

Non-executive Director



Mr. Liang Guozhi (梁國智) (“Mr. Liang”), aged 50, was appointed as our Director on 31 March 2020, and re-designated as our non-executive Director on 12 June 2020. Mr. Liang has acted as vice president in Shenzhen Dacheng Caizhi Venture Capital Management Co., Ltd. (深圳市達晨財智創業投資管理有限公司) since November 2008. Mr. Liang has also served as a non-executive director in Guangdong HybriBio Biotech Co., Ltd. (廣東凱普生物科技股份), a company listed on the Shenzhen Stock Exchange (Stock Code: 300639), from November 2013 to September 2019. Since 14 November 2022, Mr. Liang has served as a non-executive director in Shenzhen H&T Intelligent Control Co., Ltd. (深圳和而泰智能控制股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002402).

Mr. Liang received a bachelor’s degree in international finance and a master’s degree in technical economy from School of Economics and Management, Tsinghua University (清華大學經濟管理學院) in July 1996 and June 1998, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-executive Directors



Mr. Li Hanhui (李漢輝) (“Mr. Li”), aged 46, was appointed as our independent non-executive Director on 4 September 2020. Mr. Li acted as marketing director in Guangdong Huanbohai Real Estate Development Co., Ltd. (廣東環渤海房地產開發有限公司) from July 2005 to February 2007; secretary of the board of directors, director and deputy general manager in Shenzhen Kete Technology Co., Ltd. (深圳市科特科技股份有限公司) from January 2008 to March 2015; secretary of the board of directors in AVIT Ltd. (深圳市佳創視訊技術股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300264), from July 2015 to September 2018; fund manager in Shenzhen Linfeng Investment Management Co., Ltd. (深圳麟烽投資管理有限公司) from October 2018 to July 2019; and managing director in Shenzhen Gentai Investment Management Co., Ltd. (深圳互泰投資管理有限公司) from August 2019 to June 2021; and executive director and general manager in Gongqingcheng Tairan Private Fund Management Co., Ltd. (共青城泰然私募基金管理有限公司) since July 2021.

Mr. Li received a bachelor’s degree in law from South China University of Technology (華南理工大學) through the completion of the administration program for Upgrade of Junior College Students to Undergraduate Students (專升本) in September 2004.

Mr. Li has been admitted as a member of the Institute of Public Accountants Australia since December 2015. Mr. Li also received the Certification of Fund Practice Qualification (基金從業資格證書) from the Asset Management Association of China (中國證券投資基金業協會) in November 2018.

DIRECTORS AND SENIOR MANAGEMENT



Mr. Zhao Liang (趙亮) (“Mr. Zhao”), aged 50, was appointed as our independent non-executive Director on 4 September 2020. Mr. Zhao acted as deputy general manager and secretary of the board of directors in Shenzhen Changfang Group Co., Ltd. (深圳市長方集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300301), from December 2010 to November 2012; an executive deputy general manager in charge of compliance risk for legal affairs in Ping An Caizhi Investment Management Co., Ltd. (平安財智投資管理有限公司) from April 2013 to January 2016; a partner and lead counsel in Shenzhen Greenpine Capital Management Co., Ltd. (深圳市松禾資本管理有限公司) since February 2016.

From November 2015 to December 2021, Mr. Zhao held directorship in Shenzhen FRD Science & Technology Co., Ltd. (深圳市飛榮達科技股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 300602), as an independent non-executive director. Since 25 June 2019, Mr. Zhao has served as an independent non-executive director to Shenzhen King Brother Electronics Technology Co., Ltd. (深圳市金百澤電子科技股份有限公司), a company whose shares were listed on the Shenzhen Stock Exchange (Stock Code: 301041).

Mr. Zhao received a bachelor of arts degree in German language and literature from the Department of Western Languages of Peking University in July 1996; master of law degree in comparative legal theory from the Law School of Peking University in July 2000; and juris doctor in law degree from Humboldt University of Berlin in February 2004. Mr. Zhao has been recognized as a qualified PRC lawyer by the Chinese Ministry of Justice since 7 May 1999 and an arbitrator of the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) by the China International Economic and Trade Arbitration Commission since 1 May 2014. On 20 January 2022, Mr. Zhao was included on the Panel of Arbitrators of Shenzhen Court of International Arbitration for a period of three years from 21 February 2022 to 20 February 2025.

DIRECTORS AND SENIOR MANAGEMENT



Ms. Tong Naqiong (童娜瓊) (“Ms. Tong”), aged 43, was appointed as our independent non-executive Director on 26 September 2022. Ms. Tong served as an assistant professor of accounting at the Merrick School of Business, University of Baltimore in the United States from January 2010 to July 2011. Since August 2011, Ms. Tong has successively served as assistant professor and associate professor of accounting at the Peking University HSBC Business School. Previously, Ms. Tong has served as an independent director of Shenzhen Bingchuan Network Co., Ltd.* (深圳冰川網絡股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300533.SZ) from September 2018 to August 2022 and an independent director of Beijing Zhtd Environmental Protection Technology Co., Ltd.* (北京中航泰達環保科技股份有限公司) (a company listed on the Beijing Stock Exchange, stock code: 836263.BJ) since April 2020.

Ms. Tong received a bachelor’s degree in cultural heritage and museology from Fudan University in the People’s Republic of China in July 2002, a master’s degree in business administration from College of Cardiff of University of Wales in the United Kingdom in August 2004 and a doctor’s degree in accounting from Rutgers University in the United States in October 2009. Ms. Tong holds a qualification from the American Institute of Certified Public Accountants (AICPA).

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Gao Yu (高宇), aged 53, has been the Chairman of our Board since 12 June 2020. For further details, please refer to “Executive Directors” in this section.

Mr. Jiang Haiyang (姜海洋), aged 52, has been our Chief Executive Officer since 12 June 2020. For further details, please refer to “Executive Directors” in this section.

Mr. Chen Xiaohui (陳曉暉), aged 52, has been our Vice President since 12 June 2020. For further details, please refer to “Executive Directors” in this section.



Ms. Xiao Zhimiao, (肖志淼) (“Ms. Xiao”) aged 41, appointed to our Chief Financial Officer since 14 November 2022. Ms. Xiao graduated from Shenzhen University with a bachelor’s degree in Finance Management. She joined the Group in March 2005, and was responsible for overseeing the financial and accounting matters of the Group and served successively as the Senior Finance Supervisor, Finance Manager and Director of Finance Department of the Group.



Mr. Yao Wu (姚武) (“Mr. Yao”), aged 51, is our Vice President and joined our Group in October 2006. Mr. Yao is primarily responsible for our SaaS product, CRM Cloud (雲客). He acted as vice president of sales and marketing in Ming Yuan Cloud Technology from October 2006 to September 2009, where he was responsible for its brand management, as well as its sales and marketing management. Mr. Yao founded Ming Yuan Real Estate Research Institute in September 2009 and had been the president of the institute in charge of property development management trainings, management consulting services and brand marketing from September 2009 to July 2014. From July 2014 to May 2021, he was the chairman of the board and the chief executive officer of Ming Yuan Cloud Client.

Mr. Yao received a bachelor’s degree in engineering from Shenzhen University (深圳大學) in June 1993 and a master’s degree in business administration from the China Europe International Business School in October 2011.

DIRECTORS AND SENIOR MANAGEMENT



Mr. Tong Jilong (童繼龍) (“Mr. Tong”), aged 41, is our Vice President and Head of Strategic Development Centre and joined our Group in January 2010. Mr. Tong is responsible for the medium and long-term strategic planning of the Group; digital technology enterprises ecological cooperation related to real estate ecological chain; overall external strategic investment, mergers and acquisitions, and post-investment management work of Ming Yuan Cloud. Prior to joining our Group, he worked as IT director in Zhejiang Baoxiniao Group (浙江報喜鳥集團) from April 2002 to July 2004; manager of the information management center in Zhejiang Red Dragonfly Group (浙江紅蜻蜓集團) from July 2004 to February 2007; chief consultant of the marketing center in Shenzhen Daoxun Technology Development Co., Ltd. (深圳道訊科技開發有限公司) from March 2007 to August 2008; and product director in the apparel industry of the small business division in Yonyou Network Technology Co., Ltd. (用友網路科技股份有限公司) (then known as Yonyou Software Co., Ltd. (用友軟件股份有限公司)), a company listed on the Shanghai Stock Exchange (Stock Code: 600588), from September 2008 to January 2010.

Mr. Tong obtained a diploma of Higher Education for Adults in Administration from Nanchang Normal University (南昌師範學院) (formerly known as Jiangxi Institute of Education (江西教育學院)) in January 2007 and a postgraduate diploma in information strategy and business transformation from the University of Hong Kong in September 2013.

PRINCIPAL ACTIVITIES

We specialize in providing enterprise-grade SaaS products and ERP solutions for major participants in the real estate ecological chain, helping real estate development/operation/service companies to better achieve their business goals through digital upgrades. There were no significant changes in the nature of the Group's principal activities since the Listing Date and up to the date of this report. Please refer to note 36 to the consolidated financial statements on pages 221 to 224 for details of the principal activities of the principal subsidiaries of the Company.

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated financial statements of the Group on pages 110 to 225 of this report.

FINAL DIVIDEND

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2022.

ANNUAL GENERAL MEETING

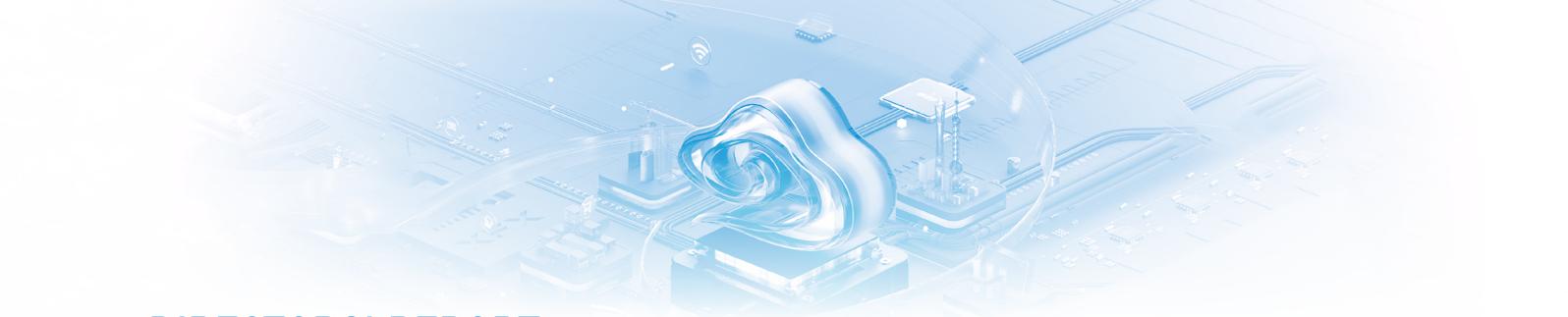
The AGM will be held on Monday, 29 May 2023. A notice convening the said AGM will be published and provided to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 23 May 2023 to Monday, 29 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 22 May 2023.

SHARE CAPITAL

Details of the issued Shares during the year ended 31 December 2022 are set out in note 26 to the consolidated financial statements.



DIRECTORS' REPORT

RESERVES

Details of the movements in reserves of the Group during the year ended 31 December 2022 are set out on page 203 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution for share premium, calculated in accordance with the provisions of Companies Act of the Cayman Islands, amounted to approximately RMB6,190.4 million.

FINANCIAL SUMMARY

The Shares were listed on the Stock Exchange on 25 September 2020. A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial information and financial statements, is set out on page 4 of this annual report.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2022, the Company had no bank loans or other borrowings.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of Rule 8.08 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

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)	Net proceeds			Unutilized net proceeds from the Global Offering (HK\$ million)	Expected timeline of full utilization of the unutilized net proceeds
			Unutilized net proceeds from the Global Offering as of 1 January 2022 (HK\$ million)	Utilized net proceeds from the Global Offering during the year ended 31 December 2022 (HK\$ million)	Utilized net proceeds from the Global Offering as at 31 December 2022 (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	1,011.26	332.09	564.69	679.17	Before 31 December 2023
(b) Purchase from qualified suppliers advanced equipment, infrastructure and applications	6.0%	414.62	382.88	27.21	58.95	355.67	Before 31 December 2023
(c) Invest in product development to introduce new SaaS products	6.0%	414.62	414.62	120.82	120.82	293.80	Before 31 December 2025
Enhance research and development efforts in cutting-edge technologies							
(a) Develop our proprietary key fundamental technologies that support product innovation	8.0%	552.82	497.12	66.46	122.16	430.66	Before 31 December 2025
(b) Develop our own technology infrastructure	12.0%	829.24	745.70	99.69	183.23	646.01	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	257.19	257.19	414.62	–	Not applicable

DIRECTORS' REPORT

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (HK\$ million)	Unutilized net proceeds from the Global Offering as of 1 January 2022 (HK\$ million)	Net proceeds	Utilized net	Unutilized	Expected timeline of full utilization of the unutilized net proceeds
				from the Global Offering during the year ended 31 December 2022 (HK\$ million)	proceeds from the Global Offering as at 31 December 2022 (HK\$ million)	net proceeds from the Global Offering as at 31 December 2022 (HK\$ million)	
(b) Expand our existing ERP modules and functions to cover more internal business and operational processes of property developers	4.0%	276.41	276.41	118.28	118.28	158.13	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	68.69	59.05	197.67	9.64	Before 31 December 2023
(b) Establish an interactive, knowledge-sharing platform with leading property developers	2.0%	138.21	126.11	101.64	113.74	24.47	Before 31 December 2023
(c) Enhance our branding and marketing activities to acquire new customers	3.0%	207.31	197.00	51.78	62.09	145.22	Before 31 December 2023
(d) Invest to strengthen and expand our regional channel partner network	2.0%	138.21	130.92	48.34	55.63	82.58	Before 31 December 2023
Selectively pursue strategic investments and acquisitions	20.0%	1,382.06	1,056.83	247.62	572.85	809.21	Before 31 December 2023
Working capital and general corporate purposes	10.0%	691.03	691.03	535.53	535.53	155.50	Before 31 December 2023
Total	100.0%	6,910.32	5,855.76	2,065.70	3,120.26	3,790.06	

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.

BUSINESS REVIEW

Overview and Performance of the Year

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events affecting the Company that have occurred since the end of the Reporting Period is set out in the section headed "Management Discussion and Analysis – Subsequent Event" in this report.

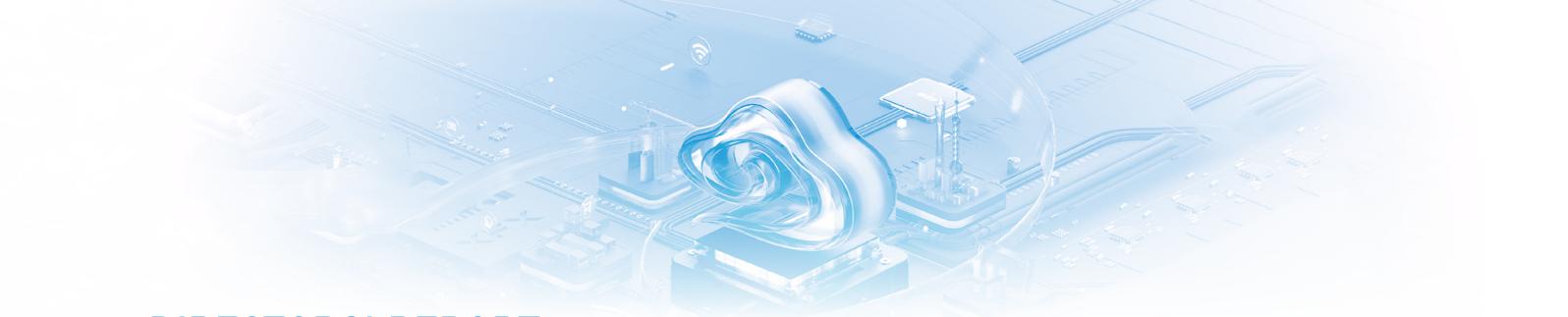
Key Relationship with Stakeholders

The Group recognizes that various stakeholders including employees, customers, suppliers and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce, the Group provides the employees with periodic training, including introductory training for new employees, technical training, professional and management training and health and safety training. The Group believes that it maintains a good relationship with its employees and the Group did not experience any significant labor disputes or any difficulty in recruiting staff for its operations.

We value customer feedback as superior customer service is one of our key sales engines. We have designated customer service teams to timely and effectively address various after-sales customer requests in a customized way and drive overall customer satisfaction. Our large and growing customer base has also provided us with valuable insights into industry best practices that enable us to better understand customer needs to continuously refine our offerings and improve customer experience.

Details of an account of the Company's key relationships with its employees, customers, suppliers and other business associates that have a significant impact on the Company are set out in the Environmental, Social and Governance Report of the Company published on the same day with this annual report.



DIRECTORS' REPORT

Social Responsibilities, Environmental Policies and Performance

In 2022, the Group continued to contribute to the development of the society and make its own efforts in the fields of health, healthcare and education, showcasing our performance of social responsibility. This year, we worked with non-profit rescue teams to organize the second 10,000 meter race for newcomers, and actively contributed to the pandemic response and provided medical supplies while strictly abiding by national policies on pandemic response. Meanwhile, we continued to pay attention to the shortage of education resources in poverty-stricken areas and provided affordable assistance.

A separate Environmental, Social and Governance Report of the Company is expected to be published on the Stock Exchange's website and the Company's website at the same time as the publication of this annual report.

Compliance with Relevant Laws and Regulations

The Group has complied with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. The Group has adopted the Model Code. For further details, please refer to the section headed "Compliance with the Corporate Governance Code" in this section. The Group has also complied with other relevant laws and regulations that have a significant impact on the operations of the Group. Please refer to the section headed "Regulations" in the Prospectus for details.

Key Risks and Uncertainties

There are certain key risks and uncertainties involved in our operations, some of which are beyond our control. Set out below are the material risks and uncertainties that we face:

- our ability to improve and enhance the functions, performance, reliability, design, security, and scalability of our software solutions to suit our customers' evolving needs;
- our ability to maintain and grow our customer base;
- our financial position;
- our ability to continue innovating and keep pace with technological developments;
- our ability to maintain stable relationships with our regional channel partners; and
- security breaches and attacks against our systems and network.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

PROSPECTS

A description of the future development in the Company's future business is provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report are as follows:

Executive Directors

Mr. Gao Yu (*Chairman*)
Mr. Jiang Haiyang (*Chief Executive Officer*)
Mr. Chen Xiaohui (*Vice President*)
Mr. Jiang Keyang (*resigned with effect from 28 March 2023*)

Non-executive Directors

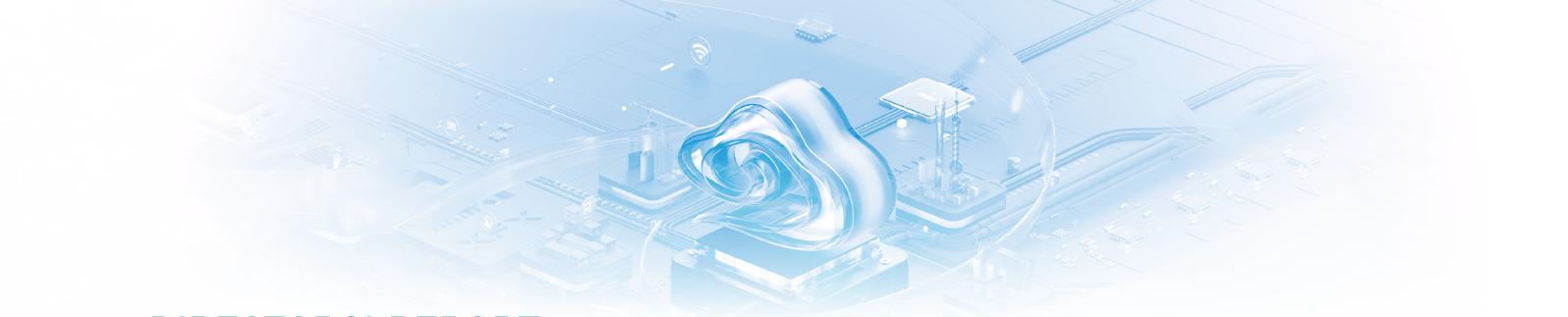
Mr. Liang Guozhi
Mr. Yi Feifan (*resigned with effect from 28 March 2023*)

Independent Non-executive Directors

Ms. Tong Naqiong (*appointed with effect from 26 September 2022*)
Mr. Li Hanhui
Mr. Zhao Liang
Ms. Zeng Jing (*resigned with effect from 26 September 2022*)

In accordance with Article 83(2) of the Articles of Association, subject to the provisions of the Articles of Association and the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Board.

In accordance with Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.



DIRECTORS' REPORT

In accordance with Article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years.

Accordingly, Ms. Tong, Mr. Gao, Mr. Liang and Mr. Li shall retire from office by rotation and be eligible to offer themselves for re-election at the AGM.

Details of the Directors to be re-elected at the forthcoming AGM are set out in the circular to Shareholders to be dispatched in due course in the manner as required by the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 34 to 40 of this report. Save as disclosed in this report and as at the Latest Practicable Date, there are no other changes to the Directors' information as required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party. Each of our non-executive Director and our independent non-executive Directors has entered into an appointment letter with the Company for a term of one year.

None of the Directors proposed for re-election at the AGM has an unexpired service contract or appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Li Hanhui, Mr. Zhao Liang, Ms. Tong Naqiong and Ms. Zeng Jing (whose resignation took effect from 26 September 2022), the confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of these Directors. We consider that our independent non-executive Directors have been independent from the date of their appointments to 31 December 2022 and remain so as at the date of this report.

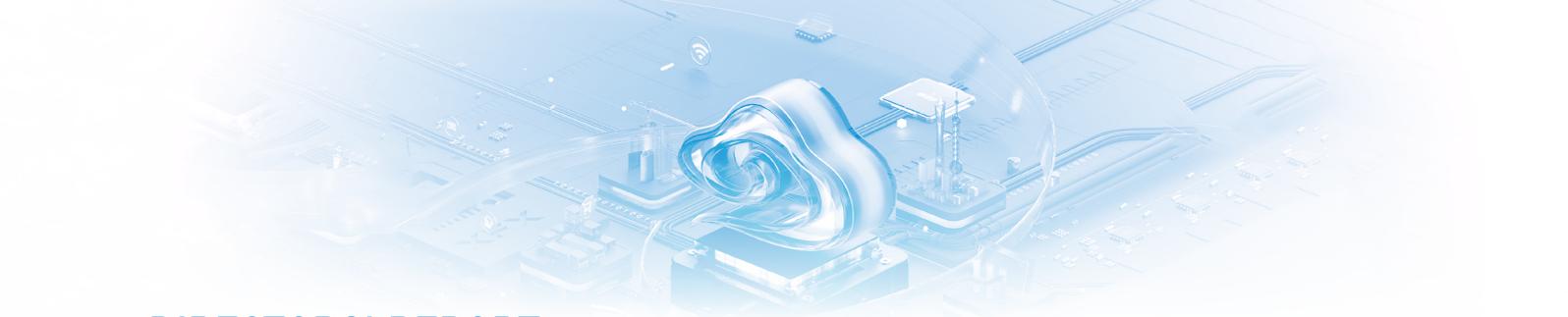
DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As far as the Company is aware, as at 31 December 2022, the interests and/or short positions (if applicable) of our Directors and the chief executive of our Company in the Shares, underlying Shares or debentures of our Company or any of the 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:

Long/Short Positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of shareholding ⁽⁴⁾
Mr. Gao ⁽¹⁾	Settlor of a trust	395,923,600 (L)	20.21% (L)
		25,000,000 (S)	1.28% (S)
Mr. Chen ⁽²⁾	Settlor of a trust	299,644,800 (L)	15.29% (L)
		20,000,000 (S)	1.02% (S)
Mr. Jiang ⁽³⁾	Settlor of a trust	186,826,600 (L)	9.53% (L)
		18,000,000 (S)	0.92% (S)

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



DIRECTORS' REPORT

Notes:

- (1) As at 31 December 2022, GHTongRui Investment Limited directly held 395,923,600 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 31 December 2022, HengXinYuan Investment Limited and SunshineSmoor Holdings Limited directly held 296,644,800 Shares and 3,000,000 Shares in our Company, respectively. HengXinYuan Investment Limited and SunshineSmoor Holdings Limited is 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 31 December 2022, 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 31 December 2022, there were 1,959,526,979 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%
Mr. Chen	Ming Yuan Cloud Procurement	RMB3,022,222.26	34%
Mr. Jiang	Ming Yuan Cloud Procurement	RMB1,866,666.69	21%

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 31 December 2022.

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

As at 31 December 2022, 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:

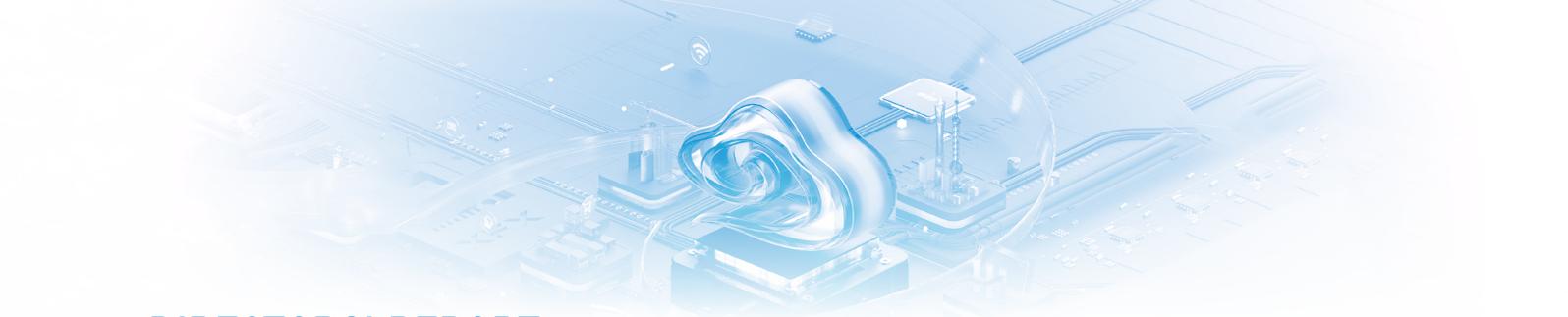
Long Position in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of shareholding ⁽⁵⁾
GHTongRui Investment Limited ⁽¹⁾	Beneficial interest	395,923,600 (L)	20.21% (L)
		25,000,000 (S)	1.28% (S)
MYTongRui Holdings Limited ⁽¹⁾	Interest in controlled corporation	395,923,600 (L)	20.21% (L)
		25,000,000 (S)	1.28% (S)
HengXinYuan Investment Limited ⁽²⁾	Beneficial interest	296,644,800 (L)	15.14% (L)
		20,000,000 (S)	1.02% (S)
SunshineMorning Holdings Limited ⁽²⁾	Interest in controlled corporation	299,644,800 (L)	15.29% (L)
		20,000,000 (S)	1.02% (S)
LINGFAN Investment Limited ⁽³⁾	Beneficial interest	186,826,600 (L)	9.53% (L)
		18,000,000 (S)	0.92% (S)
Mindfree Holdings Limited ⁽³⁾	Interest in controlled corporation	186,826,600 (L)	9.53% (L)
		18,000,000 (S)	0.92% (S)
TMF (Cayman) Ltd. ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Trustee of 4 trusts	968,716,000 (L)	49.44% (L)
		63,000,000 (S)	3.22% (S)

(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.



DIRECTORS' REPORT

- (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.

SunshineSmoor Holdings Limited beneficially holds 3,000,000 of our 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, as well as 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 (Cayman) Ltd., the trustee of the family trust established by Mr. Yao Wu (as the settlor) with him and his family members being the beneficiaries.

- (5) As at 31 December 2022, there were 1,959,526,979 Shares in issue.

Save as disclosed above and to the best knowledge of our Directors, as at 31 December 2022, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year ended 31 December 2022 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 spouse 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.

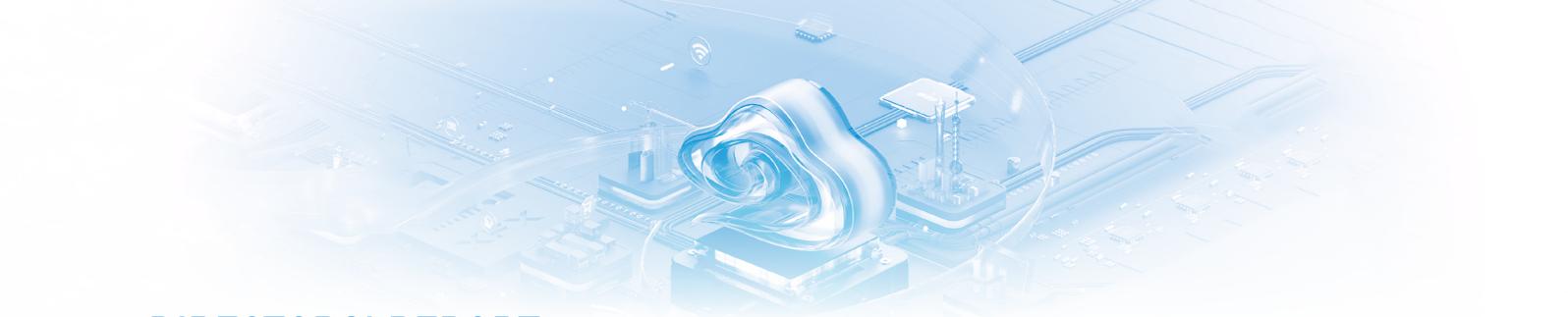
DEED OF NON-COMPETITION

In order to ensure that direct competition does not develop between us and the activities of our Controlling Shareholders, Mr. Gao, Mr. Chen and Mr. Jiang entered into a deed of non-competition in favor of our Company on 4 September 2020, pursuant to which each of Mr. Gao, Mr. Chen and Mr. Jiang has undertaken to our Company (for itself and for the benefit of its subsidiaries and Consolidated Affiliated Entity) that he would not, and he would use his best endeavors to procure that his associates (except any members of our Group) shall not, whether directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement) or as principal or agent, and whether on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of our Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with the business of any member of our Group.

The Company has received confirmations from Mr. Gao, Mr. Chen and Mr. Jiang confirming their compliance with the deed of non-competition for the year ended 31 December 2022 for disclosure in this report. The independent non-executive Directors have also reviewed the compliance of Mr. Gao, Mr. Chen and Mr. Jiang with the deed of non-competition for the year ended 31 December 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this report, each of the Directors confirms that as at 31 December 2022, he/she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules. From time to time our non-executive Directors may serve on the boards of both private and public companies within the broader information technology and software industries. However, as these non-executive Directors are not members of our executive management team, we do not believe that their interests in such companies as directors would render us incapable of carrying on our business independently from the other companies in which these Directors may hold directorships from time to time.



DIRECTORS' REPORT

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 34 to the consolidated financial statements, the following transactions constitute connected transaction, or continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that the related party transactions fall under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Listing Rules, and it had complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

Contractual Arrangements

Reasons for using the Contractual Arrangements

The operation of a procurement and supply chain management platform by Ming Yuan Cloud Procurement, our Consolidated Affiliated Entity, involves the provision of procurement information for property developers and suppliers for fees (the “**Relevant Business**”), which is subject to restrictions under PRC regulations relating to value-added telecommunication services.

In order to comply with PRC laws and regulations and the Listing Rules, we determined that it was not viable for our Company to hold our Consolidated Affiliated Entity directly through equity ownership. Instead, we decided that, in line with common practice in industries subject to foreign investment restrictions in the PRC, we would gain effective control over, and receive all the economic benefits generated by the businesses currently operated by our Consolidated Affiliated Entity through the Contractual Arrangements between Ming Yuan Cloud Technology, on one hand, and our Consolidated Affiliated Entity and the Relevant Shareholders, on the other hand.

On 9 September 2021, Ming Yuan Cloud Technology, Ming Yuan Cloud Procurement and Mr. Gao, Mr. Jiang and Mr. Chen as the Relevant Shareholders entered into the series of contractual arrangements (the “**New Contractual Arrangements**”), which are on the same terms and conditions as the series of contractual arrangements dated 16 December 2019 (the “**Previous Contractual Arrangements**”, together with the New Contractual Arrangements, the “**Contractual Arrangements**”), mainly due to the consequential changes to the shareholders and shareholding structure of Ming Yuan Cloud Procurement following the completion of the repurchase of registered capital of RMB2,222,222 by Ming Yuan Cloud Procurement and reduction of registered capital from RMB11,111,111 to RMB8,888,889 by Ming Yuan Cloud Procurement. The Previous Contractual Arrangements were terminated concurrently.

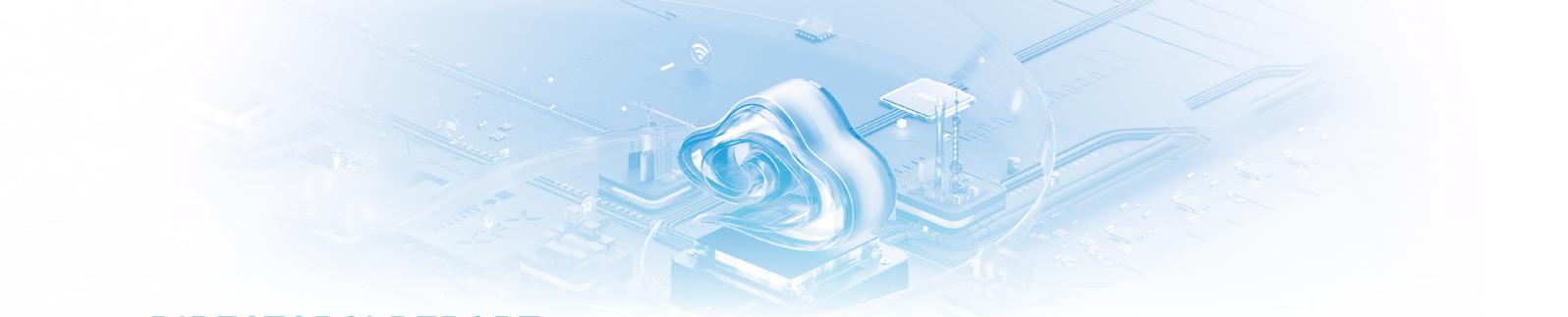
Summary of the Material Terms of the Contractual Arrangements

A description of each of the specific agreements that comprise the Contractual Arrangements entered into by Ming Yuan Cloud Technology and Ming Yuan Cloud Procurement is set out below.

Exclusive Business Cooperation Agreement

Under the exclusive business cooperation agreement entered into between Ming Yuan Cloud Technology and Ming Yuan Cloud Procurement (the “**Exclusive Business Cooperation Agreement**”), in exchange for an annual service fee, Ming Yuan Cloud Procurement agreed to engage Ming Yuan Cloud Technology as its exclusive provider of technical support, consultation and other services, including the following services:

- the use of any relevant software legally owned by Ming Yuan Cloud Technology;
- the use of any intellectual property rights of Ming Yuan Cloud Technology;
- development, maintenance and update of the software in respect of Ming Yuan Cloud Procurement’s business;
- design, installation, daily management, maintenance and update of computer network systems, hardware and database design;
- providing technical support and professional training services for relevant employees of Ming Yuan Cloud Procurement;
- providing assistance in consultation, collection and research of relevant technology and market information (excluding market research business that Sino-foreign joint venture companies are prohibited from conducting under PRC laws);
- providing business management consultation;
- providing business strategic development and planning consultation;
- providing business finance consultation and management services;
- provide business operation related information consultation;
- providing marketing and promotional services;
- providing customer order management and customer services;



DIRECTORS' REPORT

- transfer, leasing and disposal of equipment or properties; and
- other relevant services requested by Ming Yuan Cloud Procurement from time to time to the extent permitted under PRC laws.

Under the Exclusive Business Cooperation Agreement, the service fees shall be determined with reference to the total consolidated profit of Ming Yuan Cloud Procurement before tax, after the deduction of any accumulated deficit of Ming Yuan Cloud Procurement in respect of the preceding financial year(s) (if any), operating costs, expenses, taxes and other statutory contributions in respect of any financial year. Notwithstanding the foregoing, Ming Yuan Cloud Technology may adjust the scope and amount of service fees according to PRC tax law and tax practices, with reference to the operational capital needs of Ming Yuan Cloud Procurement, and Ming Yuan Cloud Procurement will accept such adjustments. Ming Yuan Cloud Technology shall have sole discretion to decide on the scope of service and amount of service fee.

Exclusive Option Agreement

Under the exclusive option agreement among Ming Yuan Cloud Technology, the Relevant Shareholders, Ming Yuan Cloud Procurement and Ming Yuan Cloud Tai Qi (the “**Exclusive Option Agreement**”), the Relevant Shareholders and/or Ming Yuan Cloud Procurement agreed to grant Ming Yuan Cloud Technology an irrevocable and exclusive right to require, without additional conditions, each of the Relevant Shareholders to transfer any or all their equity interests in Ming Yuan Cloud Procurement, and/or Ming Yuan Cloud Procurement to transfer any or all of the assets it held, to Ming Yuan Cloud Technology and/or a third party designated by it, at any time and from time to time, for a nominal price or at the lowest purchase price that is permitted by the PRC laws. The Relevant Shareholders and Ming Yuan Cloud Procurement agreed to accept the grant of such exclusive right.

Equity Pledge Agreement

Under the equity pledge agreement entered into between Ming Yuan Cloud Technology, the Relevant Shareholders and Ming Yuan Cloud Procurement (the “**Equity Pledge Agreement**”), the Relevant Shareholders agreed to pledge all their respective equity interests in Ming Yuan Cloud Procurement that they own, including any interest or dividend paid for the shares, to Ming Yuan Cloud Technology as first charge to guarantee the performance of contractual obligations and the payment of guaranteed debts as defined in the Equity Pledge Agreement.

Powers of Attorney

The Relevant Shareholders have executed Powers of Attorney. Under the Powers of Attorney, the Relevant Shareholders irrevocably appointed Ming Yuan Cloud Technology, its successors and any of its liquidators (if any), or any of its designated person(s) (including Directors and their successors and liquidators replacing the Directors), as their attorneys-in-fact to exercise on their behalf, certain powers concerning Ming Yuan Cloud Procurement and to exercise its rights as the registered shareholder of Consolidated Affiliated Entity.

Confirmations from the Relevant Shareholders

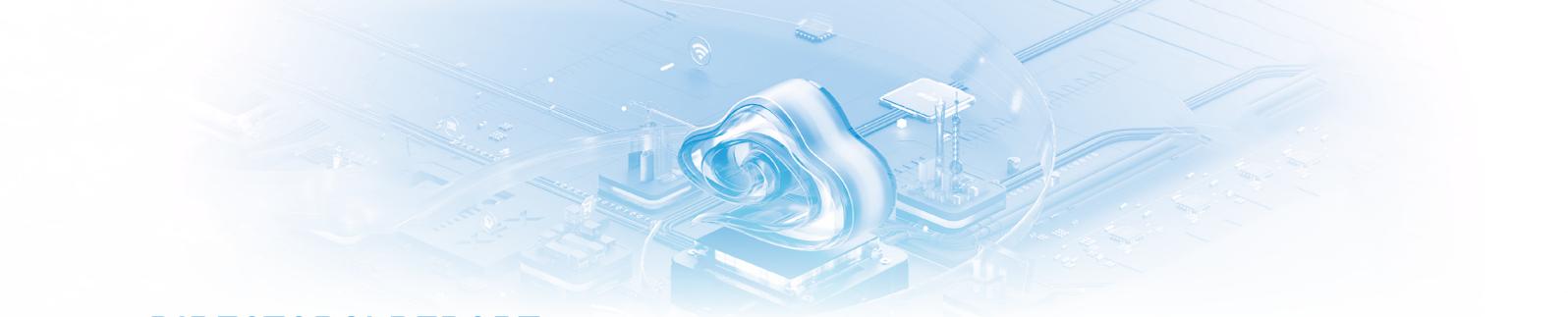
Each of the Relevant Shareholders, namely, Mr. Gao, Mr. Chen and Mr. Jiang has confirmed to the effect that (i) his spouse does not own and does not have the right to claim any interests in the equity interest of Ming Yuan Cloud Procurement (together with any other interests therein) or exert influence on the day-to-day management by Ming Yuan Cloud Procurement; and (ii) in the event of his death, incapacity, bankruptcy (if applicable), divorce or any other event which causes his inability to exercise his rights as a shareholder of Ming Yuan Cloud Procurement, he will take actions deemed necessary by Ming Yuan Cloud Technology to safeguard the performance of the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney, and his successors, guardians, managers, liquidators, creditors, spouse or any other person that has a claim on his equity interest in Ming Yuan Cloud Procurement or related rights will not, under any circumstance and in any way, take any action, when such action may affect or hinder the respective Relevant Shareholder and/or Ming Yuan Cloud Procurement in performing their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement and the Powers of Attorney.

Spouse undertakings

The spouse of each of the Relevant Shareholders, where applicable, has signed undertakings to the effect that (i) the respective Relevant Shareholder's interests in Ming Yuan Cloud Procurement (together with any other interests therein) do not fall within the scope of communal properties; and (ii) she has no right to such interests of the respective Relevant Shareholder and will not have any claim on such interests.

For details of the major terms of the Contractual Arrangements, please refer to the sub-section headed "Contractual Arrangements – Summary of material terms of the Contractual Arrangements" in the Prospectus and the announcement of the Company dated 10 September 2021.

Save as disclosed herein, during the year ended 31 December 2022, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and none of the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of Contractual Arrangements has been removed.



DIRECTORS' REPORT

Restrictions under the FITE Regulations

On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (“**FITE Regulations**”), which were amended on 10 September 2008, 6 February 2016 and 29 March 2022 respectively. According to the FITE Regulations and the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》), with effect from 1 January 2022), foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services, including internet content provision services (e-commerce, domestic multi-party communications, store-and-forward and call center business are excluded). The FITE Regulations, as amended on 29 March 2022 and formally implemented on 1 May 2022, removes the qualification requirements for foreign investors of foreign-invested telecommunications enterprises engaged in investment and operation of value-added telecommunications business, but the operation of value-added telecommunications business is still subject to the restrictions on foreign shareholding percentage over foreign investors. After the aforementioned amendments took effect on 1 May 2022, the competent authorities have not yet issued further implementation details or operational guidelines, and there is still uncertainty in the application for ICP certificates by foreign-invested enterprises in practice.

Particulars of the Consolidated Affiliated Entity

Our Consolidated Affiliated Entity, namely, Ming Yuan Cloud Procurement, is a limited liability company established in Shenzhen, the PRC on 22 April 2014, which is principally engaged in operation of a procurement and supply chain management platform, Procurement Cloud (雲採購), which involves the provision of procurement information for property developers, construction materials suppliers and other service vendors.

As at 31 December 2022, the equity interest of Ming Yuan Cloud Procurement was held as to 45% by Mr. Gao, 34% by Mr. Chen and 21% by Mr. Jiang.

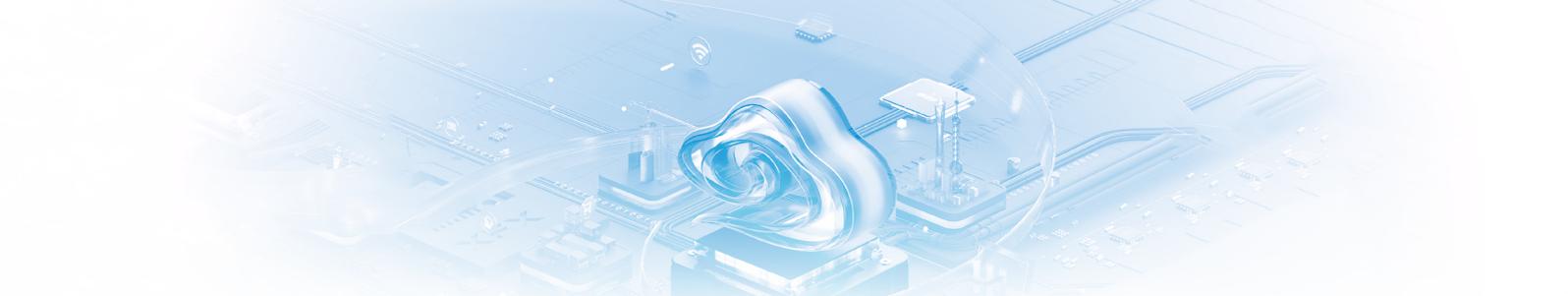
For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, the Consolidated Affiliated Entity will be treated as our Company’s subsidiary, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entity and their respective associates will be treated as our Company’s “connected persons”. As such, transactions between these connected persons and our Group (including for this purpose the Consolidated Affiliated Entity) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company.

Revenue and Assets subject to the Contractual Arrangements

For the year ended 31 December 2022, the revenue of Ming Yuan Cloud Procurement, subject to the Contractual Arrangements, was RMB146.23 million, accounting for approximately 8.05% of the consolidated revenue of the Group.

As at 31 December 2022, the total assets of Ming Yuan Cloud Procurement, subject to the Contractual Arrangements, was RMB171.62 million, accounting for approximately 2.78% of the total assets of the Group.



DIRECTORS' REPORT

Review of the Transactions Carried Out under the Contractual Arrangements during the Reporting Period

Our independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that: (i) the transactions carried out during the year ended 31 December 2022 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the revenue generated by the Consolidated Affiliated Entity has been substantially retained by Ming Yuan Cloud Technology, (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entity to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entity during the year ended 31 December 2022 are on normal commercial terms or on terms more favourable to our Group in the ordinary and usual course of our Group's business, fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of our Company and the Shareholders as a whole.

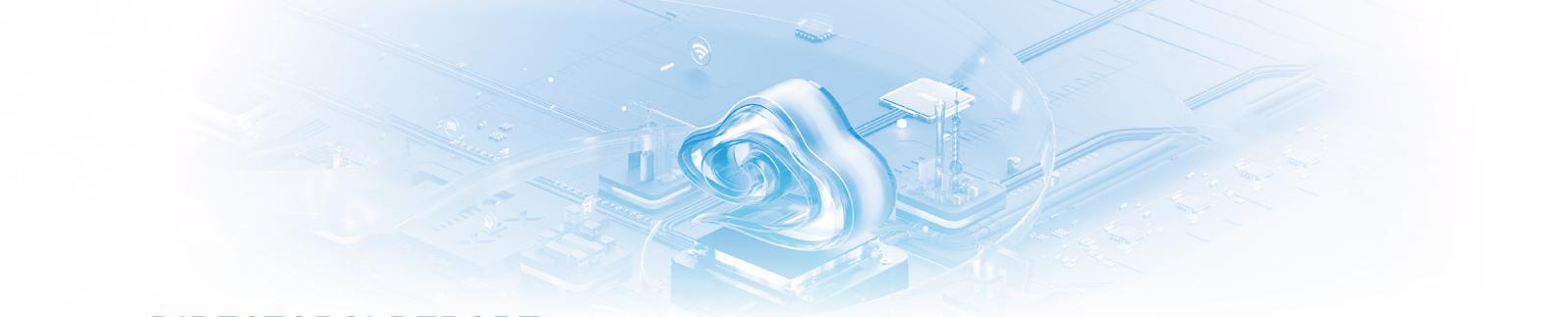
The Board had reviewed the overall performance of and compliance with the Contractual Arrangements for the year ended 31 December 2022.

The Group's auditor has carried out procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants on the transactions carried out pursuant to the Contractual Arrangements and have provided a letter to our Directors with a copy to the Stock Exchange stating that (a) nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors; (b) nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (c) with respect of the disclosed continuing connected transactions with Ming Yuan Cloud Procurement under the contractual arrangements, nothing has come to our attention that causes us to believe that dividends or other distributions have been made by Ming Yuan Cloud Procurement to the holders of the equity interests of Ming Yuan Cloud Procurement which are not otherwise subsequently assigned or transferred to the Group.

Risks associated with the Contractual Arrangements and Actions taken by the Company to Mitigate the Risks

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 63 to 68 in the Prospectus and in the announcement of the Company dated 10 September 2021.

- If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the contractual arrangements and the relinquishment of our interest in our Consolidated Affiliated Entity.
- Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Our Consolidated Affiliated Entity or their shareholders may fail to perform their obligations under our Contractual Arrangements.
- The shareholders of our Consolidated Affiliated Entity may have conflicts of interest with us, which may materially and adversely affect our business.
- If we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entity, the ownership or asset transfer may subject us to certain limitations and substantial costs.
- We may lose the ability to use and enjoy assets held by our Consolidated Affiliated Entity that are material to our business operations if our Consolidated Affiliated Entity declare bankruptcy or become subject to a dissolution or liquidation proceeding.
- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.
- Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could substantially reduce our combined profit and the value of our Shareholders' investment.



DIRECTORS' REPORT

Our Group has adopted measures to ensure the effective operation of our Group's businesses with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements, including:

- major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and
- our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Ming Yuan Cloud Technology and our Consolidated Affiliated Entity to deal with specific issues or matters arising from the Contractual Arrangements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no Director or an entity connected with a Director was materially interested, either directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party subsisting for the year ended 31 December 2022 or as at 31 December 2022.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this report, no contract of significance was entered into between the Company, or one of its subsidiary companies and its Controlling Shareholders or any of their subsidiaries (as applicable) for the year ended 31 December 2022.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended 31 December 2022 and up to the date of this report between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, the Company shall indemnify out of the assets of the Company, any Director against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceeding, whether civil or criminal, in which judgment is given in his/her favor, or in which he is acquitted. The Company has arranged appropriate directors' liability insurance coverage for the Directors during the year ended 31 December 2022.

STAFF, REMUNERATION POLICY AND DIRECTORS' REMUNERATION

As at 31 December 2022, we had 3,310 employees (as at 31 December 2021: 4,247 employees). For the year ended 31 December 2022, the Group's total staff costs amounted to approximately RMB1,901,419,000, including salaries, wages, bonuses, pension costs, other social security costs, housing benefits and other employee benefits and share-based compensation. The Group continued to optimize the incentive-based system in line with business development needs and implemented remuneration policies with competitiveness.

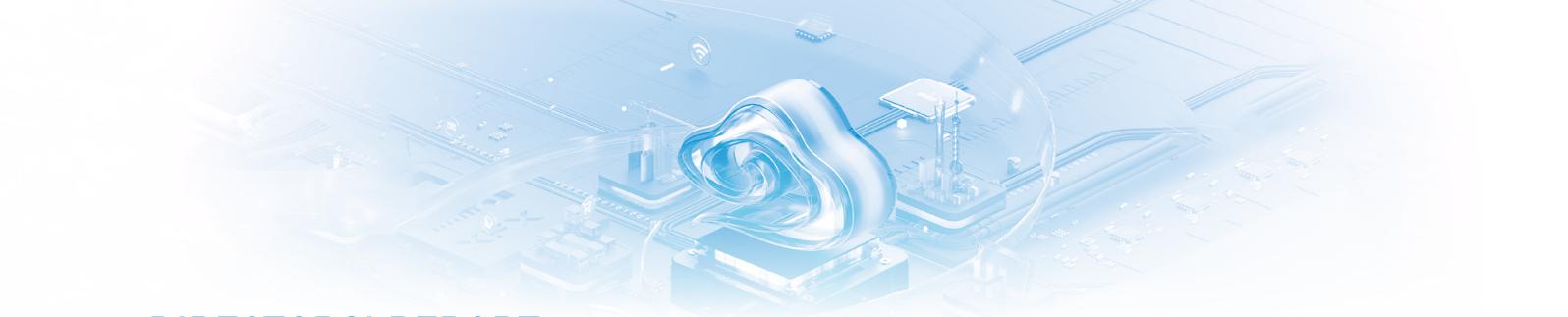
Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances, benefits in kind, contribution to the pension scheme and other share-based compensation. We determine the compensation of our Directors based on each Director's responsibilities, qualification, position and seniority.

The emolument of executive Directors, non-executive Directors, independent non-executive Directors and senior management of the Group were recommended by the Remuneration Committee and approved by the Board. Details of the Directors' remuneration during the Reporting Period are set out in note 10 to the consolidated financial statements. No amount was paid to any Director or any of the five highest paid individual disclosed in note 10 to the consolidated financial statements as an inducement to join or upon joining the Company or as a compensation for loss of office. In addition, there was no arrangement under which a Director waived or agreed to waive any remuneration.

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.

The total number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period was 0.71%.



DIRECTORS' REPORT

SHARE INCENTIVE PLAN

A 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 28 to the 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.

Types 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 (collectively, the “**Awards**”).

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:

- 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;
- 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
- 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 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.

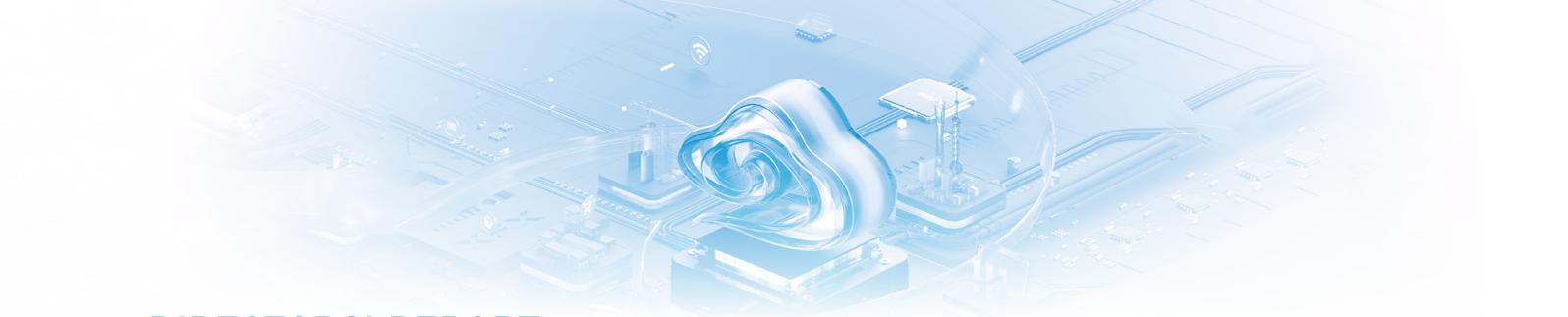
Conditions of Issuance of Shares

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.



DIRECTORS' REPORT

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

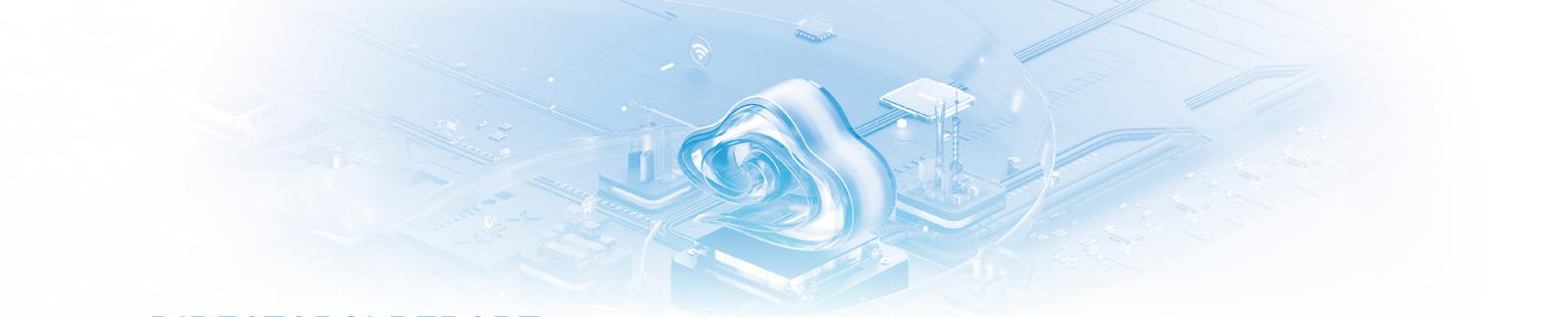
Save and except for the provisions in the paragraph below and except under the applicable laws or as otherwise provided by the Share Incentive Plan, the Awards shall be personal to the Grantee and the Grantee shall not sell, transfer, pledge or assign the Awards and the Share Incentive Plan or any interest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



DIRECTORS' REPORT

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 31 December 2022, the remaining life of the Share Incentive Plan is approximately 7 years and 2 months.

Outstanding options granted

As of 31 December 2022, 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 31 December 2022 and the date of this annual report.

Outstanding RSUs granted

As of 31 December 2022, the Company granted to certain eligible participants a total of 17,671,689 outstanding RSUs (to be funded by existing shares of the Company) under the Share Incentive Plan to subscribe for an aggregate of 17,671,689 Shares, representing approximately 0.90% of the total number of issued Shares. As of 31 December 2022, an aggregate of 46,460,000 RSUs had been vested and a total of 6,405,334 RSUs had lapsed in accordance with the terms of the Plan.

The total number of awards available for grant under the scheme mandate of the Share Incentive Plan as at 1 January 2022 and 31 December 2022 were 31,597,796 and 10,709,111 respectively.

Further details of (A) movement of awards (funded by new shares to be issued) of the Group, and (B) movement of awards (funded by existing shares) of the Group under the Share Incentive Plan and the Share Award Scheme, in each case during the year ended 31 December 2022 have been set out in pages 72 to 75 of this annual report.

Subsequent to the Reporting Period, on 17 January 2023, the Board resolved to grant a total of 75,037 RSUs, representing an aggregate of 75,037 Shares to two (2) employees of the Group pursuant to the Share Incentive Plan. The RSUs awarded are subject to, amongst others, a vesting schedule from the grant date over a certain service period. For details, please refer to the announcement of the Company dated 17 January 2023.

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.

SHARE AWARD SCHEME

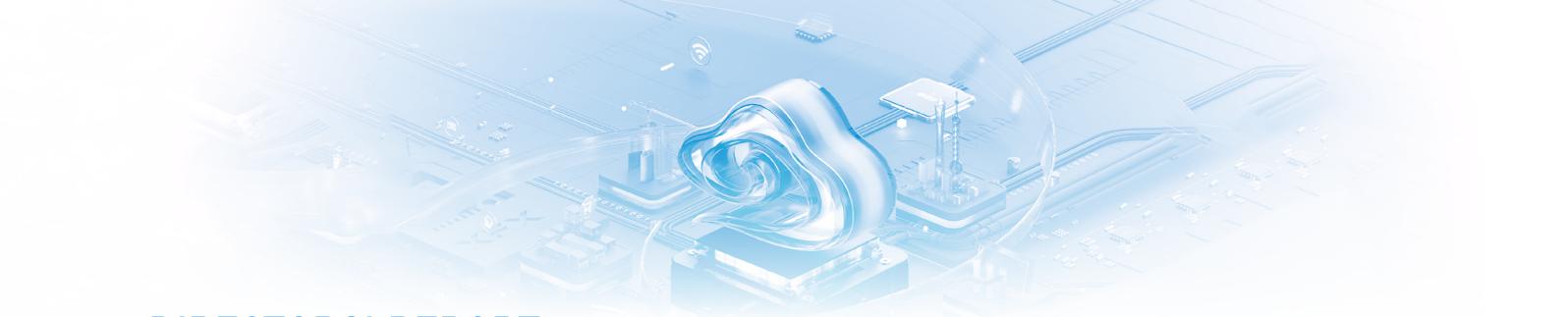
We adopted the Share Award Scheme on 11 June 2021 in order to, among other things, recognize the contributions by, and to motivate and retain, eligible persons. Further details of the Share Award Scheme are set out in the Company's announcement dated 11 June 2021.

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.



DIRECTORS' REPORT

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 "**Award Shares**"), 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). There is no amount payable on application or acceptance of the Award within which payments or calls must be or may be made or loans for such purposes must be repaid.

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 31 December 2022, the remaining life of the Share Award Scheme is approximately 8 years and 5 months.

As of 31 December 2022, an aggregate of 6,303,604 Award Shares had lapsed or been forfeited in accordance with the terms of the Share Award Scheme.

DIRECTORS' REPORT

The total number of awards available for grant under the scheme mandate of the Share Award Scheme as at 1 January 2022 and 31 December 2022 were 56,090,706 and 48,127,114 respectively. The total number of shares of the Company available for issue and/or transfer upon vesting or exercise of awards under the Share Award Scheme as at 31 December 2022 and the date of this annual report is 95,961,499 and 95,961,499 respectively, which represent approximately 5.01% and 5.01% of the total issued Shares as at the date of this annual report; amongst which, (A) 47,731,114 and 51,450,019 new Shares are available for issue upon vesting or exercise of awards under the Share Award Scheme as at 31 December 2022 and the date of this annual report, which represent approximately 2.49% and 2.69% of the total issued Shares as at the date of this annual report; and (B) 48,230,385 and 44,551,480 existing Shares are available for transfer upon vesting of awards under the Share Award Scheme as at 31 December 2022 and the date of this annual report, which represent approximately 2.52% and 2.32% of the total issued Shares as at the date of this annual report.

Save as disclosed herein, since the adoption of the Share Award Scheme and up to 31 December 2022, 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 and 17.12 of the Listing Rules

Set forth below are (A) the details of movement of awards (funded by new shares of the Company to be issued) of the Group, and (B) the details of movement of awards (funded by existing shares of the Company) of the Group, in each case during the year ended 31 December 2022.

(A) Details of movement of awards (funded by new shares of the Company to be issued) of the Group

Date of award	Number of Shares underlying awards						Unvested awards as at 31 December 2022	Vesting Period	Weighted average closing price of the Shares immediately before the dates on which the awards were vested	Performance target(s), if any
	Unvested awards as at 1 January 2022	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 31 December 2022				
Employee Participants* (See Note 6)										
1 July 2021	40,266,793	-	-	5,070,321	-	35,196,472	1 July 2023 to 1 July 2026	-	See Note 1	
30 May 2022	-	6,044,996	-	56,080	-	5,988,916	30 May 2024 to 30 May 2027	-	See Note 2	
14 November 2022	-	7,044,997	-	-	-	7,044,997	1 July 2023 to 1 July 2026	-	See Note 2	

DIRECTORS' REPORT

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 2022:

Date of grant	Number of award shares granted	Closing price of Shares immediately before date of grant (HK\$)	Fair value of awards at the date of grant per Share (HK\$)
Employee Participants			
30 May 2022	6,044,996	9.07	9.07 (See Note 7)
14 November 2022	7,044,997	5.38	5.38 (See Note 7)

- 4 These grants were made without any exercise period, exercise price nor purchase price attached thereto.
- 5 All of the above grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.
- 6 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.
- 7 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 28 to the consolidated financial statements.
- * Employee Participants include employees of any member of the Group

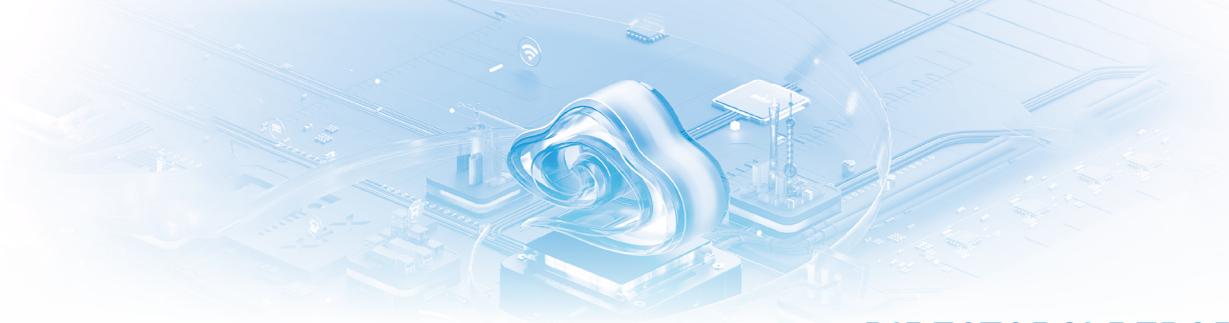
DIRECTORS' REPORT

(B) Details of movement of awards (funded by existing shares of the Company) of the Group

Number of shares underlying awards									
Date of grant	Unvested awards as at 1 January 2022	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 31 December 2022	Vesting Period	Weighted average closing price of the Shares immediately before the dates on which the awards were vested (HK\$)	Performance target(s), if any
<i>Five highest paid individuals during the reporting period, in aggregate (Note 5)</i>									
10 April 2020	800,000	-	240,000	-	-	560,000	25 September 2023 to 25 September 2025	5.56	See Note 1
11 January 2022	-	2,000,000	-	-	-	2,000,000	11 January 2024 to 11 January 2027	-	See Note 2
24 August 2022	-	19,000,000	19,000,000	-	-	-	See Note 11	5.78	See Note 1
<i>Other grantees, in aggregate</i>									
10 April 2020	16,200,000	-	4,620,000	3,110,000	-	8,470,000	25 September 2023 to 25 September 2025	5.56	See Note 1
29 October 2021	2,643,004	-	-	826,797	-	1,816,207	29 October 2023 to 29 October 2026	-	See Note 2
1 November 2021	1,000,000	-	-	1,000,000	-	-	1 November 2023 to 1 November 2026	-	See Note 3
11 January 2022	-	4,435,898	-	968,537	-	3,467,361	11 January 2024 to 11 January 2027	-	See Note 2
14 November 2022	-	1,358,121	-	-	-	1,358,121	14 November 2024	-	See Note 4

Notes:

- 1 These grants were made without any performance targets.
- 2 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.
- 3 These awards are subject the grantees achieving prescribed performance targets.
- 4 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.



DIRECTORS' REPORT

5 Disclosures herein with respect to such top five highest paid employees consist of the number of award shares to be satisfied by existing shares only. The number of award shares granted to the top five highest paid employees to be satisfied by new shares to be issued are included under the Employee Participants category in the movement table titled "A) Details of movement of awards (funded by new shares of the Company to be issued) of the Group" in page 72 of this annual report.

6 The following grants were made during 2022:

Date of grant	Number of award shares granted	Closing price of Shares immediately before date of grant (HK\$)	Fair value of awards at the date of grant per Share (HK\$)
Employee Participants			
11 January 2022	6,435,898	18.74	18.74 (See Note 10)
24 August 2022	19,000,000	5.78	5.78 (See Note 10)
14 November 2022	1,358,121	5.38	5.38 (See Note 10)

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

8 All of the above grants were made prior to the amendment to Chapter 17 of the Listing Rules taking effect.

9 None of the grants to any participant is in excess of the 1% individual limit.

10 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 28 to the consolidated financial statements.

11 This grant was made without any vesting periods.

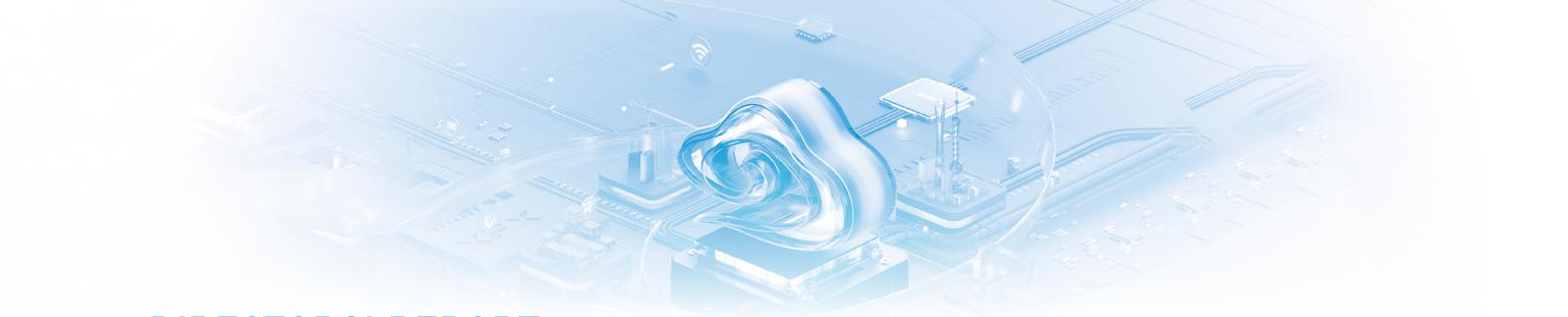
* Employee Participants include employees of any member of the Group

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 8 years and 5 months as at the date of this annual 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.



DIRECTORS' REPORT

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.

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.

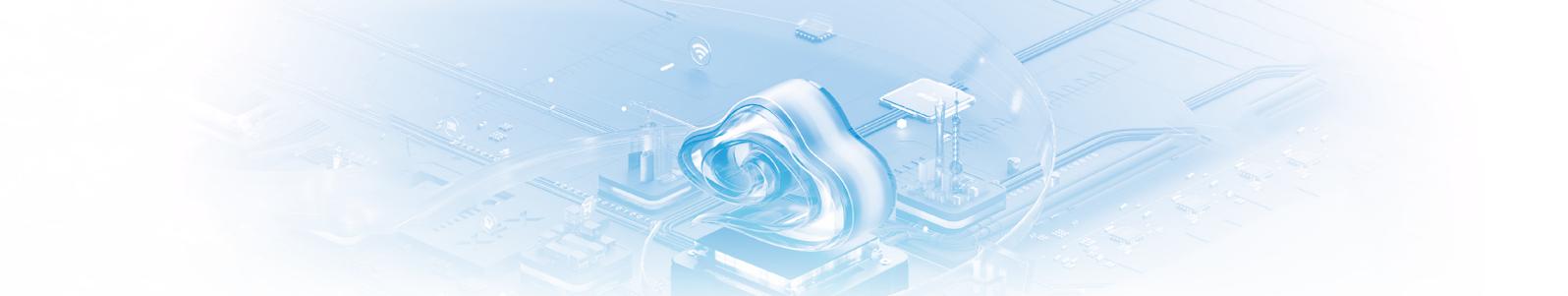
The Company may seek the approval of its shareholders in general meeting to grant Options which will result in the number of Shares in respect of all the Options granted under the Share Option Scheme and all the options granted under any other option scheme exceeding 10% of the issued share capital of 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



DIRECTORS' REPORT

- (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 favor 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 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 remains 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.

Since the adoption of the Share Option Scheme and up to 31 December 2022, no 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 2022 and 31 December 2022 were 96,357,499 and 96,357,499 respectively. The total number of new Shares available for issue under the Share Option Scheme as at 31 December 2022 and the date of this annual report is 96,357,499 respectively, which represents approximately 5.03% of the total issued Shares as at the date of this annual report.

Subsequent to the Reporting Period, on 17 January 2023, the Board resolved to grant a total of 41,200,000 Options to fifty nine 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 and the monthly return of the Company for the month of January 2023 dated 1 February 2023.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Share Incentive Plan", "Share Award Scheme" and "Share Option Scheme" above, there was no equity-linked agreement entered into by the Company during the year ended 31 December 2022.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

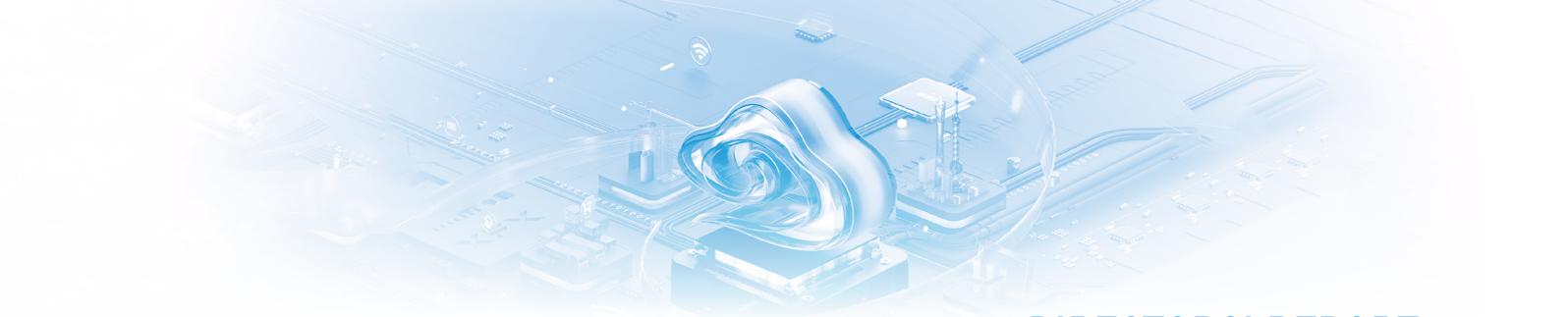
During the year ended 31 December 2022, the respective percentage of purchases attributable to the Group's largest supplier and five largest suppliers in aggregate was 10.49% and 33.36% and the respective percentage of the total sales attributable to the Group's largest customer and five largest customers in aggregate was 1.66% and 7.40%, respectively.

None of our Directors or any of their close associates or any Shareholder (which to the best knowledge of our Directors owned more than 5% of the Company's issued share capital) had any interest in any of our five largest suppliers or customers.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, the Company has repurchased a total of 66,288,000 Shares (the "Share Repurchased") on the Stock Exchange at an aggregate consideration of approximately HK\$484.9 million before expenses. The Company cancelled a total of 22,157,000 Shares on 4 July 2022. As at 31 December 2022, a total of 44,131,000 Shares Repurchased remained outstanding and had not been cancelled. Subsequently on 16 March 2023, the Company had completed the cancellation of a total of 44,131,000 Shares Repurchased. Details of the Shares Repurchased by the Company during the Reporting Period are as follows:

Month of repurchase in 2022	Total number of Shares repurchased	Purchase price paid per Share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
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
July	2,881,000	9.50	7.93	24,999,937.92
August	1,231,000	6.20	6.11	7,634,562.69
September	40,019,000	6.50	4.42	220,247,145.81
Total	66,288,000			484,851,363.58



DIRECTORS' REPORT

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 and except for the on-market purchase by MYC Marvellous Limited of 396,000 Shares on the Stock Exchange for the sole purpose of satisfying the awards granted under the Share Award Scheme upon vesting thereof, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2022, the Group made a charitable contribution of approximately RMB0.04 million.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. During the year ended 31 December 2022, the Board is of the opinion that the Company has complied with all the code provisions set out in the CG Code.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 82 to 101 of this report.

AUDITOR

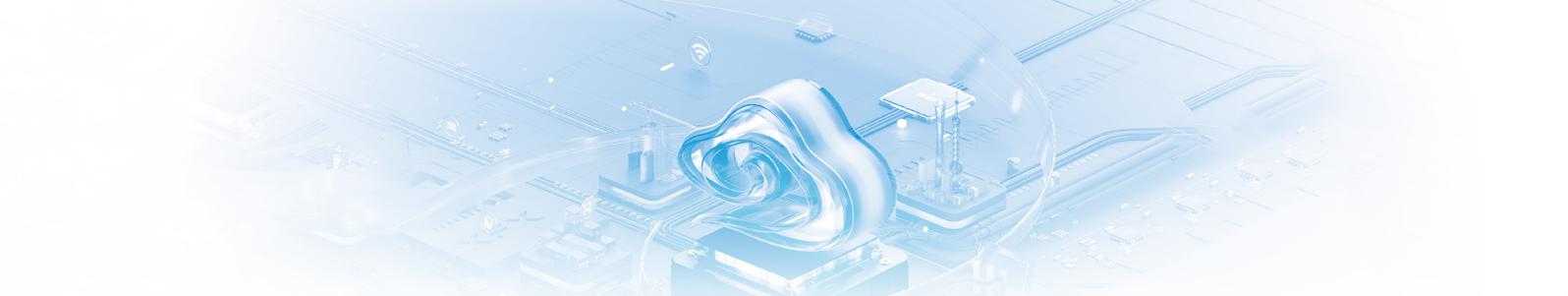
The consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers.

PricewaterhouseCoopers shall retire and being eligible, offer itself for re-appointment, and a resolution to this effect shall be proposed at the forthcoming AGM. There was no change in the auditor of the Company in the preceding three years.

By order of the Board of Directors
Ming Yuan Cloud Group Holdings Limited

Mr. Gao Yu
Chairman

Shenzhen, the PRC, 28 March 2023



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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 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 year ended 31 December 2022, the Company has complied with all the code provisions as set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

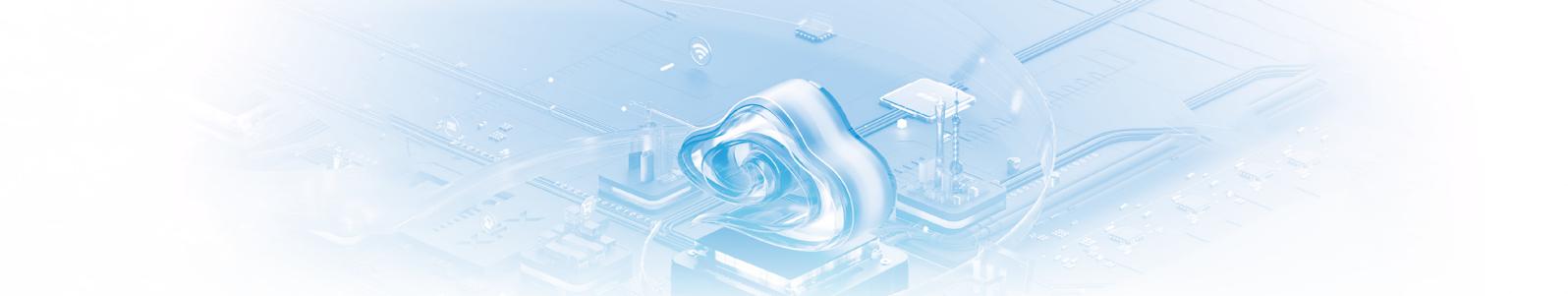
The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions since the Listing Date. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2022.

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 of the Model Code by the employees was noted by the Company as at 31 December 2022.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and makes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing such responsibilities.



CORPORATE GOVERNANCE REPORT

Board Composition

The Board currently comprises seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Mr. Gao Yu (*Chairman*)

Mr. Jiang Haiyang (*Chief Executive Officer*)

Mr. Chen Xiaohui (*Vice President*)

Mr. Jiang Keyang (*resigned with effect from 28 March 2023*)

Non-executive Directors

Mr. Liang Guozhi

Mr. Yi Feifan (*resigned with effect from 28 March 2023*)

Independent non-executive Directors

Ms. Tong Naqiong (*appointed with effect from 26 September 2022*)

Mr. Li Hanhui

Mr. Zhao Liang

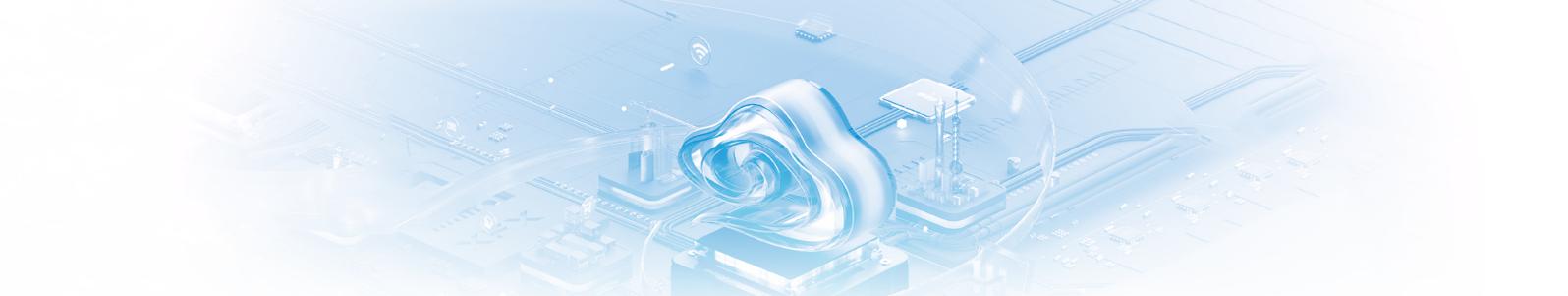
Ms. Zeng Jing (*resigned with effect from 26 September 2022*)

The biographical information of the Directors is set out in the section headed “Directors and Senior Management – Directors” on pages 34 to 40 of this report.

Save as disclosed in this report, to the best knowledge of the Board, there has been no other financial, business, family, or other material/relevant relationships among members of the Board.

In terms of gender diversity, while there has already been one female Director on the Board as at 31 December 2022, the Company and the Nomination Committee recognise the importance and benefits of gender diversity at the Board level and are committed to continue to identify female candidates and ensure at least one member of the Board shall be female.

As at 31 December 2022, our workforce (including the senior management) consisted of 2,225 male employees and 1,085 female employees, representing approximately 67.22% and 32.78% of the total workforce, respectively. The Company will continue to take gender diversity into consideration during recruitment and increase the female proportion at all levels over time with the ultimate goal of achieving gender parity.



CORPORATE GOVERNANCE REPORT

Board Meetings and General Meetings

Code provision C.5.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of directors.

Code provision C.2.7 of the CG Code requires the chairman should at least annually hold meetings with independent non-executive Directors without the presence of other directors.

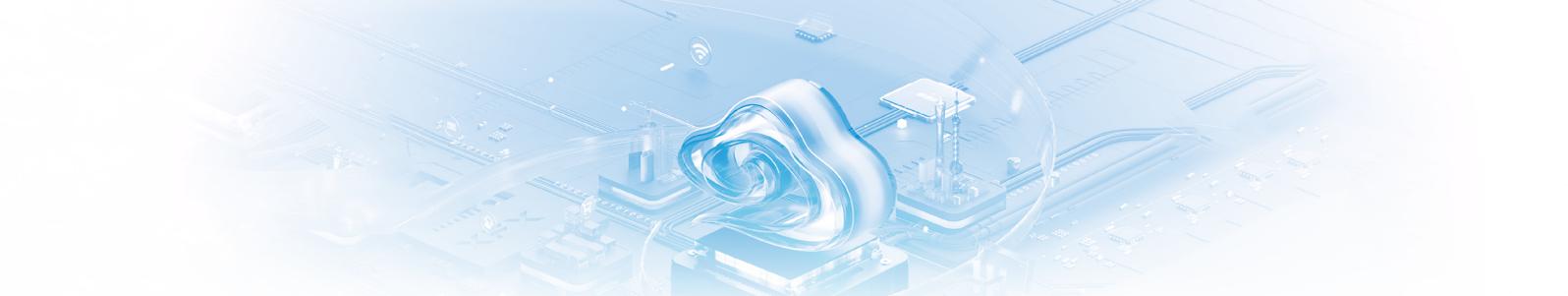
The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

The Board met six times during the year ended 31 December 2022 for purpose including but not limited to reviewing and approving the audited annual results of the Group for the year ended 31 December 2021, the unaudited interim results of the Group for the six months ended 30 June 2022 and its publication, and considering the payment of an interim and a final dividend, approving grants of share awards pursuant to relevant share schemes, and change of officers.

For other Board meetings and Board committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the joint company secretaries of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

The Company held the annual general meeting on 27 May 2022 during the year ended 31 December 2022. All proposed Shareholders' resolution put to the above general meetings were duly passed by way of poll. Please refer to the announcement of the Company dated 27 May 2022 for details. No extraordinary general meeting had been held during the year ended 31 December 2022.



CORPORATE GOVERNANCE REPORT

The attendance records of each Director at the Board meetings and general meeting(s) of the Company for the year ended 31 December 2022 are set out below:

Name of Director	Attendance/ Number of Board Meetings	Attendance/ Number of Annual General Meeting
Mr. Gao Yu	6/6	1/1
Mr. Jiang Haiyang	6/6	1/1
Mr. Chen Xiaohui	6/6	1/1
Mr. Jiang Keyang (<i>resigned with effect from 28 March 2023</i>)	6/6	1/1
Mr. Liang Guozhi	6/6	1/1
Mr. Yi Feifan (<i>resigned with effect from 28 March 2023</i>)	6/6	1/1
Mr. Li Hanhui	6/6	1/1
Mr. Zhao Liang	6/6	1/1
Ms. Tong Naqiong (<i>appointed with effect from 26 September 2022</i>)	1/6	N/A
Ms. Zeng Jing (<i>resigned with effect from 26 September 2022</i>)	5/6	1/1

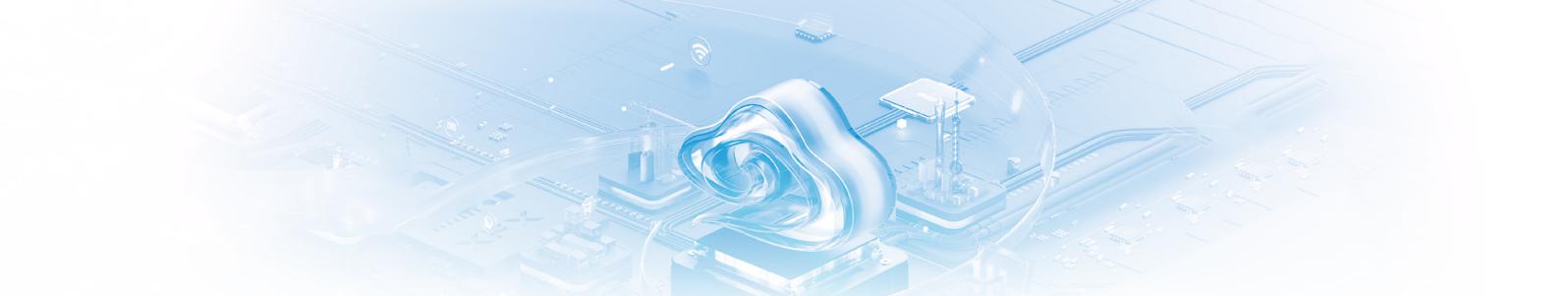
Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer of the Company are held by Mr. Gao Yu and Mr. Jiang Haiyang, respectively, who are both co-founders of the Group. The Chairman provides overall strategic planning and business direction of the Group and management of the Company. The Chief Executive Officer focuses on the Board's work related to the operation and management of the Company. Their respective responsibilities are clearly defined and set out in writing.

Independent Non-executive Directors

During the year ended 31 December 2022 and up to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence for the year ended 31 December 2022 in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.



CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party. Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term of one year. The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. The Articles of Association also provides that any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

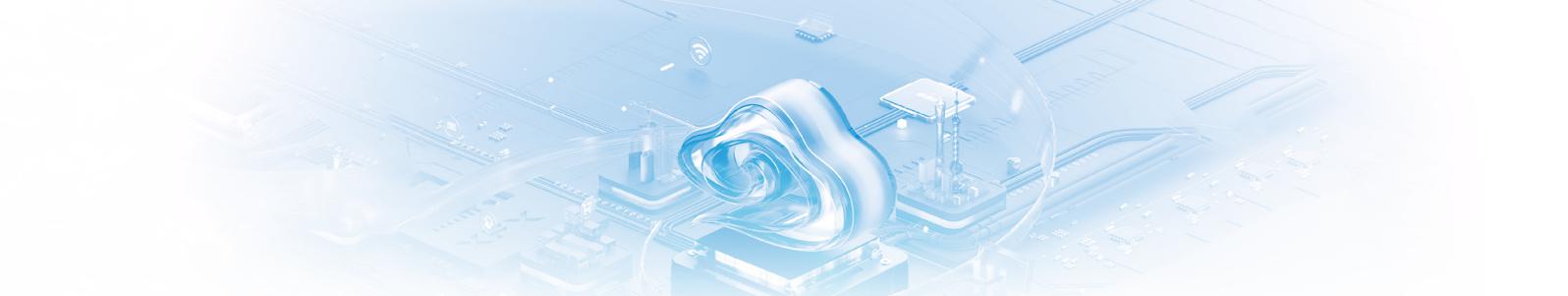
Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.



CORPORATE GOVERNANCE REPORT

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decisions on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal action taken against them arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by regular meetings with senior management of the Group to understand the Group's businesses, governance policies and regulatory environment.

The Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2022, the Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the Directors were arranged by the Company and its professional advisers.

CORPORATE GOVERNANCE REPORT

The training records of the Directors during the year ended 31 December 2022 are summarized as follows:

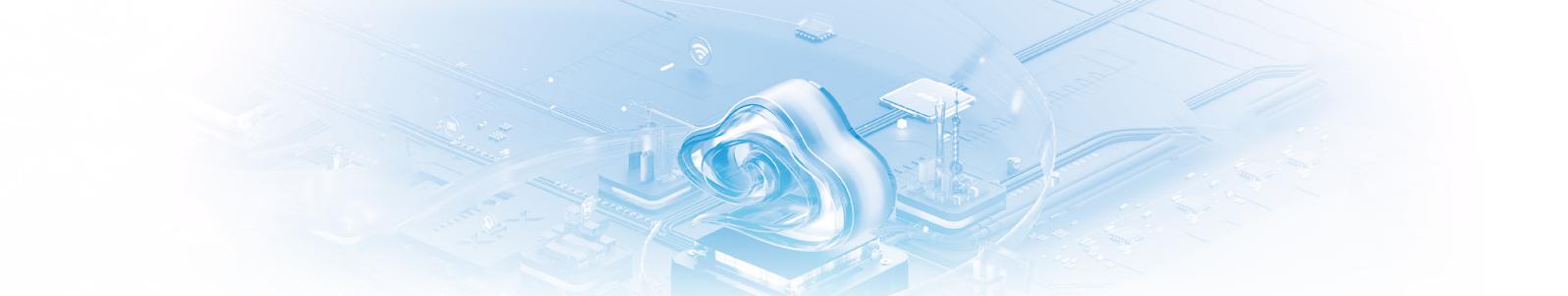
Directors	Participated in continuous professional development ^{Note}
<i>Executive Directors</i>	
Mr. Gao Yu	✓
Mr. Jiang Haiyang	✓
Mr. Chen Xiaohui	✓
Mr. Jiang Keyang (<i>resigned with effect from 28 March 2023</i>)	✓
<i>Non-executive Directors</i>	
Mr. Liang Guozhi	✓
Mr. Yi Feifan (<i>resigned with effect from 28 March 2023</i>)	✓
<i>Independent Non-executive Directors</i>	
Mr. Li Hanhui	✓
Mr. Zhao Liang	✓
Ms. Tong Naqiong (<i>appointed with effect from 26 September 2022</i>)	✓
Ms. Zeng Jing (<i>resigned with effect from 26 September 2022</i>)	✓

Note: Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties, and are provided with sufficient resources to discharge their duties. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 2 of this annual report.



CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee consists of three members, including three independent non-executive Directors, namely Ms. Tong Naqiong, Mr. Li Hanhui and Mr. Zhao Liang. Ms. Tong Naqiong, being the chairperson of the Audit Committee, holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal controls system of the Group, review effectiveness of the internal audit function, assist the Board in reviewing the scope of audit, appointment, re-appointment and removal of external auditors, review and approve connected transactions and to advise the Board.

During the year ended 31 December 2022, the Audit Committee held two meetings to review the half-year and annual results of the Company; to review financial reporting system and the effectiveness of the risk management and internal control systems of the Group; discussing with the external auditor to assess the impact on applying the new accounting standards; considering the re-appointment of external auditor of the Company, reviewing its independence and qualification, and reviewing and approving the audit scope and fees proposed by the external auditor and make relevant recommendation to the Board.

The attendance records of the Audit Committee Meetings are set out below:

Name of Audit Committee Member	Attendance/Number of Meetings
Ms. Tong Naqiong (<i>appointed with effect from 26 September 2022</i>)	1/2
Mr. Li Hanhui	2/2
Mr. Zhao Liang	2/2
Ms. Zeng Jing (<i>resigned with effect from 26 September 2022</i>)	1/2

The Company's annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee on 28 March 2023. The Audit Committee considers that the annual financial results for the year ended 31 December 2022 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Remuneration Committee consists of three members, including one executive Director, namely Mr. Gao Yu, and two independent non-executive Directors, namely Mr. Li Hanhui and Mr. Zhao Liang. Mr. Li Hanhui is the chairperson of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the overall remuneration policy and structure relating to the Directors and senior management of the Group; the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management; and review and/or approve the matters relating to the share schemes of the Company. The Remuneration Committee has adopted the model as described in code provision E.1.2(c)(ii) of the CG Code to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including salaries, bonuses, pension rights, compensation payments and benefits in kind.

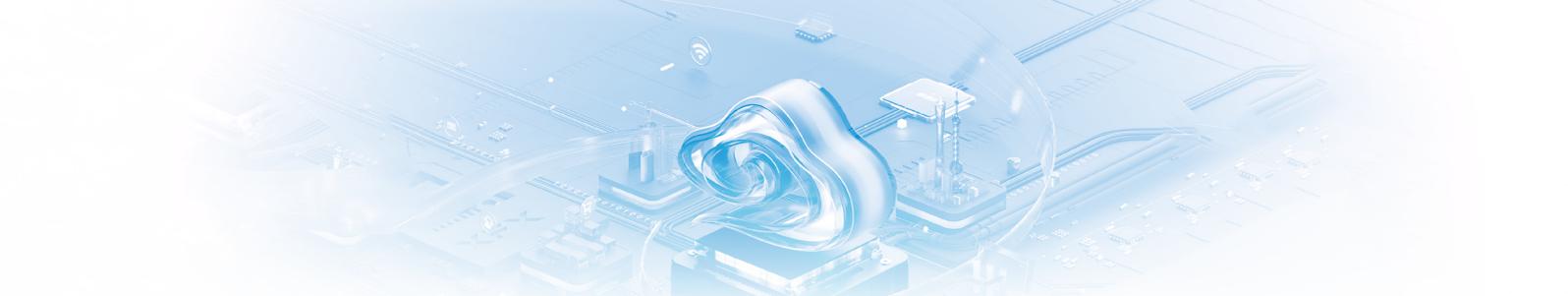
During the year ended 31 December 2022, the Remuneration Committee held three meetings to review the remuneration of the Directors and senior management of the Company and the Company's remuneration policies, practices and related matters.

The attendance records of the Remuneration Committee Meetings are set out below:

Name of Remuneration Committee Member	Attendance/Number of Meetings
Mr. Gao Yu	3/3
Mr. Li Hanhui	3/3
Mr. Zhao Liang	3/3

The remuneration payable to the Directors and senior management of the Group for the year ended 31 December 2022 is shown in the following table by band:

Annual Remuneration	Number of individual(s)
RMB0 to RMB500,000	6
RMB500,001 to RMB1,000,000	6
RMB1,000,001 to RMB1,500,000	0
RMB1,500,001 to RMB2,000,000	1
Total	13



CORPORATE GOVERNANCE REPORT

Further details of the remuneration payable to the Directors and the five highest paid individuals for the year ended 31 December 2022 are set out in note 10, to the consolidated financial statements in this report.

Nomination Committee

The Nomination Committee consists of three members, including one executive Director namely Mr. Gao Yu, and two independent non-executive Directors, namely Mr. Zhao Liang and Ms. Tong Naqiong. Mr. Gao Yu is the chairperson of the Nomination Committee.

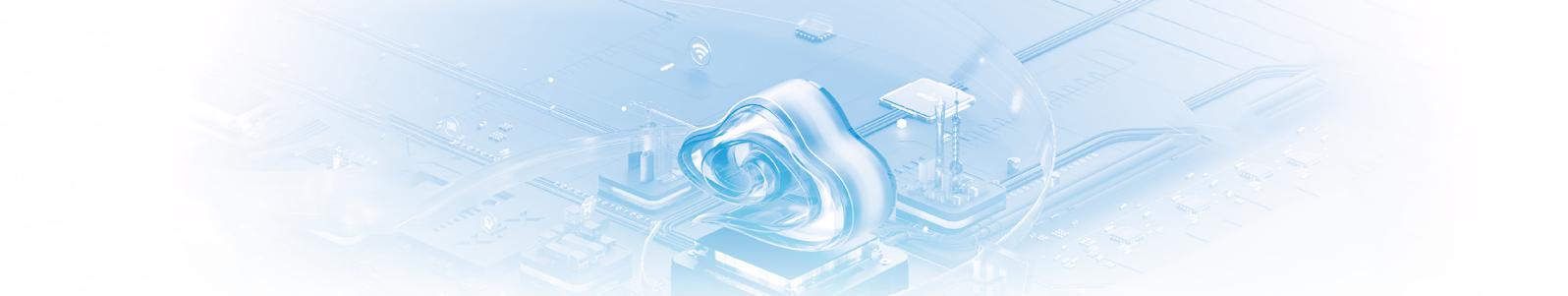
The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The primary duties of the Nomination Committee are to make recommendations to the Board regarding the appointment and re-appointment of Directors and Board succession, and assess the independence of independent non-executive Directors. The Nomination Committee should seek independent professional advice to perform its responsibilities, when necessary, at the Company's expense.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy (the "**Board Diversity Policy**"). The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "**Director Nomination Policy**") that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2022, the Nomination Committee held three meeting to review the nomination procedures; to review the composition and diversity of the Board, the Nomination Committee, the Remuneration Committee and the Audit Committee; to consider and recommend to the Board on the re-election of Directors at the Company's annual general meeting; to review the implementation and effectiveness of the Board Diversity Policy and the Director Nomination Policy; and to assess the independence of the independent non-executive Directors. The Nomination Committee was satisfied with the current procedures and composition.

<u>Name of Nomination Committee Member</u>	<u>Attendance/Number of Meetings</u>
Mr. Gao Yu	3/3
Mr. Zhao Liang	3/3
Ms. Tong Naqiong (<i>appointed with effect from 26 September 2022</i>)	1/3
Ms. Zeng Jing (<i>resigned with effect from 26 September 2022</i>)	2/3



CORPORATE GOVERNANCE REPORT

Where vacancies on the Board arise, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

Board Diversity Policy

The Company has the Board Diversity Policy which sets out the objective and approach to enhance the effectiveness of our Board and to maintain high standard of corporate governance. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Board currently consists of one female Director and eight male Directors with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance and accounting and risk management, as well as professional experiences in financial leasing and banking. The Board is of the view that our Board satisfies the Board Diversity Policy.

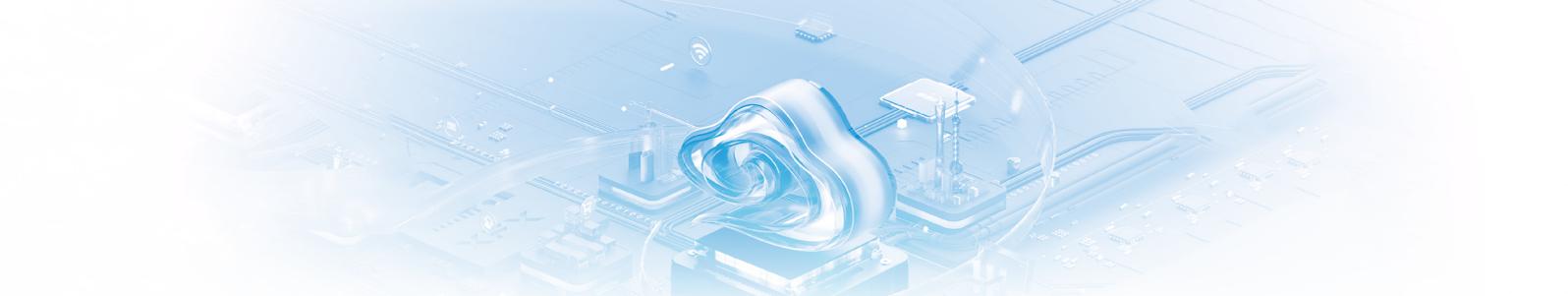
The Company is also committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Group to enhance the effectiveness of corporate governance of the Company as a whole.

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee has been monitoring and evaluating the implementation of the Board Diversity Policy from time to time to ensure its continued.

The Company has established mechanisms which will ensure that there are channels (in addition to independent non-executive directors) where independent views are available, including the access by directors of the Company to external independent professional advice to assist their performance of duties.

During the Reporting Period, the Board and the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy and the above mechanisms.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objective.



CORPORATE GOVERNANCE REPORT

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has the Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- integrity and reputation;
- commitment in respect of available time and relevant interest; and
- diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

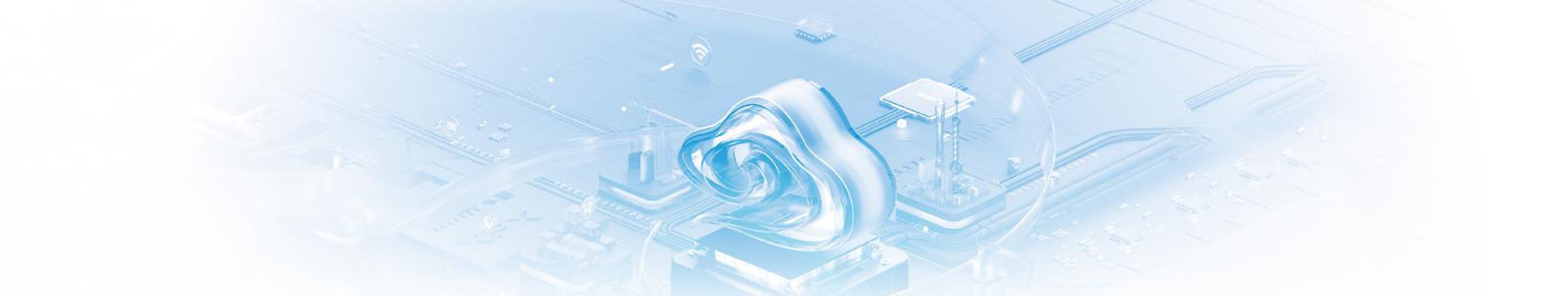
The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings of the Company. During the year ended 31 December 2022 and up to the date of this report, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

During the year ended 31 December 2022, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.



CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Governance Structure of Risk Management and Internal Control

The Board acknowledges its responsibilities to make sure that the Group maintains a solid and effective internal control system and monitor the effective implementation of such system. On behalf of the Board, the Audit Committee annually reviews the effectiveness of the internal control and risk management systems. The Board is also responsible for overseeing the risks (including environmental, social and governance risks) to the Group, determining the risks that the Group is expected and able to tolerate, and actively considering, analyzing and formulating strategies to manage the critical risks to the Group. The Group has designed and implemented an internal control and risk management framework. The internal control system of the Group is designed to manage, rather than eliminate, the risks that impede the ability of the Group to achieve its business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

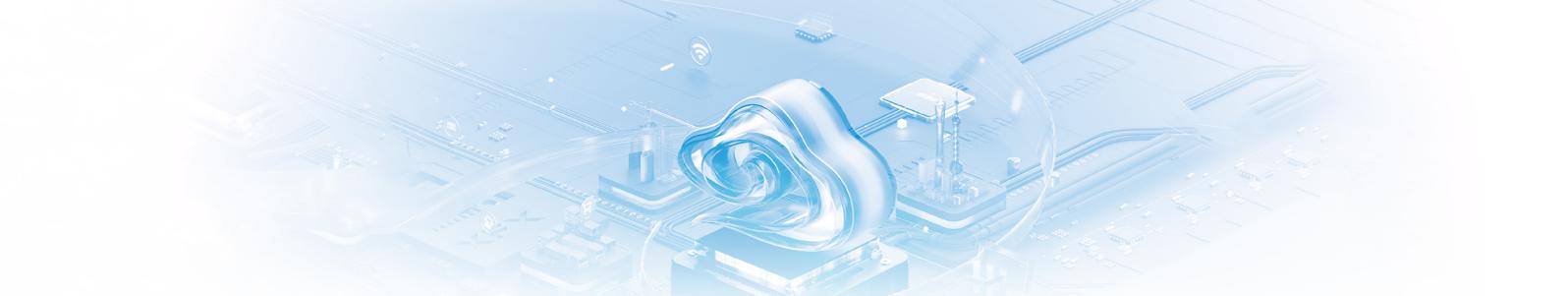
The business operation departments of the Group identify, evaluate and respond to the risks owned by the departments according to their responsibilities, and implement risk management procedures and internal control measures within the scope of each business and functional operation. Meanwhile, the management has established the risk control and compliance management department, which is responsible for providing an independent supervision and audit on the effectiveness of the Group's governance, risk management and internal control systems.

1 *Internal Control*

The Group has designed an internal control system based on its business characteristics. The internal control system clearly specifies the roles and responsibilities of each party as well as the authorisation and approvals required for the key actions of the Group. Policies and procedures are in place for the key business processes. Through the control self-assessment, the management evaluates the general effectiveness of the internal control systems of the Group.

2 *Risk Management*

The Group has risk management processes to address various risks in relation to its operations. The Group's risk management objectives include (1) identifying internal and external risks that may affect the achievement of its operating objectives; (2) analyzing and evaluating priorities of identified risks; (3) developing risk mitigation plans and action plans to enable reasonable resource allocation by the Group to cope with risks; and (4) supervising the implementation of its risk mitigation plans.



CORPORATE GOVERNANCE REPORT

The management has analysed and assessed the nature and severity of the major risks faced in 2022 through the above risk management processes. With the continuous expansion of the Group's business scale and the changing external operating environment, the management believes that among the five significant risks disclosed in 2021, the risk level of intellectual property risk has been reduced to a certain extent, therefore it is no longer regarded as a significant risk for the Group, while other risks remained stable.

On behalf of the Board, the Audit Committee monitors the risk profile of the Group and evaluates changes in the nature and severity of the significant risks to the Group. The Audit Committee believes that management has taken appropriate measures to address and manage the significant risks to a level acceptable to the Board.

The following summarizes the current significant risks to the Group and its responses to risks. The Group's risk profile may change and the risks listed below are not exhaustive.

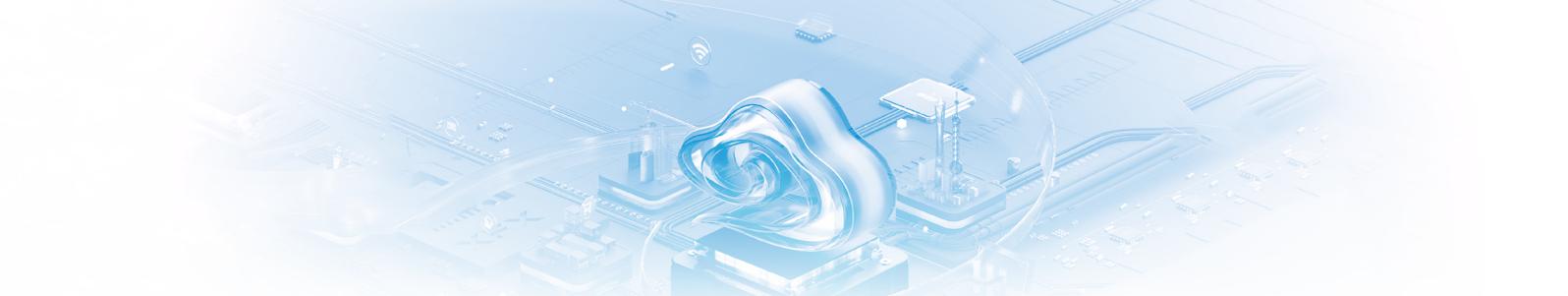
2.1 Macro Political, Economic, and Business Environment Risk

The real estate market in China may be adversely affected by various factors, including the macroeconomy of China, the supply and demand of real estate, and any macro-economic control measures imposed by the government of China on real estate enterprises. In 2022, China's residential market has undergone multiple terrible blows. In the continuous decline of the industry, the Company's business has also been greatly affected, of which, many factors are beyond the Company's control. The downturn or adverse development of the real estate market of China may reduce the demand for the Group's software solutions and profitability.

In order to cope with the risks brought by the macro-political economy and business environment and ensure sustained and healthy business development, the Group sets up a number of professional departments and teams, pays close attention to the industry dynamics and policy changes, accordingly adjusts its business strategies and improves the corresponding management mechanism based on scientific and reasonable measures, and realise the improvement of operating efficiency through the transformation of internal business operation, so as to ensure that it can better support the Company's strategic development.

2.2 Information Security Risk

The Group attaches great importance to the protection of customer data, which is very important to the Group's business. The Group is also aware that any information security incidents in respect of business secrets of the Group may lead to loss or theft of its business secrets, customer and user data, which has a significant impact on the Group, its customers and users, and significant reputational risk to the Group and even legal proceedings.



CORPORATE GOVERNANCE REPORT

The Group has the responsibility to protect sensitive customer information. It has provided employees with information security awareness training and implemented various control measures to ensure the protection of user data. The Group has established data storage, backup, emergency drills, protection control, etc. to ensure the security of the data storage, and regularly conducts penetration tests, disaster preparedness drills and external drills.

The Group has passed the information security protection certification (level 3) and obtained the ISO27001 information security management system certification. Meanwhile, the Group regularly assesses its network security and establishes coordination and emergency response mechanisms to deal with various information security threats in a timely manner.

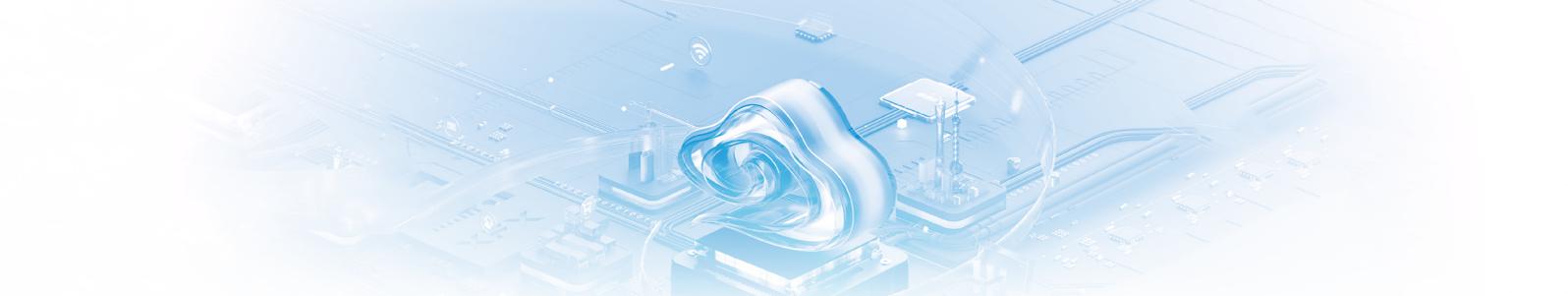
2.3 Market Competition Risk

The Group may face intensified competition in the market, in acquiring new customers and expanding the SaaS product business. Due to the fierce market competition in their industries, customers have higher expectations for SaaS products and services. There are inherent market competition risks in the launch of new businesses and products. Increased market competition may reduce the Group's market share and profitability.

The Group pays close attention to the changing trend of the real estate industry and customer demand. The Group has established a professional team to conduct industry analysis and research regularly and provide relevant insights as decision references for the senior management to make market strategies. In order to maintain a competitive advantage in business, the Group has invested a large number of resources to continuously strengthen its product and technical capabilities, continuously developed products that meet the needs and expectations of market users, continued to maintain the investment in the Skyline PaaS Platform, further combined the core strategy of "PaaS + Service" and cooperated with ecological partners and regional partners to provide better products, solutions and services for the entire real estate ecological chain.

2.4 Public Event Response Risk

The Group's operations may be subject to public events including natural disasters, social safety events or epidemic diseases. For example, strict pandemic prevention and control measures were continuously implemented in China for most of 2022, and commercial activities in the affected areas were restricted. Although the National Health Commission has adjusted COVID-19 to a Class B infectious disease in December 2022, there are still uncertainties in the continued development and evolution of the pandemic after the lifting of the lockdown, which poses a threat to the health of the Group's employees and its partners and the safety of the workplace.



CORPORATE GOVERNANCE REPORT

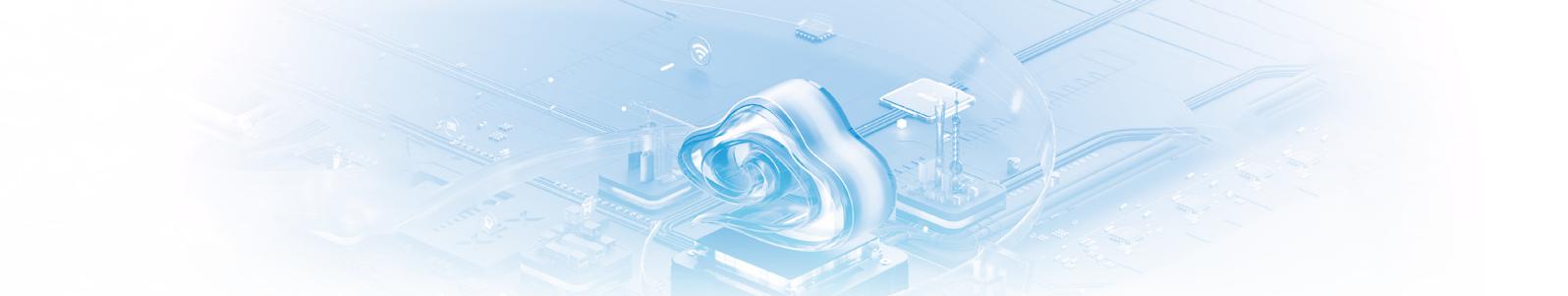
Before the lifting of the lockdown, the Group fully implemented the pandemic prevention and control work of the national and local governments, including the establishment of a pandemic prevention and control mechanism. After the unblocking, the Group has also adopted appropriate and reasonable risk response and prevention measures to deal with the impact of the adjustment of the COVID-19 control policy, including providing employees with mental health consultation services, popularising a series of health and safety protection measures, providing anti-pandemic supplies such as alcohol, gloves, and masks, contacting procurement channels and coordinating employee needs to centrally purchase anti-pandemic drugs, strengthening the disinfection and cleaning of the workplace, and conducting regular inspections to ensure the health and safety of the working environment.

2.5 Intellectual Property Management Risk

The Group has continuously refined its policies and processes for intellectual property management over the last year. In addition to enhancing employees' awareness of intellectual property protection through publicity and training, the Group has established an intellectual property database with a focus on its core business and key products, including software copyrights, trademarks, business secrets, etc., for management, achieving full coverage of intellectual property management system certification. Meanwhile, the Group has also engaged an independent third-party organization to review its intellectual property management compliance, actively and timely paid attention to changes in relevant laws and regulations, and provided early warning and avoidance of risks of potential infringement or infringement from others. In the field of intellectual property rights, we have taken various measures to reduce the probability and severity of the risk to a certain extent. Therefore, the risk of intellectual property management is no longer considered a significant risk for the year.

Effectiveness of Internal Control and Risk Management

On behalf of the Board, the Audit Committee conducts an annual review of the effectiveness of the Group's internal control and risk management systems for the year ended 31 December 2022. The review procedures comprise of, among other things, meeting with management of business units, and the external auditors, reviewing management's self-assessment results on internal control and risk assessment and discussing the significant risks with the senior management team and receiving whistleblower reports, if any, through various channels and following up and investigating alleged activities. During the Reporting Period, the Board is of the view that the Group's internal control and risk management systems are effective and adequate, and the Group has complied with the code provisions of the CG Code in relation to internal control and risk management.



CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements, which are put to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 102 to 109.

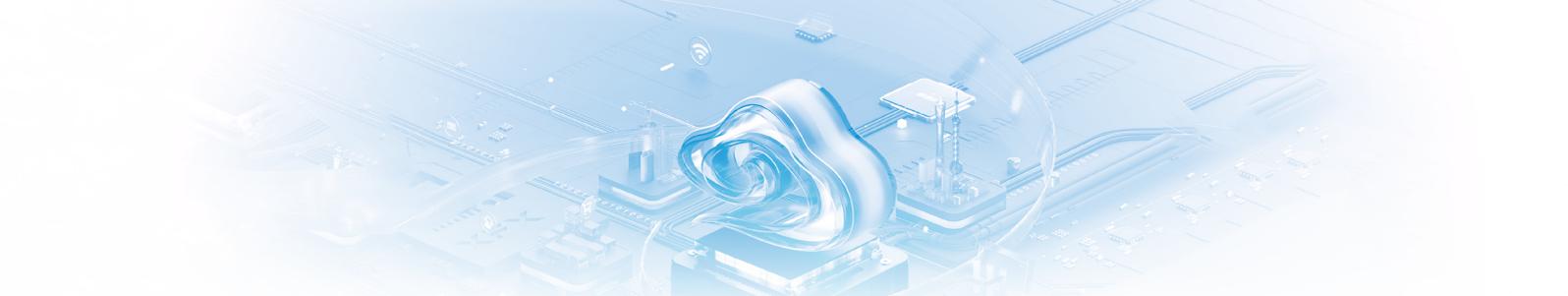
AUDITOR'S REMUNERATION

The remuneration paid to the independent auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended 31 December 2022 is set out below:

Service Category	Fees Paid/Payable
	<i>RMB'000</i>
Audit services	4,380
Non-audit services	6,890
Total	11,270

JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. Jiang Keyang, our executive Director, is one of our joint company secretaries of the Company and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed. Subsequently on 28 March 2023, Mr. Jiang Keyang has resigned as an executive Director and a joint company secretary of the Company and Mr. Ye Junwen has been appointed as one of our joint company secretary of the Company on the same day.



CORPORATE GOVERNANCE REPORT

During the Reporting Period, in order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Szeto Kar Yee Cynthia (“**Ms. Szeto**”), a manager of TMF Hong Kong Limited (a global corporate services provider), as another joint company secretary of the Company to assist Mr. Jiang Keyang to discharge his duties as company secretary of the Company. Mr. Jiang Keyang is her primary contact person in the Company.

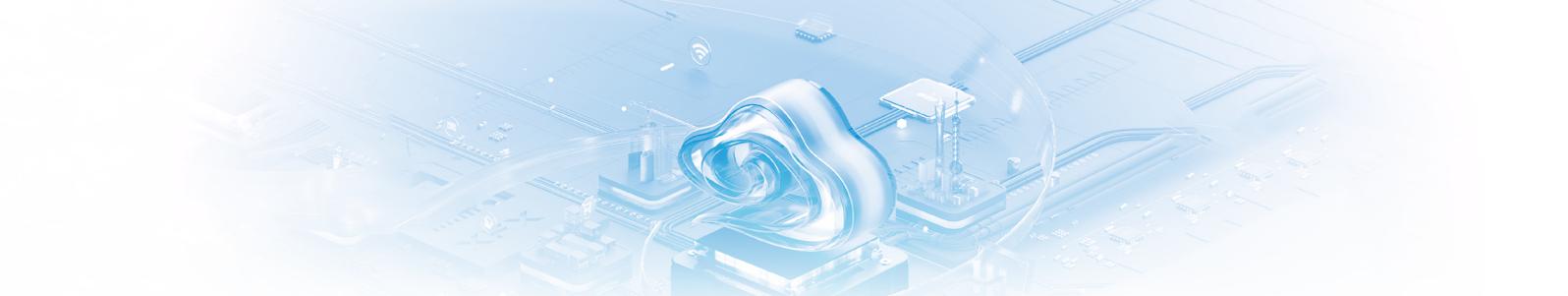
For the year ended 31 December 2022, each of Mr. Jiang Keyang and Ms. Szeto has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS’ RIGHTS

The Company engages with the Shareholders through various communication channels. To enable shareholders and other stakeholders to exercise their rights in an informed manner based on a good understanding of the Group’s operations, businesses and financial information, the Company adopted the shareholders’ communication policy with the objective of ensuring equal, timely, effective, transparent, accurate and open communications with the shareholders of the Company. The policy also sets out a number of ways to ensure effective and efficient communication strategies with shareholders and other stakeholders are achieved, including but not limited to corporate communications (in both English and Chinese, to facilitate shareholders’ understanding), posting of relevant information on the corporate website and shareholders’ meetings.

To safeguard Shareholders’ interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings of the Company, including the election of individual Directors. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results announcement will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

General meetings provide an opportunity for constructive communication between the Company and the shareholders. For shareholders to communicate their views on various matters affecting the Company and the Company to solicit and understand the views of shareholders and other stakeholders, the Company adopts a number of mechanisms, including encouraging shareholders to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings.



CORPORATE GOVERNANCE REPORT

Convening an Extraordinary General Meeting

Pursuant to Article 58 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at Annual General Meetings

The Company must hold an annual general meeting of the Company every financial year other than the financial year of the Company's adoption of the Articles of Association and such annual general meeting must hold within six (6) months after the end of the Company's financial year, unless a longer period would not infringe the Listing Rules, if any. A meeting of members or any class thereof may be held by means of such telephone, electronic or other communication facilities and participation in such a meeting shall constitute presence at such meeting.

To facilitate communication between the Company, shareholders and the investor community, the corporate website has been adopted as the designated hub for publication of the corporate information, such as principal business activities and latest development of the Company and the Group. Also, it provides information on corporate governance of the Group as well as the compositions and functions of the Board and the Board committees.

Putting Forward Enquiries to the Board

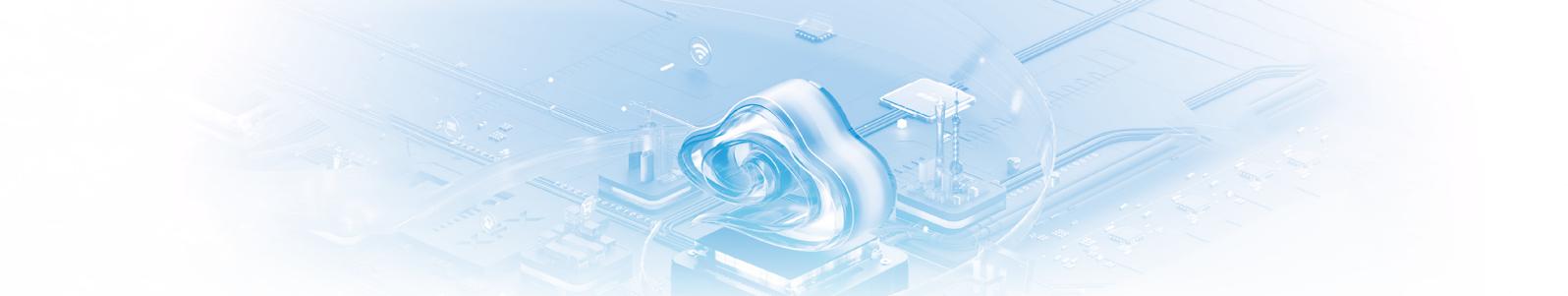
For putting forward any enquiry to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

The Shareholders may send their enquiries or requests as mentioned above to the following:

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

Email: ir@mingyuanyun.com



CORPORATE GOVERNANCE REPORT

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through AGMs and other general meetings. At the AGMs, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the year ended 31 December 2022, the Company has held the annual general meeting on 27 May 2022. All proposed Shareholders' resolution put to the above general meetings were duly passed by way of poll. Please refer to the announcement of the Company dated 27 May 2022 for details. No extraordinary general meeting had been held during the year ended 31 December 2022.

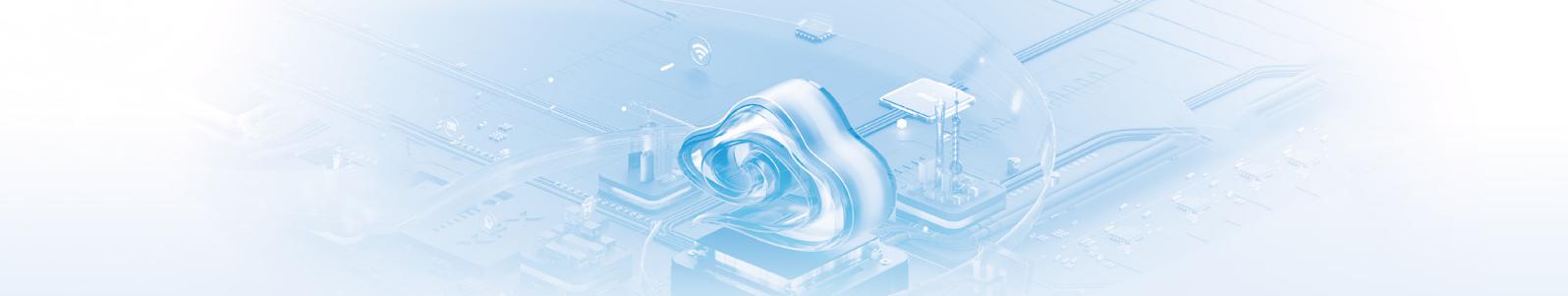
During the Reporting Period, the Board has reviewed the implementation and effectiveness of the shareholders' communication policy.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company's second amended and restated memorandum and articles of association were adopted on 27 May 2022 and were effective immediately. The said amended and restated memorandum and articles of association is available on the Company's website and the Stock Exchange's website.

DIVIDEND POLICY

The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors, among others, financial results, cash flow situation, business conditions and strategies and future operations and earnings, as set out in the dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to Shareholders' approval.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ming Yuan Cloud Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Ming Yuan Cloud Group Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 110 to 225, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

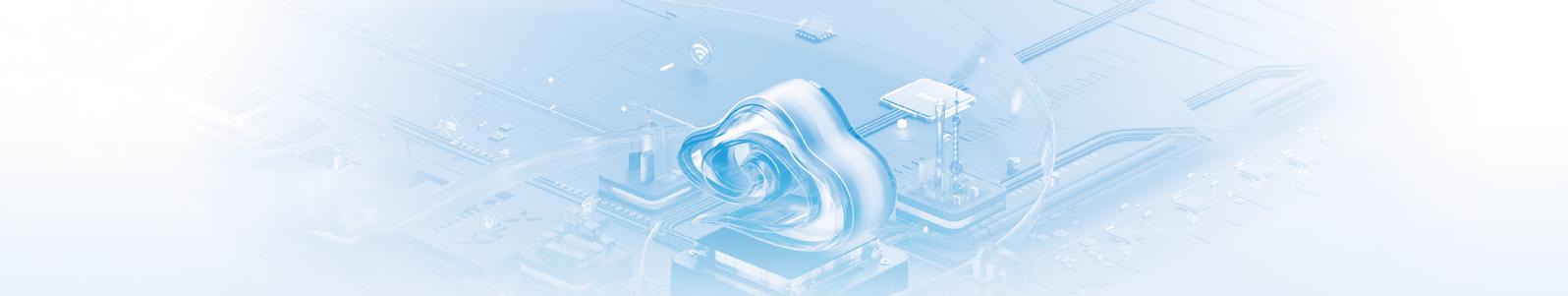
Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR'S REPORT

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

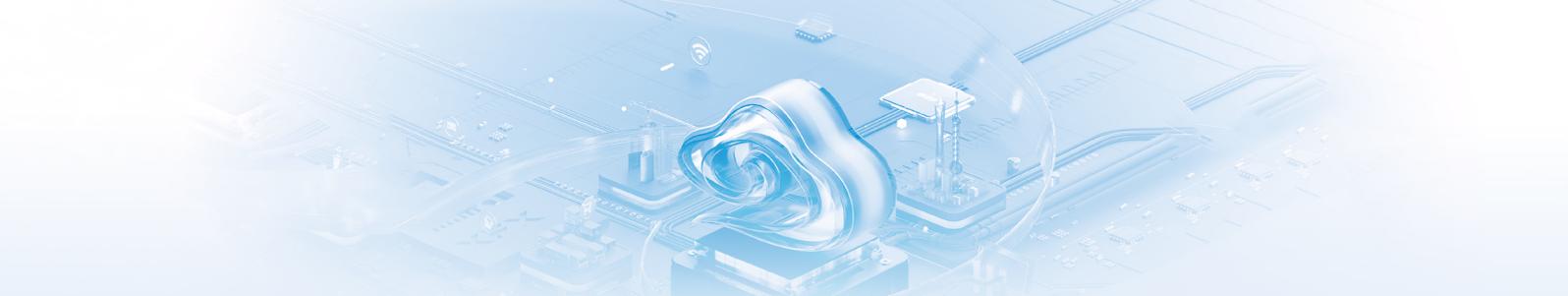
KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit are summarised as below:

- Revenue recognition
- Expected credit losses assessment of trade receivables and contract assets

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
Refer to Notes 2.23, 4(b), 4(c) and 6 to the consolidated financial statements.	Our audit procedures to assess the recognition of revenue included the following:
The Group's revenue represented income primarily from two main streams, which were provision of SaaS products of RMB1,427 million and ERP solutions (including ERP implementation and value-added services) of RMB389 million, totalled RMB1,816 million for the year ended 31 December 2022. Revenue is recognised when the Group satisfies a performance obligation by transferring the control of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for that goods or services at either a point in time or over time.	<ul style="list-style-type: none">• We performed risk assessment such as the complexity and subjectivity over the accounting estimate adopted in revenue recognition including measurement of progress towards complete satisfaction of a performance obligation and estimate on value of services performed to date as a proportion of the value of total services to be performed for ERP implementation and value-added services made by the management. We evaluated the outcome of prior period assessment of such judgement and estimate to assess the effectiveness of management's estimation process.



INDEPENDENT AUDITOR'S REPORT

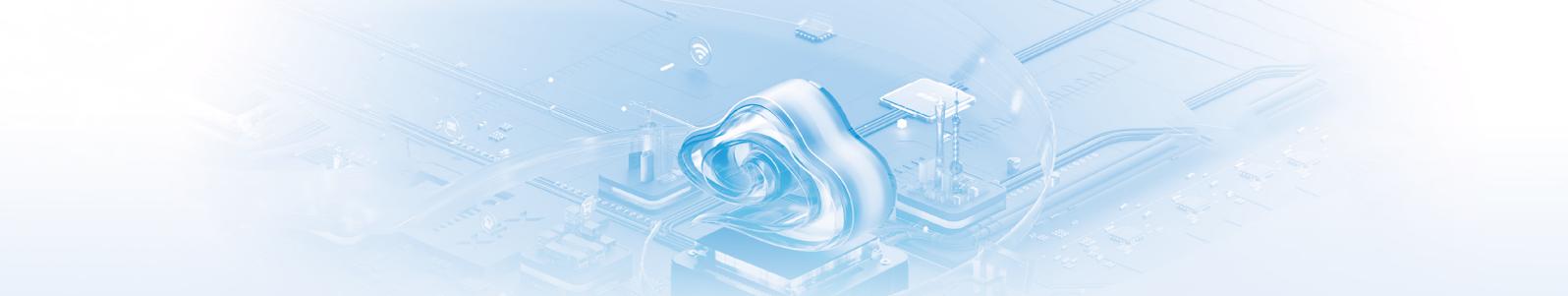
Key Audit Matter

We identified revenue recognition as a key audit matter because of the following:

- 1) Revenue from ERP implementation and value-added services is recognised over the period of the contract by reference to the progress towards complete satisfaction of a performance obligation and acknowledgement by the customers, in which management's judgement on the progress and management's estimate on value of services performed to date as a proportion of the value of total services to be performed are required. The judgement and estimate involved give rise to a higher risk of material misstatement in revenue recognition.
- 2) The revenue from SaaS products and ERP solutions generated through regional channel partners was significant and accounted for approximately 52% of total revenue for the year ended 31 December 2022. The Group acts as the principal to end customers for sales of SaaS products through regional channel partners. In respect of the revenue from ERP solutions, the Group acts as the principal to regional channel partners in the model of sales through them. The Group's management assesses the Group's role as a principal or an agent based on the Group's principal-agent assessment on whether (a) the Group is primarily responsible for fulfilling the promise to provide the services, (b) the Group bears certain inventory risk, and (c) the Group has discretion in establishing the price. This assessment involves judgements and the results could impact the presentation of revenue and related costs in the consolidated financial statements.

How our audit addressed the Key Audit Matter

- We understood, evaluated and tested the key controls in place over management's assessment of revenue recognition, including management's approval of progress reports and review of revenue contracts for determining whether the Group is principal or agent in the contracts for sales through regional channel partners;
- We inspected the Group's contracts with customers, on a sample basis, to understand the terms of service provision and assessed revenue recognised against the Group's accounting policy with reference to the requirements of the prevailing accounting standards, including revenue recognition criteria over ERP implementation and value-added services and principal-agent assessment for sales through regional channel partners for SaaS products and ERP solutions;
- For ERP implementation and value-added services, we, on a sample basis, agreed the progress towards complete satisfaction of the performance obligation to the progress reports acknowledged by the customers, and we obtained confirmations from selected customers in respect of the performance obligations covered in contracts and progress towards complete satisfaction of the performance obligation as of the reporting date. We compared such information to the progress reports used by the management in estimating the progress;



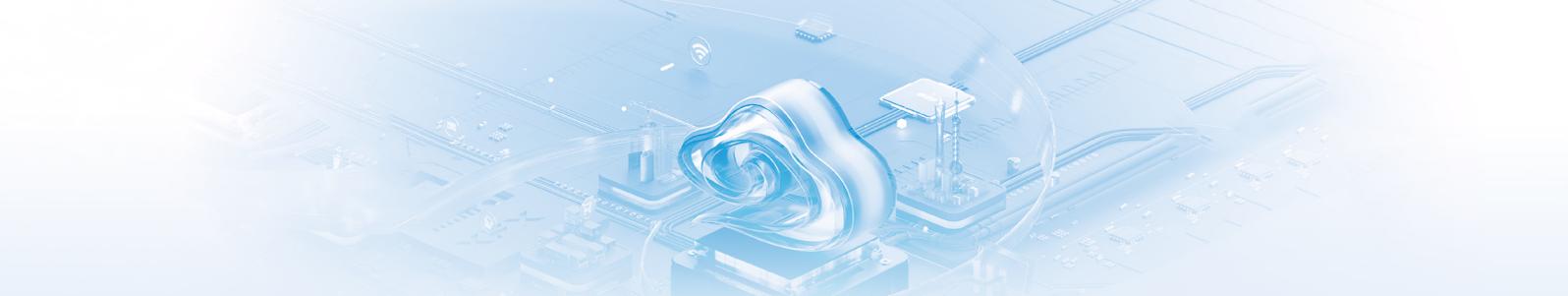
INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

How our audit addressed the Key Audit Matter

- For presentation of revenue and related costs generated from SaaS products and ERP solutions through regional channel partners, we inspected, on a sample basis, (1) contracts signed by the Group with the regional channel partners for the cost of sales made through regional channel partners to end customers, and (2) contracts signed by the regional channel partners with end customers for the amount of gross revenue, and recalculated the gross up amount, to ensure that the gross revenue and the related costs were being recognised and presented appropriately.

Based on the procedures above, we considered the judgements and estimates applied on revenue recognition were supported by the evidence we obtained.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

How our audit addressed the Key Audit Matter

Expected credit losses assessment of trade receivables and contract assets

Refer to Notes 4(e) 3.1(b), and 23 to the consolidated financial statements.

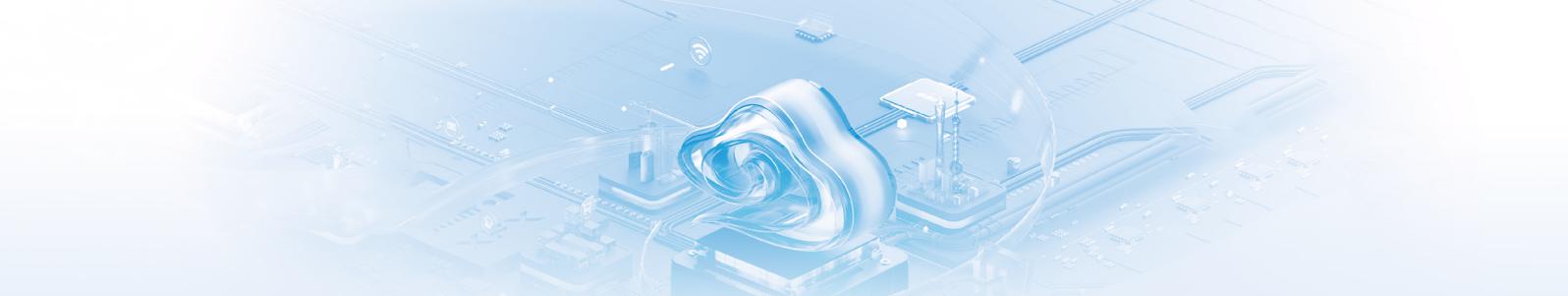
As at 31 December 2022, the gross amount of the Group's trade receivables and contract assets amounted to approximately RMB242 million which represented approximately 4% of the total assets of the Group. Management has estimated the expected credit losses ("ECL") on the trade receivables and contract assets and a loss allowance of approximately RMB112 million was made against the trade receivables and contract assets as at 31 December 2022.

Management estimated the ECL on trade receivables and contract assets based on estimation about risk of default and expected credit loss rates. Management applied judgements in making the estimation and selecting the inputs used in the ECL calculation, based on the customers' settlement history, financial position of major customers as well as forward looking information.

We considered this area a key audit matter due to the magnitude of the balance of trade receivables and contract assets as well as the significant judgements and estimates involved in the estimation of the related ECL given the complexity of the methodology and subjectivity of significant assumptions used.

Our procedures to assess the ECL of trade receivables and contract assets include:

- We obtained an understanding of management's internal control and process of the estimation of the ECL on trade receivables and contract assets and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity and subjectivity.
- We evaluated and tested management's key controls in relation to the estimate of the ECL.
- We assessed the appropriateness of the ECL provisioning methodology adopted by management based on our understanding on the Group's business and credit control process and the credit risk characteristics of the trade receivables and contract assets.
- We tested, on a sample basis, the accuracy of ageing analysis of trade receivables and contract assets by tracing to sales invoices and receipts.
- We challenged the reasonableness of the estimated risk of default and expected credit loss rates by considering past collection information and historical default rates of customers.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"><li data-bbox="810 523 1433 782">• We evaluated the financial position of major customers by checking to relevant information and evaluated the appropriateness of management's assessment of forward looking information with reference to our understanding of the Group's business and industry and external macroeconomic data.<li data-bbox="810 825 1433 890">• We checked the mathematical accuracy of the calculation of ECL.
	<p data-bbox="810 933 1433 1112">Based on the procedures above, we considered the judgements and estimates made by management in relation to the assessment of the ECL on trade receivables and contract assets were supported by the evidence we obtained.</p>

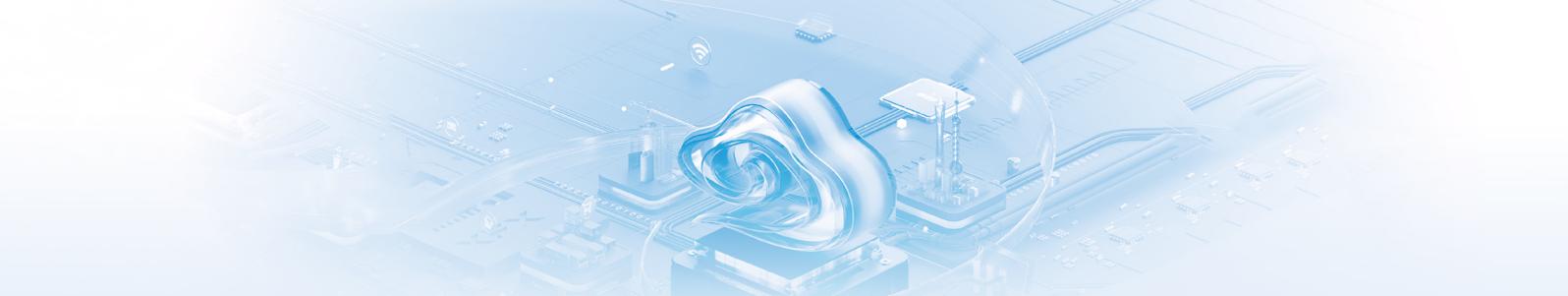
OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

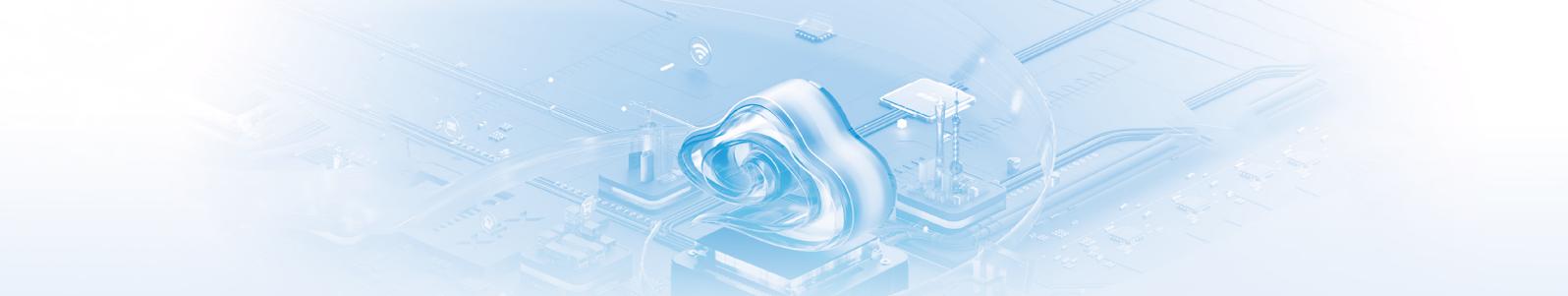
The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



INDEPENDENT AUDITOR'S REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tong Yu Keung.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenues	6	1,816,357	2,184,490
Cost of sales	7	(337,029)	(433,361)
Gross profit		1,479,328	1,751,129
Selling and marketing expenses	7	(1,006,908)	(897,209)
General and administrative expenses	7	(682,342)	(1,002,776)
Research and development expenses	7	(816,934)	(642,295)
Net impairment losses on financial assets and contract assets	3.1(b)	(58,329)	(43,593)
Other income	8	69,533	97,016
Other (losses)/gains, net	9	(250,025)	110,957
Operating loss		(1,265,677)	(626,771)
Finance income	11	108,693	126,613
Finance costs	11	(10,321)	(3,132)
Finance income, net		98,372	123,481
Share of losses of investments accounted for using the equity method	19	(1,361)	(264)
Loss before income tax		(1,168,666)	(503,554)
Income tax credit	12	9,454	7,636
Loss for the year		(1,159,212)	(495,918)
Loss attributable to:			
Owners of the Company		(1,154,070)	(343,982)
Non-controlling interests		(5,142)	(151,936)
		(1,159,212)	(495,918)
Losses per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic	13	(0.62)	(0.18)
Diluted	13	(0.62)	(0.18)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Loss for the year		(1,159,212)	(495,918)
Other comprehensive income/(loss), net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences from foreign operations		(33,022)	27,578
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences from the Company		382,375	(188,935)
Changes in fair value of financial assets at fair value through other comprehensive loss, net of tax	27	(3,021)	(6,089)
Total comprehensive loss for the year		(812,880)	(663,364)
Total comprehensive loss attributable to:			
Owners of the Company		(807,738)	(511,428)
Non-controlling interests		(5,142)	(151,936)
		(812,880)	(663,364)

The notes on pages 118 to 225 are integral parts of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	253,799	325,687
Investment properties	16	182,361	46,272
Right-of-use assets	17	404,301	99,816
Intangible assets	18	19,682	54,362
Financial assets at fair value through profit or loss	21	53,387	16,839
Financial assets at fair value through other comprehensive income	22	6,547	10,101
Contract acquisition costs	6	5,412	5,561
Prepayments and other receivables	23	46,514	79,467
Deferred income tax assets	29	19,942	9,507
Investments accounted for using the equity method	19	20,875	10,986
Restricted cash	25	500	500
Total non-current assets		1,013,320	659,098
Current assets			
Inventories		6,723	738
Contract assets	6	56,582	82,982
Contract acquisition costs	6	266,898	278,647
Trade receivables	23	73,506	79,580
Prepayments and other receivables	23	98,606	65,253
Income tax recoverable		–	3,606
Financial assets at fair value through profit or loss	21	29,702	352,387
Term deposits	24	2,994,122	3,432,800
Restricted cash	25	2,630	350
Cash and cash equivalents	25	1,642,078	2,017,356
Total current assets		5,170,847	6,313,699
Total assets		6,184,167	6,972,797
EQUITY			
Share capital	26	172	173
Treasury shares	26	(219,501)	(7)
Reserves	27	7,207,104	6,664,038
Accumulated losses		(1,885,025)	(730,873)
		5,102,750	5,933,331
Non-controlling interests		(8,297)	(3,155)
Total equity		5,094,453	5,930,176

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Contract liabilities	6	33,225	32,092
Lease liabilities	17	174,983	61,620
Deferred income tax liabilities	29	776	458
Total non-current liabilities		208,984	94,170
Current liabilities			
Trade payables	30	37,874	66,062
Other payables and accruals	31	225,505	239,958
Contract liabilities	6	567,778	601,001
Current income tax liabilities		–	9
Lease liabilities	17	49,573	41,421
Total current liabilities		880,730	948,451
Total liabilities		1,089,714	1,042,621
Total equity and liabilities		6,184,167	6,972,797

The notes on pages 118 to 225 are integral parts of these consolidated financial statements.

The consolidated financial statements on pages 110 to 225 were approved for issue by the Board of Directors on 28 March 2023 and were signed on its behalf.

Gao Yu,
Director

Xiao Zhimiao,
Chief Financial Officer

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
As at 1 January 2022		173	(7)	6,664,038	(730,873)	5,933,331	(3,155)	5,930,176
Loss for the year		-	-	-	(1,154,070)	(1,154,070)	(5,142)	(1,159,212)
Changes in fair value of financial assets at fair value through other comprehensive loss, net of tax	27	-	-	(3,021)	-	(3,021)	-	(3,021)
Currency translation differences		-	-	349,353	-	349,353	-	349,353
Total comprehensive losses for the year		-	-	346,332	(1,154,070)	(807,738)	(5,142)	(812,880)
Transactions with owners:								
Issuance of ordinary shares	26(b)	1	-	-	-	1	-	1
Treasury shares	26(b)	-	(1)	-	-	(1)	-	(1)
Appropriation for statutory surplus reserve	27(b)	-	-	82	(82)	-	-	-
Share-based compensation reserve	27	-	-	499,450	-	499,450	-	499,450
Repurchase of the shares of the Company	26(c)	-	(418,504)	-	-	(418,054)	-	(418,054)
Transfer of vested restricted share units from treasury shares	27	-	2	(2,329)	-	(2,327)	-	(2,327)
Cancellation of shares	26(c)	(2)	198,559	(198,557)	-	-	-	-
Dividend distribution to the owners of the Company	14	-	-	(101,912)	-	(101,912)	-	(101,912)
Total transactions with owners of the Company		(1)	(219,494)	196,734	(82)	(22,843)	-	(22,843)
As at 31 December 2022		172	(219,501)	7,207,104	(1,885,025)	5,102,750	(8,297)	5,094,453

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	
As at 1 January 2021	170	(6)	7,001,418	(462,789)	6,538,793	30,743	6,569,536	
Loss for the year	-	-	-	(343,982)	(343,982)	(151,936)	(495,918)	
Changes in fair value of financial assets at fair value through other comprehensive loss, net of tax	27	-	(6,089)	-	(6,089)	-	(6,089)	
Currency translation differences	-	-	(161,357)	-	(161,357)	-	(161,357)	
Total comprehensive losses for the year	-	-	(167,446)	(343,982)	(511,428)	(151,936)	(663,364)	
Transactions with owners:								
Issuance of ordinary shares	26(a)	3	-	-	3	-	3	
Treasury shares	26(a)	-	(3)	-	(3)	-	(3)	
Transaction with non-controlling interests	27(a)	-	(588,838)	-	(588,838)	(63,881)	(652,719)	
Reserves set off the accumulated losses	27(b)	-	(75,898)	75,898	-	-	-	
Non-controlling interests arising from acquisition of a subsidiary		-	-	-	-	1,484	1,484	
Share-based compensation reserve	27	-	622,717	-	622,717	180,435	803,152	
Transfer of vested restricted share units from treasury shares	26(a)	-	2	(2)	-	-	-	
Dividend distribution to the owners of the company	14	-	(127,913)	-	(127,913)	-	(127,913)	
Total transactions with owners of the Company		3	(1)	(169,934)	75,898	(94,034)	24,004	
As at 31 December 2021		173	(7)	6,664,038	(730,873)	5,933,331	(3,155)	5,930,176

The notes on pages 118 to 225 are integral parts of these consolidated financial statements.

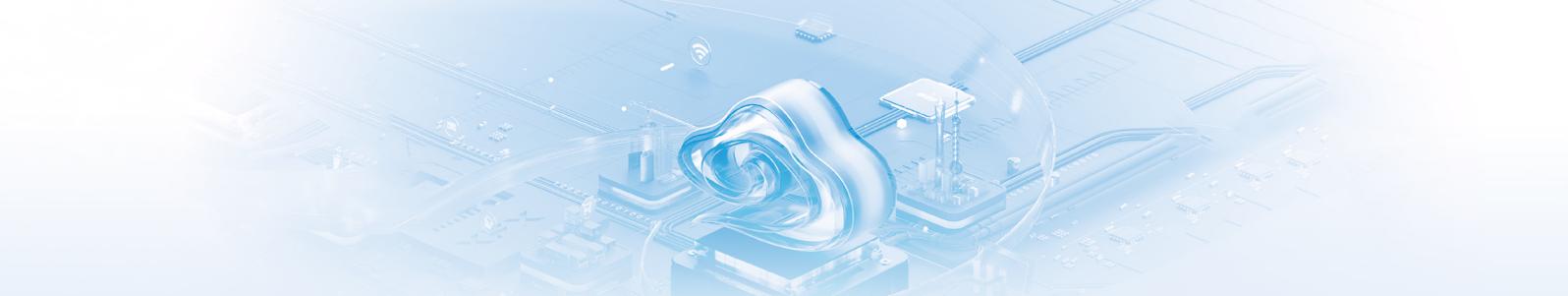
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash used in operations	32	(470,874)	(39,983)
Interest received		99,460	116,923
Income taxes refund		3,466	12,214
Net cash (used in)/generated from operating activities		(367,948)	89,154
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(113,995)	(247,864)
Proceeds from disposal of property, plant and equipment		1,629	1,865
Payments for purchase of intangible assets		(1,775)	(4,894)
Payments for purchase of financial assets at fair value through profit or loss – wealth management products and debt instruments		(2,594,510)	(3,451,147)
Proceeds from disposal of financial assets at fair value through profit or loss – wealth management products and debt instruments		2,912,390	3,397,489
Payments for purchase of financial assets at fair value through profit or loss – unlisted equity securities		(49,112)	(10,000)
Proceeds from disposal of financial assets at fair value through profit or loss – redeemable preferred shares		–	19,800
Payments for investments in an associate		(11,250)	(11,250)
Payments for prepayments of land use right		(151,317)	(36,440)
Net cash flow on acquisition of a subsidiary		–	(21,180)
Proceeds from income of financial assets at fair value through profit or loss		9,583	21,719
Placement of term deposits with initial terms over three months		(2,994,122)	(1,620,050)
Receipt from maturity of term deposits with initial terms over three months		3,432,800	–
Net cash (used in)/generated from investing activities		440,321	(1,961,952)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Listing expenses paid as financing activities		–	(954)
Payments for the repurchase of the shares of the Company		(418,054)	–
Shares withheld for restricted share units		(2,329)	–
Payment for acquisition of non-controlling interests in a subsidiary	27(a)	–	(652,719)
Dividend paid	14	(101,912)	(127,913)
Principal elements of lease payments		(64,865)	(31,593)
Interest paid		(10,321)	(3,132)
Net cash used in financing activities		(597,481)	(816,311)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		2,017,356	4,759,384
Effects of exchange rate changes on cash and cash equivalents		149,830	(52,919)
Cash and cash equivalents at the end of the year	25	1,642,078	2,017,356

The notes on pages 118 to 225 are integral parts of these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 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 (the “Listing”) on 25 September 2020 (the “Listing Date”).

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 (collectively, the “Business”).

The financial statements are presented in Renminbi (“RMB”), unless otherwise stated, and have been approved for issue by the Company’s board of directors (the “Board”) on 28 March 2023.

1.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and the requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and convertible redeemable preferred shares, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 New and amended standards and interpretations

(a) *New and amended standards adopted by the Group*

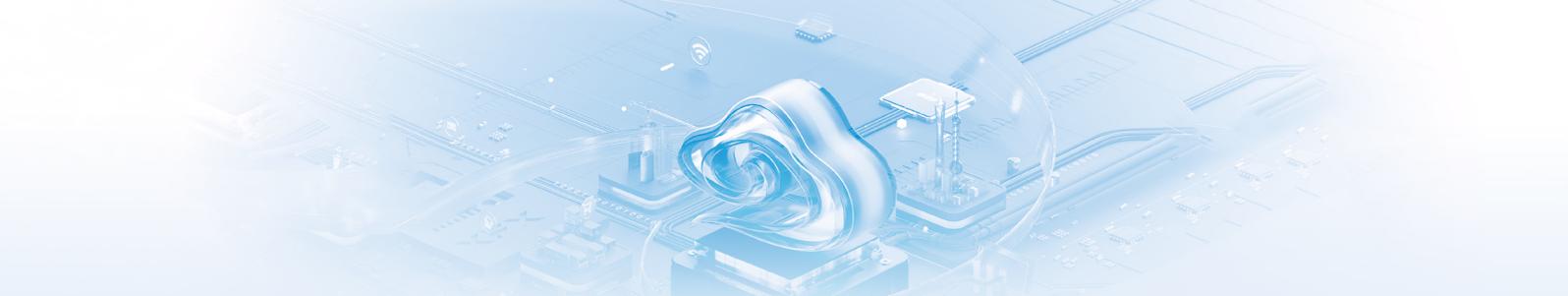
The Group has applied new and amended standards effective for the financial period beginning on 1 January 2022. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

(b) *New and amended standards and interpretations not yet adopted*

New standards and amendments to existing standards which have been issued but not yet effective and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts	1 January 2023
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	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 1 and IFRS 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

Management's preliminary assessment is that the application of the above standards, amendments and interpretations will not have a material impact on the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

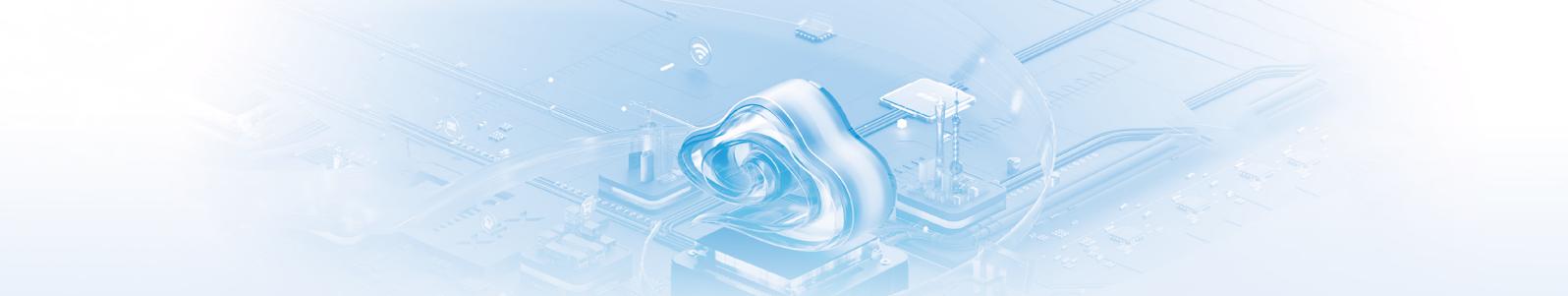
Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(a) Subsidiaries controlled through contractual arrangements

Shenzhen Mingyuan Cloud Technology Co., Ltd. (深圳市明源雲科技有限公司, "Ming Yuan Cloud Technology"), the subsidiary of the Company, obtained the control power on the 80% equity interest in Shenzhen Mingyuan Cloud Procurement Technology Limited ("Ming Yuan Cloud Procurement") through the contractual arrangement. The Company regards Ming Yuan Cloud Procurement as a 80% controlled structure entity and consolidated the financial position and result of operations of Ming Yuan Cloud Procurement in the consolidated financial statements in previous years.

As disclosed in Note 27, in September 2021, Ming Yuan Cloud Procurement repurchased the other 20% equity interest from its non-controlling shareholders. Ming Yuan Cloud Technology obtained 100% equity interest of Ming Yuan Cloud Procurement through entered into new contractual arrangements ("New Contractual Arrangements") with Ming Yuan Cloud Procurement and its registered shareholders who collectively hold 100% equity interests of Ming Yuan Cloud Procurement, which enable Ming Yuan Cloud Technology and the Group to:

- Exercise effective control over Ming Yuan Cloud Procurement;
- Exercise equity holders' voting rights of Ming Yuan Cloud Procurement;



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

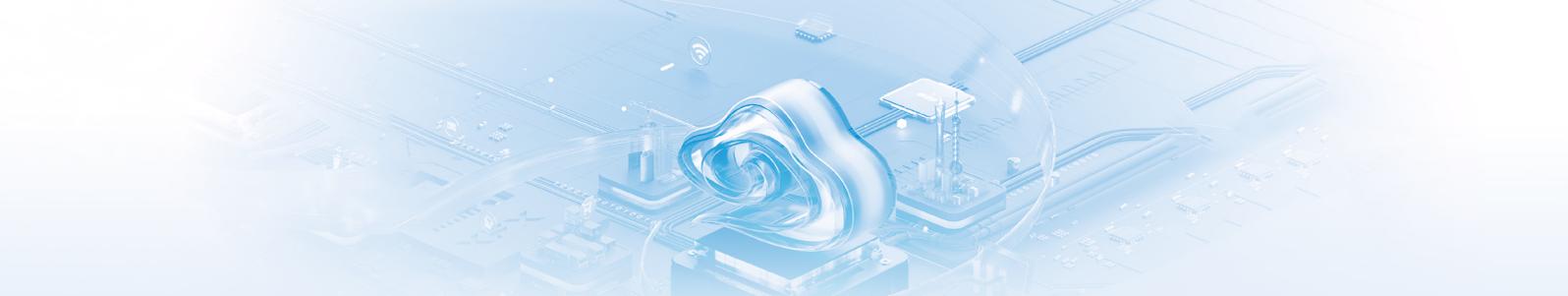
2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) *Subsidiaries controlled through contractual arrangements (Continued)*

- Receive substantially 100% of the economic interests and returns generated by Ming Yuan Cloud Procurement in consideration for the technical support, consulting and other services provided exclusively by Ming Yuan Cloud Technology;
- Obtain an irrevocable and exclusive right to purchase 100% of the equity interests in Ming Yuan Cloud Procurement from its registered shareholders at a nominal consideration unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. Where the purchase consideration is required by the relevant government authorities to be an amount other than a nominal amount, the registered shareholders of Ming Yuan Cloud Procurement shall return the amount of purchase consideration they have received to Ming Yuan Cloud Technology. At Ming Yuan Cloud Technology's request, the registered shareholders of Ming Yuan Cloud Procurement will promptly and unconditionally transfer their respective equity interests of Ming Yuan Cloud Procurement to Ming Yuan Cloud Technology (or its designee within the Group) after Ming Yuan Cloud Technology exercises its purchase right.
- Obtain pledges over 100% of the entire equity interests in Ming Yuan Cloud Procurement from its registered shareholders to secure, among others, performance of their obligations under the Contractual Arrangements.

The Group does not have any equity interest in Ming Yuan Cloud Procurement. However, as a result of Contractual Arrangements and New Contractual Arrangements, the Group has rights to variable returns from its involvement with Ming Yuan Cloud Procurement and has the ability to affect those returns through its power over Ming Yuan Cloud Procurement and is considered to control Ming Yuan Cloud Procurement. Consequently, the Company regards Ming Yuan Cloud Procurement as a 100% controlled structure entity and consolidated the financial position and result of operations of Ming Yuan Cloud Procurement in the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(b) Disposal of subsidiaries

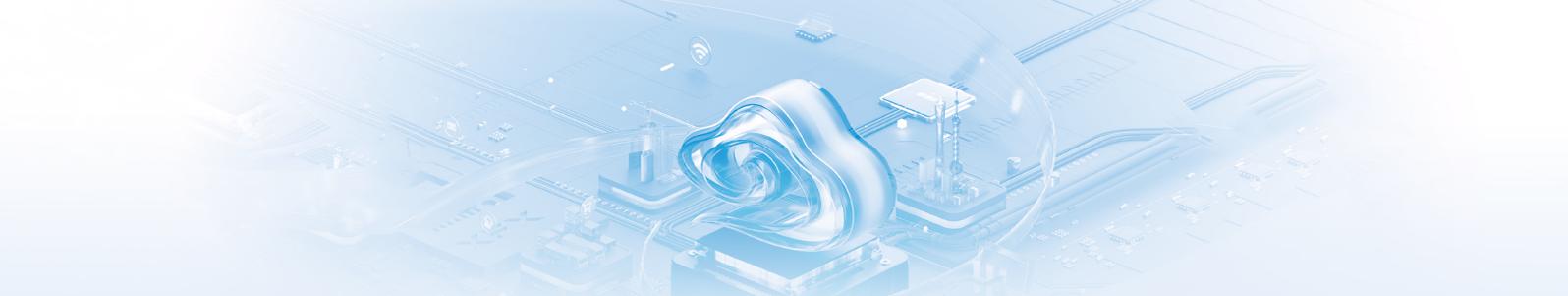
When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income (“OCI”) in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognised in OCI are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

(c) Business Combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets. Acquisition-related costs are expensed as incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(c) Business Combination (Continued)

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

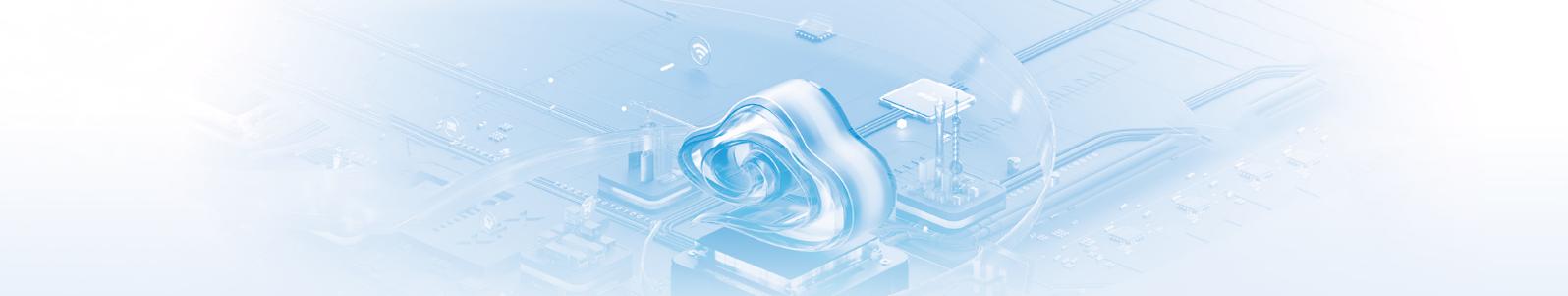
over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable. Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividends exceed the total comprehensive income of the subsidiaries in the period the dividends are declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

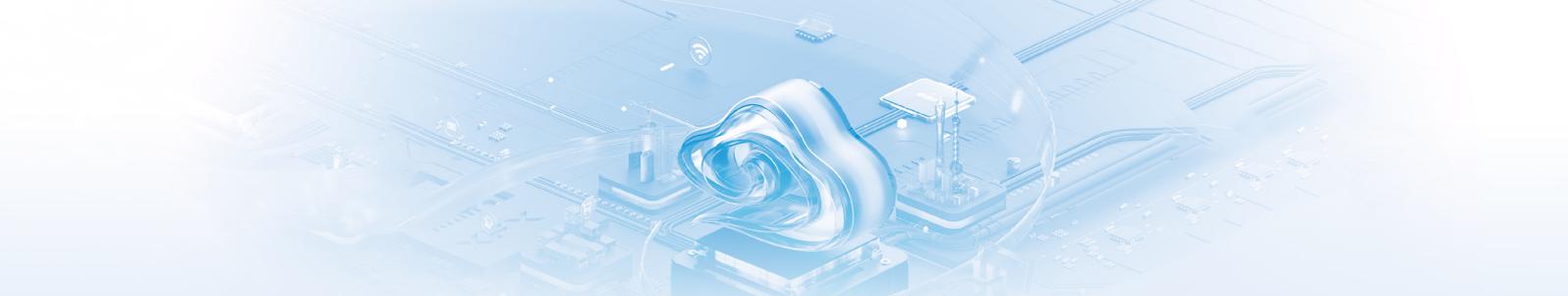
2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group has some investments in redeemable preferred shares of associates and the investments are classified as financial assets at fair value through profit or loss as defined in Note 2.10.

Investments in associates

Investments in associates are accounted for using the equity method of accounting in accordance with IAS 28. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee and the share of OCI of the investee after the date of acquisition. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The Group's investments in these associates include goodwill identified on acquisition, net of any accumulated impairment loss. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income or loss is reclassified to consolidated statements of comprehensive income or loss where appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates (Continued)

Investments in associates (Continued)

The Group's share of the associates' post-acquisition profit or loss is recognised in the consolidated statements of comprehensive income or loss, and its share of post-acquisition movements in other comprehensive income or loss is recognised in other comprehensive income or loss. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

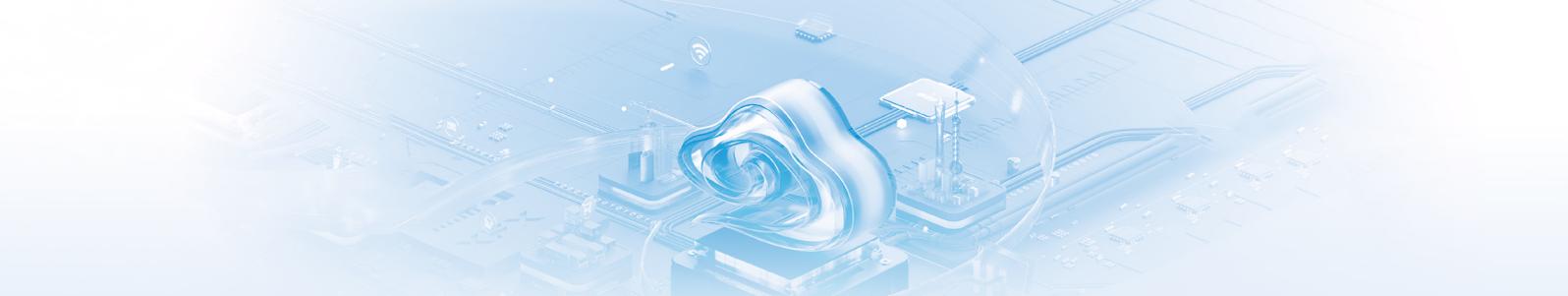
The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of losses of investments accounted for using the equity method" in the consolidated statements of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statements of comprehensive income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.5 Foreign currency translation

(a) Functional and presentation currency

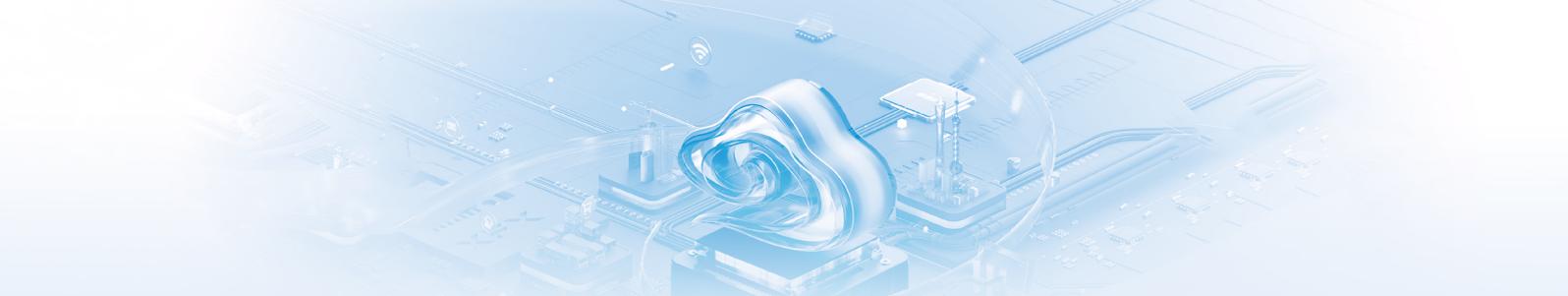
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The Functional Currency of the Company is HKD. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered RMB as their functional currency. As the major operations of the Group are within the PRC, the Group has determined RMB as its presentation currency and presented its consolidated financial statement in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income, within finance costs. All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statements of comprehensive income within "other gains, net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss ("FVPL"), are recognised in the consolidated statements of financial position as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as financial assets at fair value through OCI ("FVOCI"), are included in OCI.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

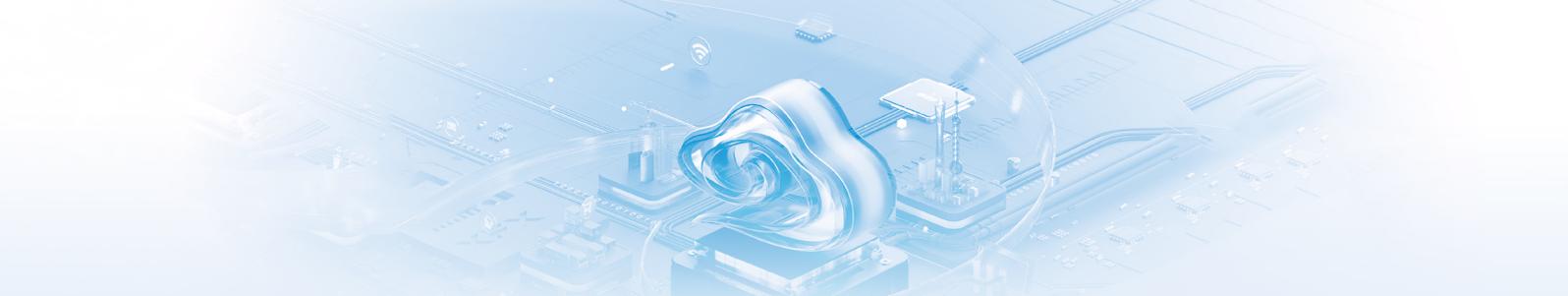
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in OCI.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical costs less depreciation. Historical costs include expenditure that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- | | |
|----------------------------------|---|
| • Buildings | 30-50 years |
| • Computer equipment | 3-5 years |
| • Furniture and office equipment | 3-5 years |
| • Motor vehicles | 5 years |
| • Leasehold improvements | Shorter of estimated useful lives and remaining lease terms |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

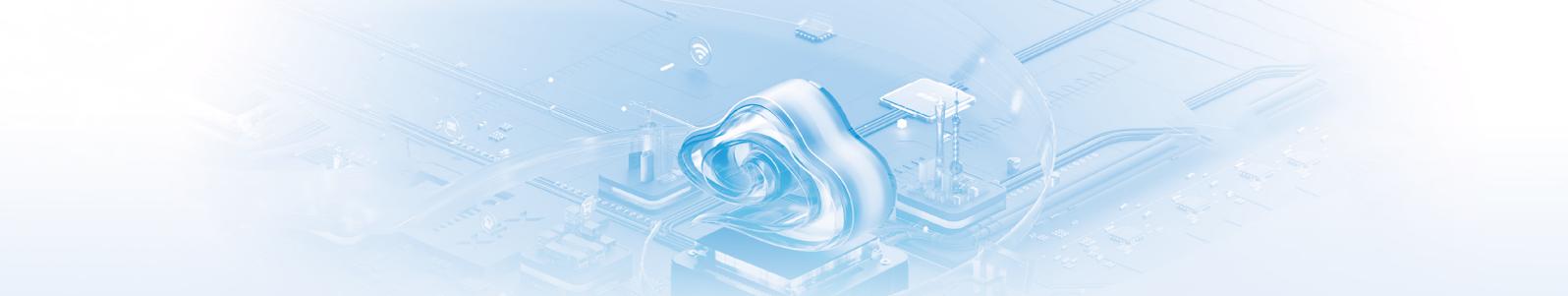
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in "other gains, net" in the consolidated statements of comprehensive income.

2.7 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis, after considering the estimated residual value (5% of original cost), over the estimated useful lives. The estimated useful lives of the Group's investment properties are 48-50 years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in note 2.2.1(c). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

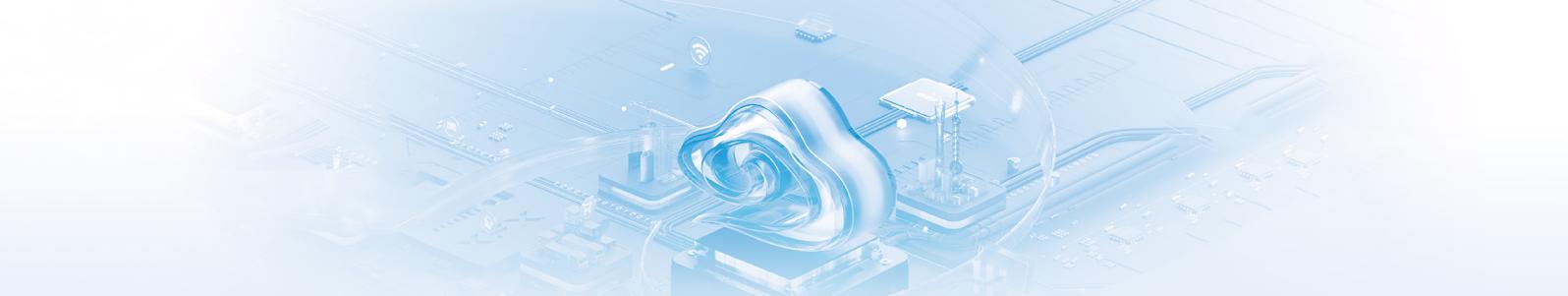
Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Software licenses

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining software are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software or database so that it will be available for use;
- management intends to complete the software or database, and use or sell it;
- there is an ability to use or sell the software or database;
- it can be demonstrated how the software or database will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software or database are available, and



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.8 Intangible assets *(Continued)*

(b) Software licenses (Continued)

- the expenditure attributable to the software or database during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software or database include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. There were no development costs meeting these criteria and capitalised as intangible assets for the years ended 31 December 2022 and 2021.

(c) Research and development expenditures

Research and development expenditures that do not meet the criteria in (a) above are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent period.

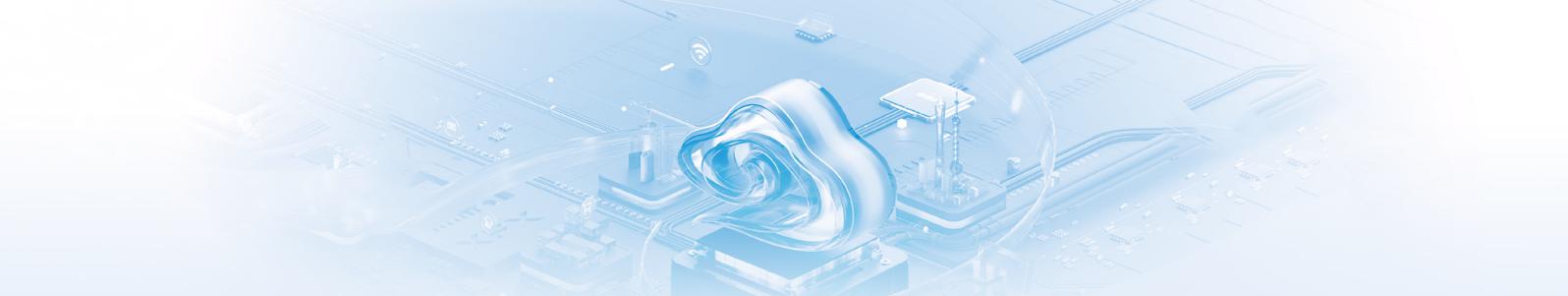
(d) Amortisation method and period

The Group amortises software licenses using the straight-line method over 5 years which is the best estimation under current business needs.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets (other than goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

See Note 20 for details of each type of financial assets.

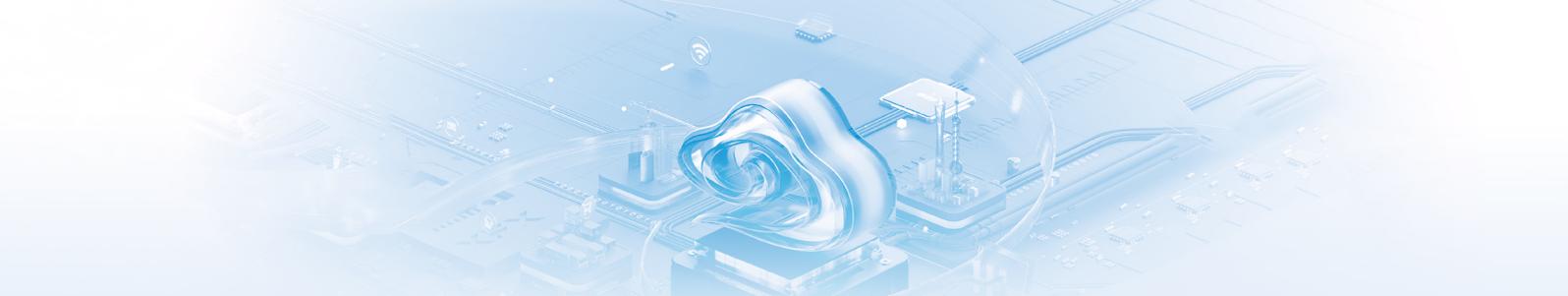
The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

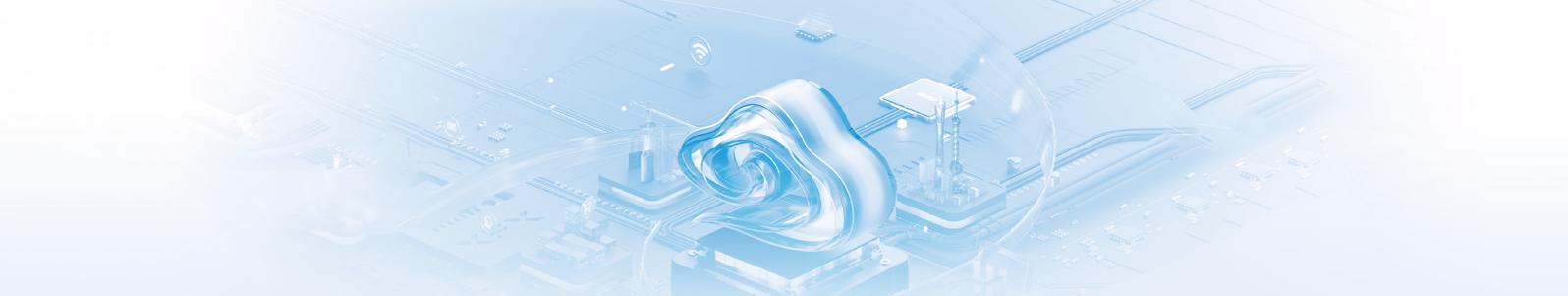
(c) Measurement (Continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses), net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses), net" and impairment expenses are presented as separate line item in the consolidated statements of comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

Debt instruments (Continued)

- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within “other gains/(losses), net” in the period in which it arises, except for the unrealised changes in fair value and realised income arising from investments in wealth management products presented net within “other income”.

Equity instruments

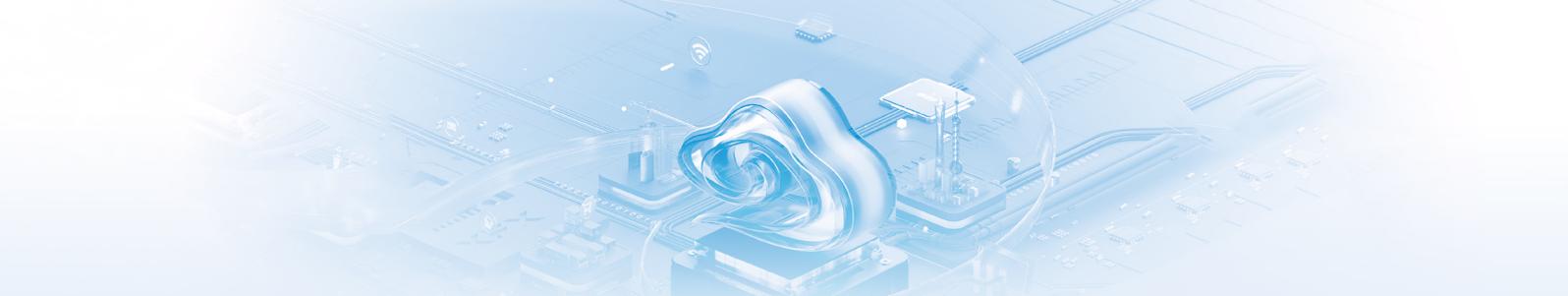
The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as “other income” when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in “other gains/(losses), net” in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group has types of assets subject to IFRS 9’s expected credit loss model:

- Trade receivables and contract assets
- Other receivables
- Term deposits
- Cash and cash equivalents and restricted cash



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.10 Financial assets *(Continued)*

(d) Impairment (Continued)

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See Note 23 for further details.

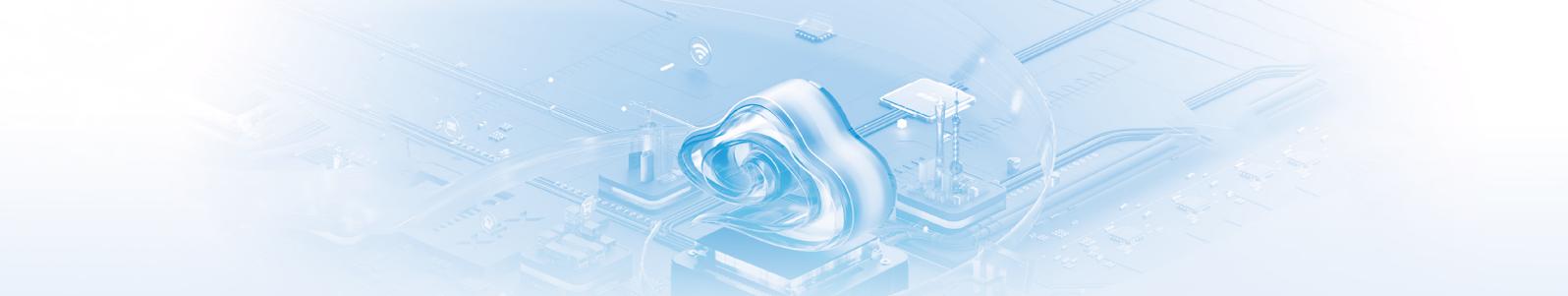
Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. To manage risk arising from restricted cash and cash and cash equivalents, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables and contract assets is described in Note 3.1(b).

(e) Derecognition

Financial assets

The Group derecognises a financial asset, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of derecognition of transfer of cash flows ("pass through" requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(e) Derecognition (Continued)

Financial assets (Continued)

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

Other financial liabilities

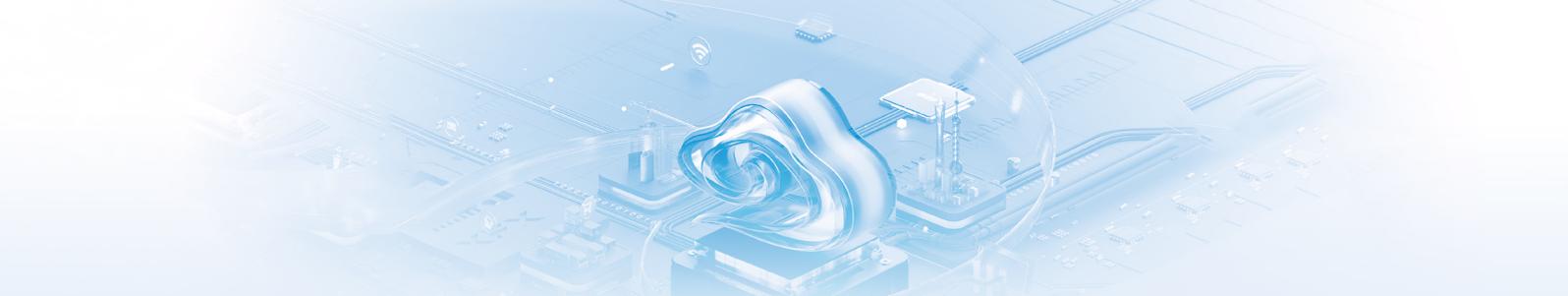
A financial liability is derecognised when the obligation under the liability is discharged, canceled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when the Group currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Inventories

Inventories consist primarily of software dongles, and are stated at the lower of cost, using the weighted average method, or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Trade and other receivables

Trade receivables are amounts due from customers for software licensing or services performed in the ordinary course of business. They are generally due for settlement within one year and therefore all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Other receivables are recognised initially at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 23 for further information about the Group's accounting for trade and other receivables and Note 3.1(b)(ii) for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

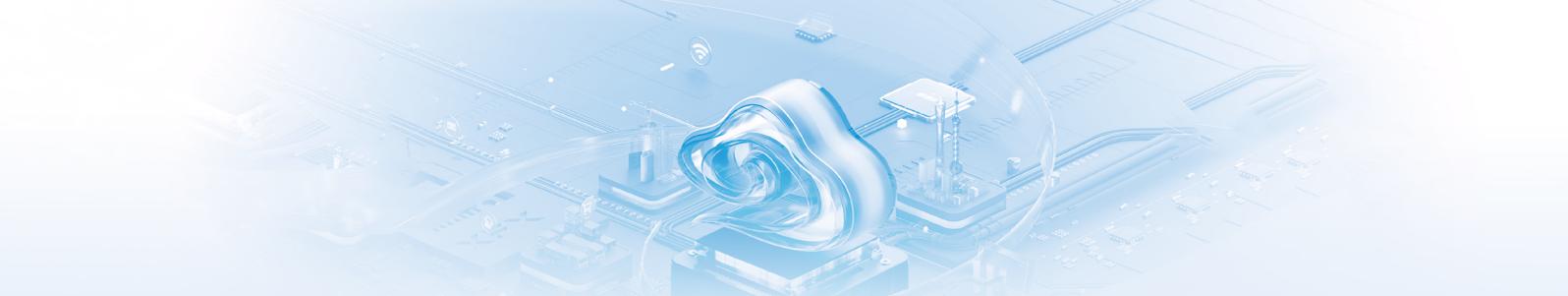
For the purpose of presentation in the statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Share capital

Ordinary shares are classified as equity (Note 26). Mandatorily redeemable preferred shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued and other reserve. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Trade and other payables

These amounts represent liabilities for products and services provided to the Group prior to the end of each reporting period which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

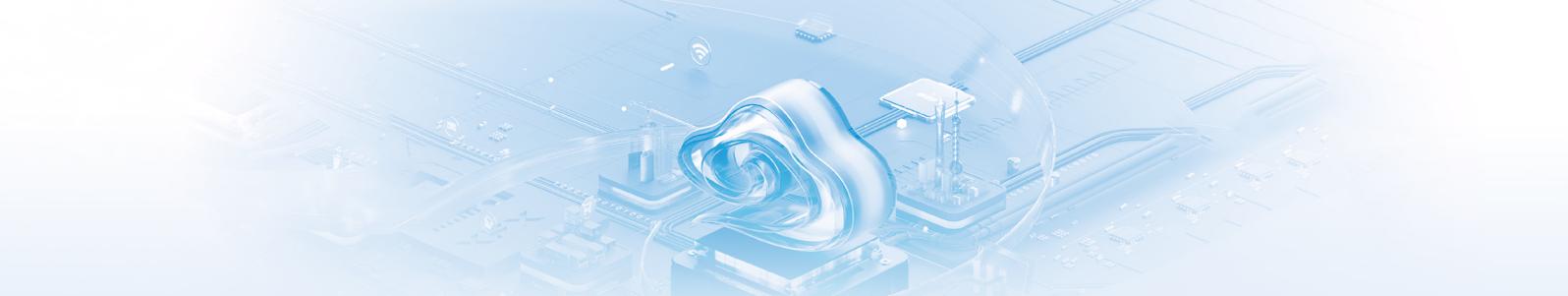
Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.18 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Current and deferred income tax (Continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

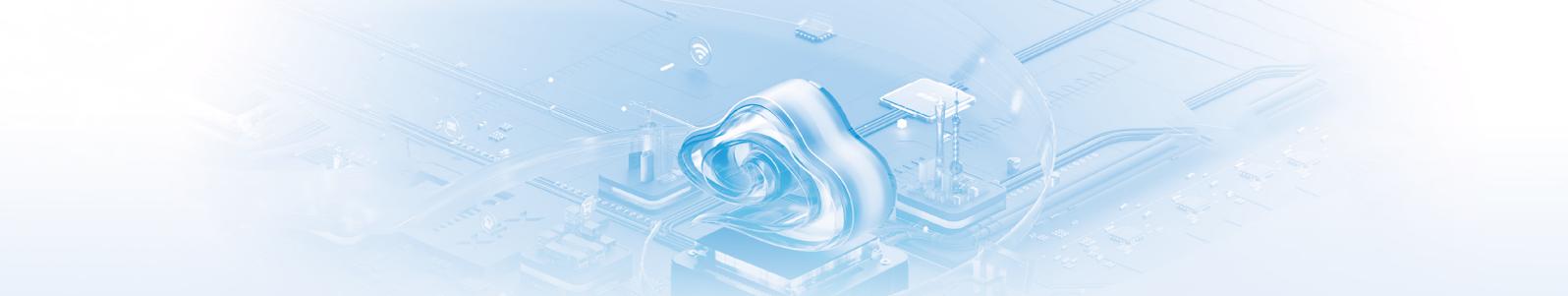
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution plans organised by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(b) Housing funds, medical insurances and other social insurances

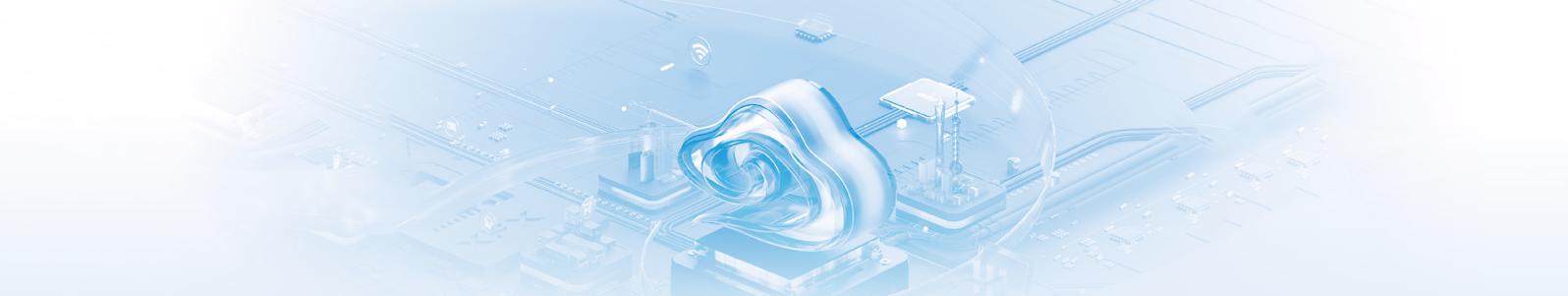
Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.20 Share-based benefits

As disclosed in Note 28, the Group operates an equity-settled share-based compensation plan, under which the Group receives service from its employees in exchange for the equity instruments of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based benefits (Continued)

The fair value of the employee service received in exchange for the grant of equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

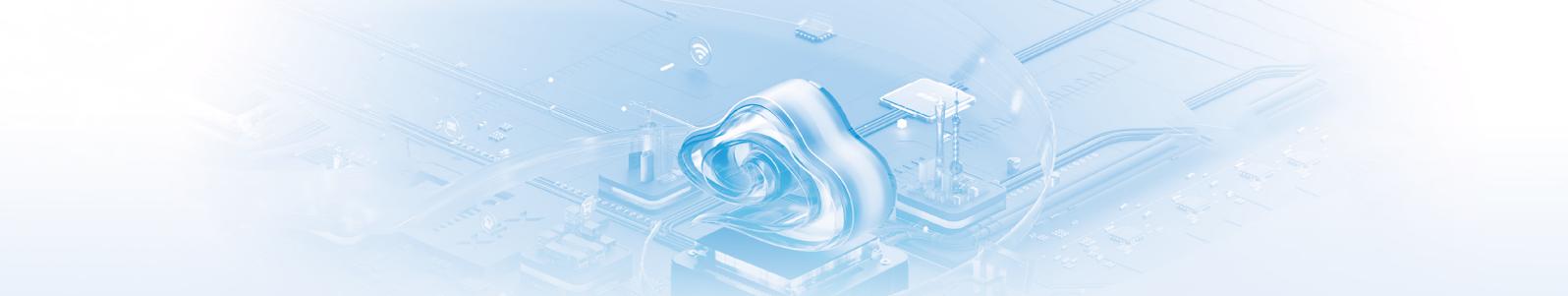
- Including any market performance conditions (e.g., the entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

The grant by the Company of its equity instruments to the employees of its subsidiaries is treated as a capital contribution in the separate financial statements of the Company. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Share-based benefits (Continued)

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when: the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

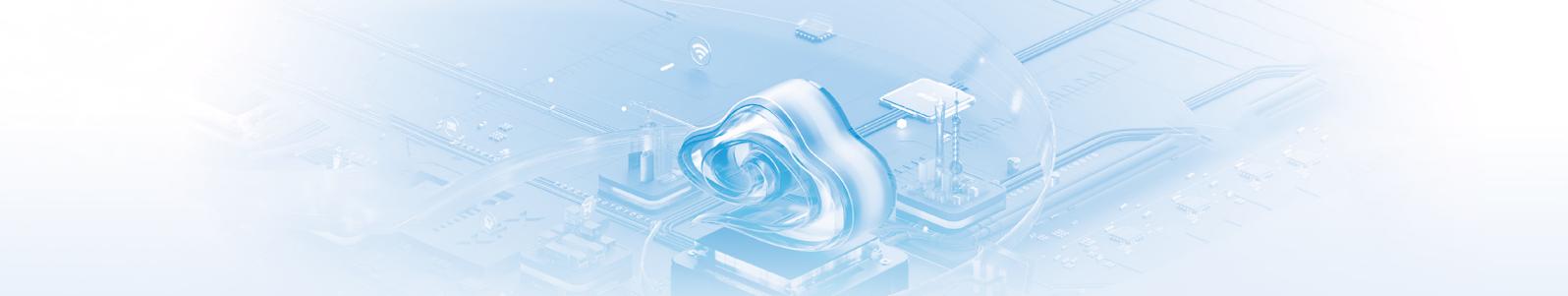
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.22 Revenue recognition

Revenue is measured when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.22 Revenue recognition *(Continued)*

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

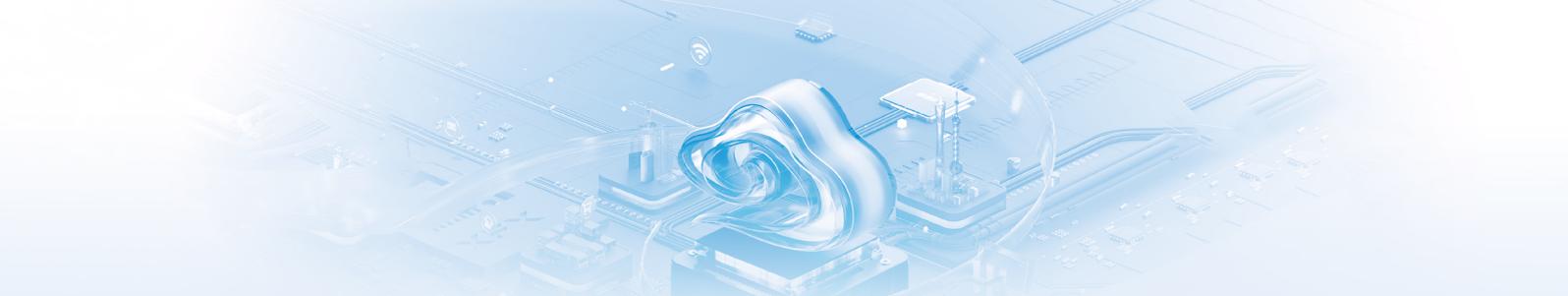
When either party to a contract has performed, the Group presents the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due from the customer).

The accounting policy for the Group's revenue sources

The Group derives revenue separately or in combination, from SaaS products and ERP solutions that enable property developers and other real estate industry participants to digitalise and streamline their business operations over the Internet, and are sold either through regional channel partners or to the end customers directly.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (Continued)

The accounting policy for the Group's revenue sources (Continued)

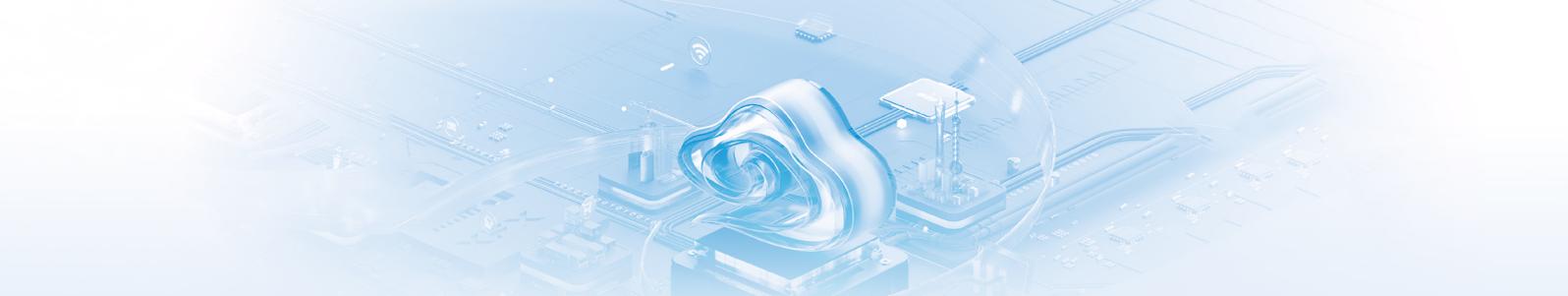
SaaS products transform how property developers and other real estate players optimise their procurement, construction, sales, marketing, property asset management, and other property related operations. For ERP solutions, in addition to software licensing, the Group offers implementation services, product support services and value-added services to make customers' own business processes, databases and systems with enhanced performance and customisation.

The Group enters into contracts with end customers that can include a combination of software licensing and services which are accounted for as separate performance obligations when they are capable of being distinct and do not have significant integration. For SaaS products sold through regional channel partners, end customers are recognised as direct customers of the Group as regional channel partners cannot control the products before transferring to end customers. For ERP solutions, the Group offers software licensing to regional channel partners or end customers directly, and regional channel partners and end customers are regarded as direct customers of the Group respectively, as regional channel partners can control the software license and further resell it to end customers at their discretion.

The transaction price is the price after discount and is a fixed amount upon signing the contract. The products cannot be returned unless significant problems are found, which rarely happens.

(a) SaaS products

The Group sells SaaS products directly to end customers, i.e. the SaaS products users, or sells through its regional channel partners. The Group is responsible for delivering the SaaS products, paying server fees to external cloud server vendors to ensure the SaaS products is accessible and stable, and the Group has discretion in establishing the prices for SaaS products. The regional channel partners have the contractual obligation to follow the Group's pricing guidance and are not primarily obligated to the customers for the quality or performance of the SaaS. Therefore the Group is the principal to the end customers and recognises revenue at the gross amount billed to the end customers by the regional channel partners.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (Continued)

(a) SaaS products (Continued)

SaaS revenues primarily consist of fees that provide end customers access to one or more of the cloud applications. Revenue is recognised over time if the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights, and the rights granted by the license directly expose the customer to any positive or negative effects of the entity's activities. Otherwise revenue is recognised at a point in time.

The Group applies time-based methods to measure the progress towards complete satisfaction of the performance obligation when the Group has a stand-ready obligation to perform that over a period time.

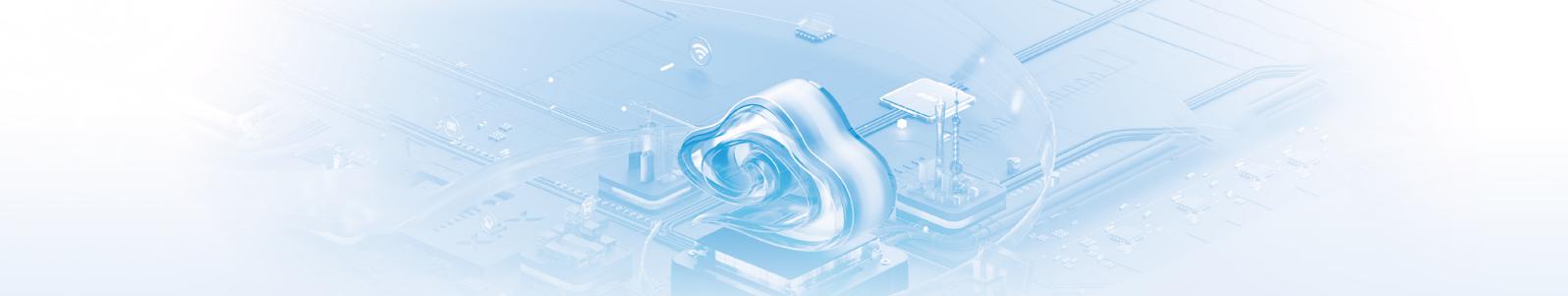
(b) ERP software licensing

Software licensing is a right to use license. The software has standalone functionality and the customer can use the software as it is available at a point in time. Licenses are typically delivered by providing the customer a software dongle with access to download the software. The Group recognises revenue for such licenses at a point in time when the customer has received licenses and software dongles, and thus has control over the software and the Group has a present right to payment.

(c) ERP implementation and value-added services

By providing ERP implementation services, the Group assists customers to streamline and expedite the implementation process, and offer customers pre-configured extensions that meet the specific needs of various types of customers.

ERP value-added services include customised configuration and development of specific applications. The Group also provides customers with tailored professional advice to better address each customer's distinct pain points and challenges.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue recognition (Continued)

(c) ERP implementation and value-added services (Continued)

Revenue of ERP implementation and value-added services is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation, which is measured based on the direct measurements of the value transferred by the Group to the customers that best depict the Group's performance in satisfying the performance obligation:

The Group recognises receivables for performance obligations satisfied over time gradually as the performance obligation is satisfied. When the performance obligation is satisfied over time while a right to consideration is conditional, contract asset is recognised. When the Group determines that a right to consideration is unconditional, receivable is recognised. Contract liabilities primarily reflect invoices due or payments received in advance of revenue recognition. They are recognised as revenue upon transfer of control to the customers of the promised products and services.

(d) ERP product support services

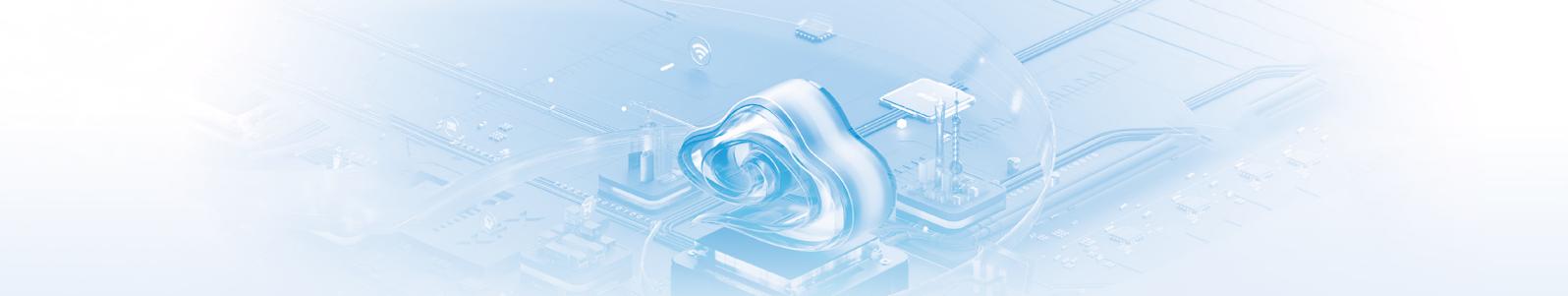
Product support services are provided mainly in the form of fixed-price contracts. Revenue related to these services is recognised ratably over the service contract period.

(e) Financing components

The promised amount of consideration for the effects of a significant financing component is not adjusted if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

(f) Incremental costs of obtaining customer contract

Incremental costs of obtaining customer contract primarily consist of sales commissions capitalised as an asset. Assets recognised from capitalising costs to obtain a contract are amortised to profit or loss on a systematic basis, consistent with the pattern of revenue recognition to which the assets relate. For SaaS products, 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 are recognised as contract acquisition costs. The contract acquisition costs are charged into selling and marketing expenses on a ratable basis which is in line with the revenue recognition.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2.24 Leases

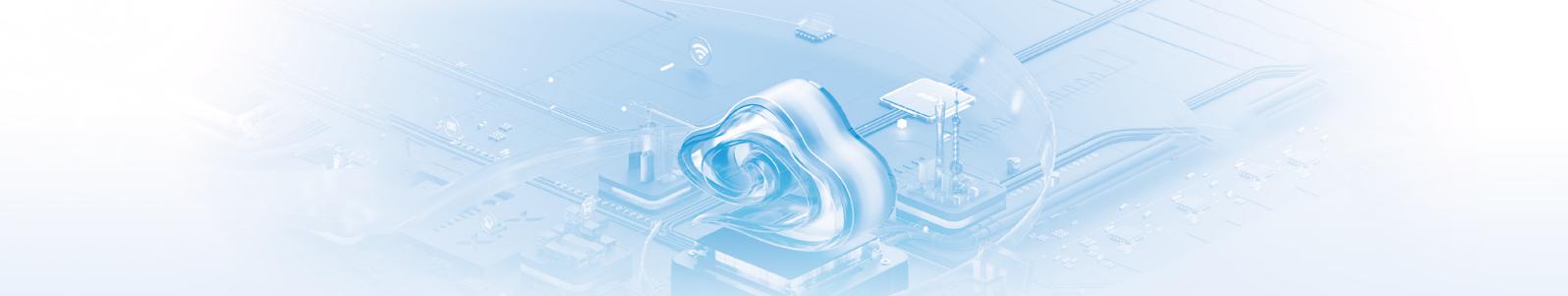
The Group leases certain offices and land. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate is used.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Leases (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise machinery with value below RMB35,000.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful lives and the lease terms on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

2.25 Dividend distribution

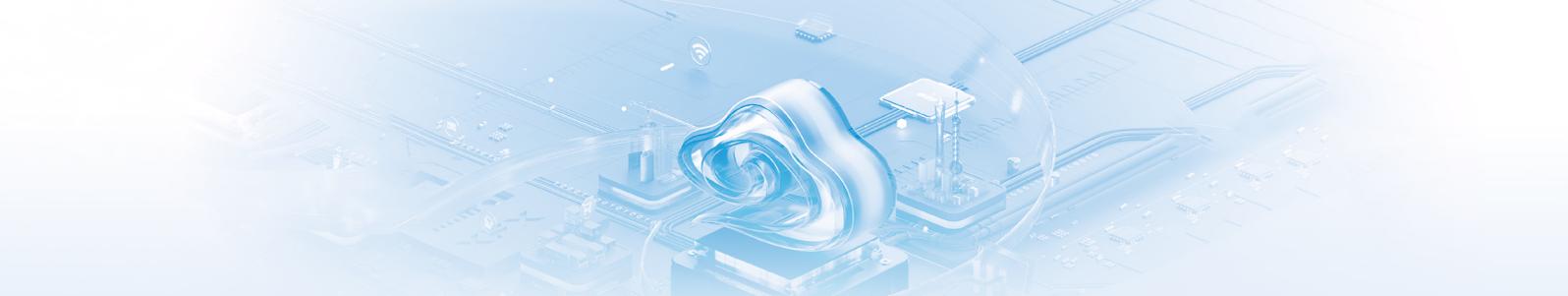
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of each reporting period.

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

2.27 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

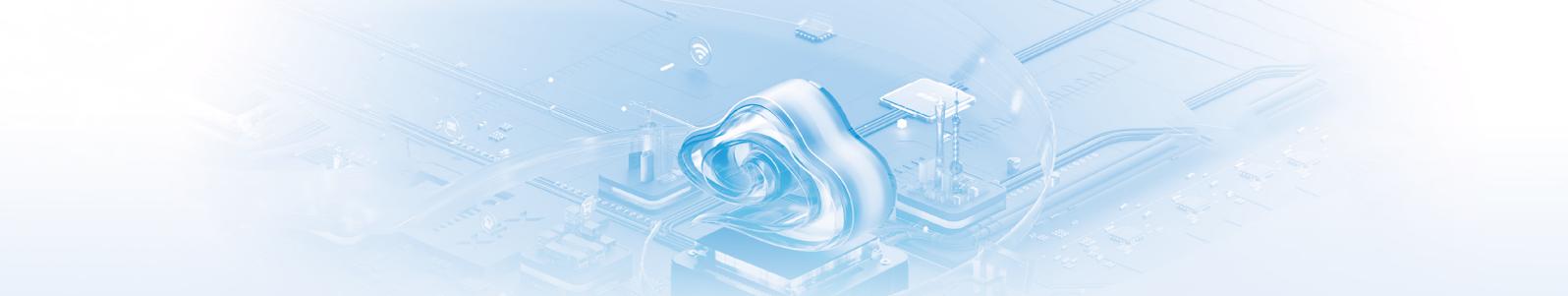
(a) Market risk

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

The functional currency of the Company is HKD, which is exposed to foreign currency risk with respect to the Company's monetary assets and liabilities denominated in RMB. For balances denominated in USD are reasonably stable with the Hong Kong dollars under the Linked Exchange Rate System, the directors are of the opinion that the Company does not have significant foreign exchange risk, the exposure to fluctuation in exchange rates will only arise from the translation to the presentation currency of the Group.

As at 31 December 2022, the Group's balances of foreign currency that is not the functional currency of the relevant group entity are immaterial and the foreign exchange risk of the Group is not significant.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Fair value interest rate risk

The Group has no significant variable interest-bearing assets or liabilities except for the term deposits, restricted cash and cash and cash equivalents, of which the interest rates are not expected to change significantly.

(b) Credit risk

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, restricted cash, term deposits, as well as trade and other receivables and contract assets.

(i) Risk management

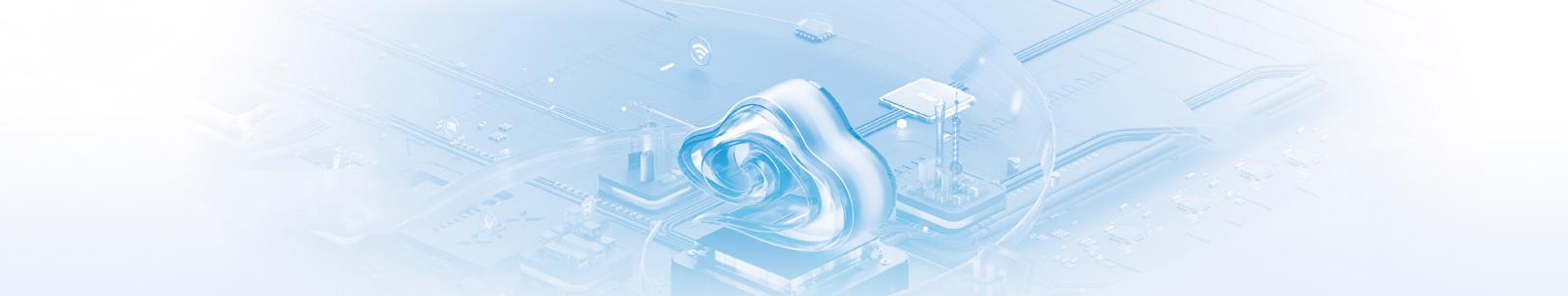
For cash and cash equivalents and restricted cash, management manages the credit risk by placing deposits in state-owned financial institutions in the PRC or reputable banks and financial institutions having high-credit-quality in the PRC and Hong Kong.

For term deposits, management places the deposits in banks through a reputable financial institution with acceptable credit rating.

For trade receivables and contract assets, the Group has policies in place to ensure that sale of product and service are made to customers with an appropriate credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group's management divides customers into different categories based on their financial position, past experience and other factors, and reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The credit periods granted to customers in different categories differ from 0 to 90 days.

For other receivables, the Group assesses the nature of the financial assets and the financial condition of the counterparties. Management has closely monitored the credit qualities and the collectability of these financial assets.

The carrying amounts of cash and cash equivalents, restricted cash, term deposits, trade and other receivables and contract assets represent the Group's maximum exposure to credit risk in relation to the assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

(ii) Impairment of financial assets and contract assets

The Group has four types of assets that are subject to the expected credit loss model:

- Cash and cash equivalents and restricted cash;
- Term deposits;
- Trade receivables and contract assets, and;
- Other receivables.

Cash and cash equivalents, restricted cash and term deposits

While cash and cash equivalents, restricted cash and term deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

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.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The loss allowances as at 31 December 2022 and 2021 were determined as follows for both trade receivables and contract assets:

31 December 2022	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

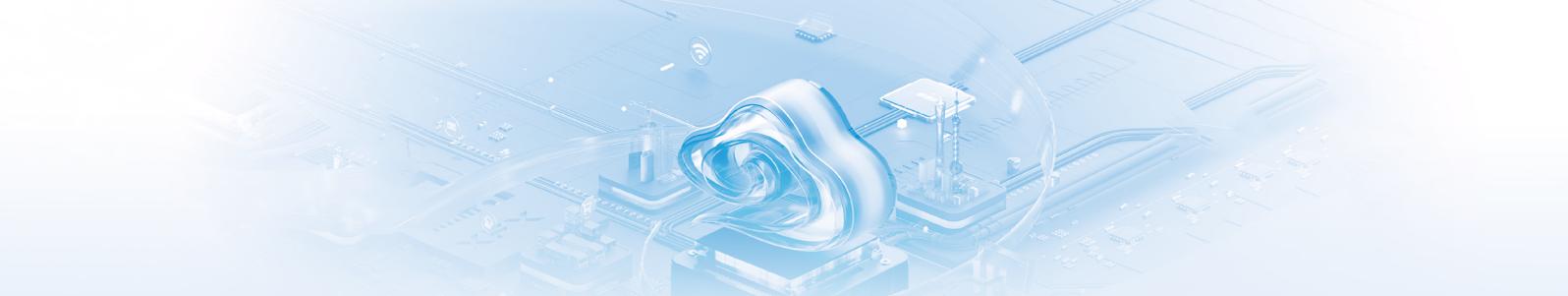
(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

31 December 2021	Up to 3 months	3 to 6 months	6 to 12 months	1 to 2 years	Over 2 years	Total
On individual basis						
Expected loss rate	76%	85%	81%	71%	70%	
Gross carrying amount (RMB'000) – trade receivables	5,673	5,620	4,653	1,031	794	17,771
Gross carrying amount (RMB'000) – contract assets	2,657	1,181	5,677	1,236	253	11,004
Loss allowance (RMB'000)	6,372	5,752	8,363	1,599	733	22,819
On collective basis						
Expected loss rate	7%	18%	31%	51%	100%	
Gross carrying amount (RMB'000) – trade receivables	64,718	8,906	8,054	5,919	3,127	90,724
Gross carrying amount (RMB'000) – contract assets	62,396	13,309	13,732	5,541	1,281	96,259
Loss allowance (RMB'000)	9,251	4,017	6,821	5,879	4,409	30,377

The reconciliations of loss allowances for trade receivables and contract assets as at 31 December 2022 and 2021 to the opening loss allowances are as follows:

	Contract assets		Trade receivables	
	Year ended 31 December		Year ended 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
At the beginning of the year	24,281	4,049	28,915	5,578
Loss allowance recognised in profit or loss during the year	12,964	20,232	45,408	23,337
At the end of the year	37,245	24,281	74,323	28,915



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Impairment losses on trade receivables and contract assets are presented as net impairment losses on financial assets and contract assets within operating profit.

The expected loss rates are determined based on historical observed default rates over the expected life of the trade receivables and contract assets 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. The Group has identified the Gross Domestic Product of the PRC, Fixed-Asset Investment and Total Retail Sales of Consumer Goods as the most relevant factor and adjusts the historical loss rates based on the expected changes of such factors.

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. The 12-month expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the loss allowance will be based on the lifetime expected credit loss. The management has performed assessment on the recoverability of these balances and do not identify events leading to significant increase in credit risk since origination. Management considers that the expected credit loss is immaterial as at 31 December 2022 and 2021.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

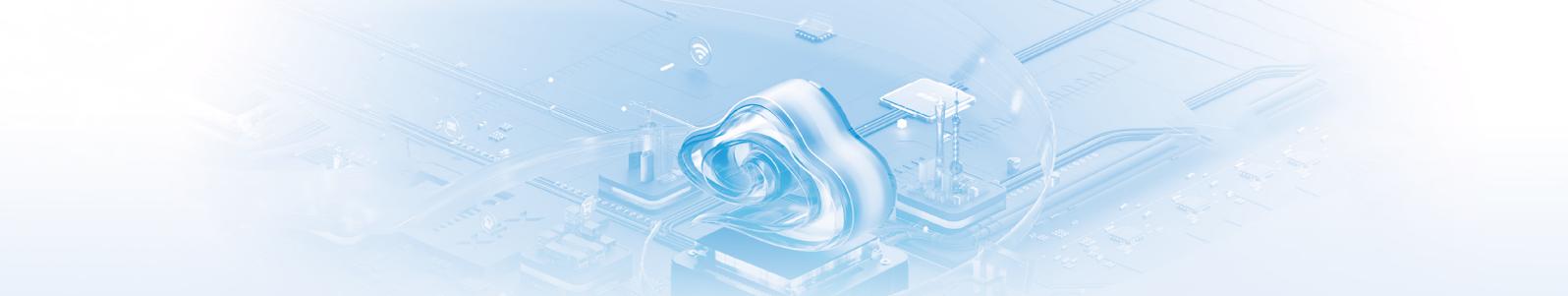
3.1 Financial risk factors (Continued)

(c) 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 RMB'000
At 31 December 2022					
Trade payables	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
	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
At 31 December 2021					
Trade payables	66,062	–	–	66,062	66,062
Other payables and accruals (excluding salary and staff welfare payables and tax payable)	20,363	–	–	20,363	20,363
Lease liabilities	44,845	28,575	36,612	110,032	103,041
	131,270	28,575	36,612	196,457	189,466



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 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 31 December 2022 and 2021, the Group has a net cash position.

3.3 Fair value estimation

3.3.1 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 31 December 2022 and 2021 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).

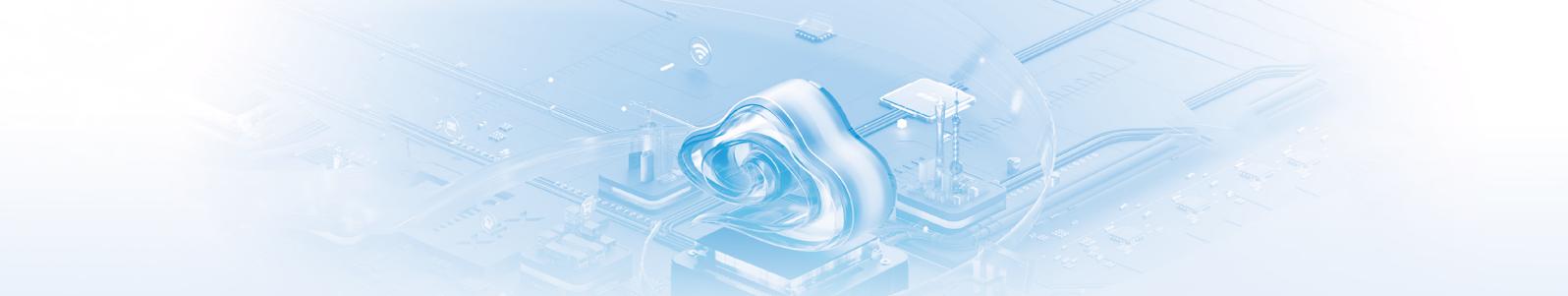
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

3.3.1 Fair value hierarchy (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2022				
Financial assets at FVPL				
Investments in wealth management products (Note 21(a))	–	–	29,702	29,702
Investments in unlisted equity securities (Note 21(b))	–	–	53,387	53,387
	–	–	83,089	83,089
Financial assets at FVOCI				
Investments in unlisted equity securities (Note 22)	–	–	6,547	6,547
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2021				
Financial assets at FVPL				
Investments in wealth management products (Note 21(a))	–	–	53,774	53,774
Investments in unlisted equity securities (Note 21(b))	–	–	16,839	16,839
Investments in debt instruments (Note 21(d))	298,613	–	–	298,613
	298,613	–	70,613	369,226
Financial assets at FVOCI				
Investments in unlisted equity securities (Note 22)	–	–	10,101	10,101



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3 Fair value estimation *(Continued)*

3.3.2 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 years ended 31 December 2022 and 2021.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

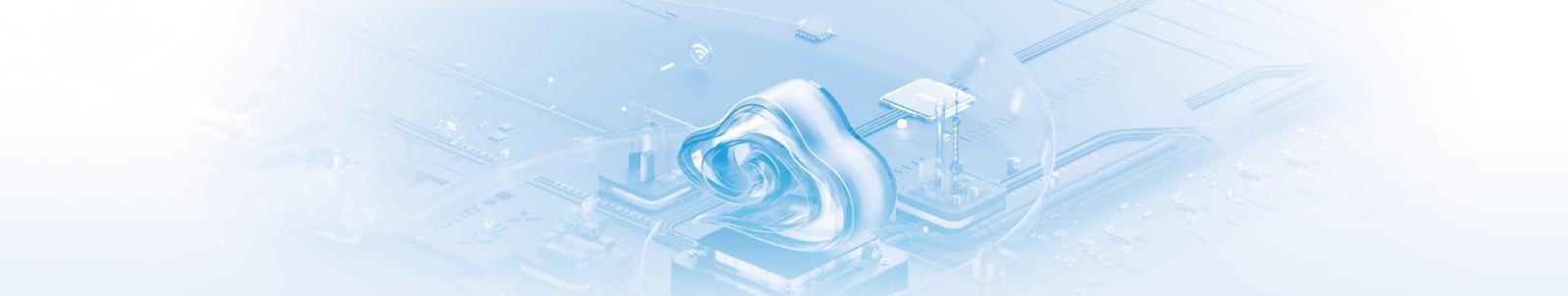
3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

3.3.3 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 and investments in redeemable preferred shares for the years ended 31 December 2022 and 2021.

	Financial assets at FVPL			Financial assets at FVOCI
	Investments in wealth management products RMB'000	Investments in unlisted equity securities RMB'000	Investments in redeemable preferred shares RMB'000	Investments in unlisted equity securities RMB'000
As at 1 January 2022	53,774	16,839	–	10,101
Acquisitions	2,556,010	44,112	–	–
Disposals	(2,588,114)	–	–	–
Unrealised changes in fair value	928	(7,564)	–	(3,554)
Realised income or gains	7,104	–	–	–
As at 31 December 2022	29,702	53,387	–	6,547
As at 1 January 2021	300,700	6,740	18,990	12,000
Acquisitions	3,085,610	10,000	–	5,000
Disposals	(3,349,004)	–	(15,727)	–
Unrealised changes in fair value	774	99	–	(6,899)
Realised income or gains	15,694	–	(3,263)	–
As at 31 December 2021	53,774	16,839	–	10,101



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

3.3 Fair value estimation *(Continued)*

3.3.4 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 21(a)), investments in unlisted equity securities (Note 21(b), Note 22) and investments in redeemable preferred shares (Note 21(c)). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

3.3.4 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:

Description	Fair value at 31 December		Unobservable inputs	Range of inputs at 31 December		Relationship of unobservable inputs to fair value
	2022 RMB'000	2021 RMB'000		2022	2021	
Investment in wealth management products	29,702	53,774	Expected rate of return	3.79%-3.80%	3.90%-4.50%	The higher the expected rate of return, the higher the fair value
Investments in unlisted equity securities included in financial assets at FVPL(*)	53,387	16,839	Expected volatility	48.12%-54.05%	N/A	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
			Risk-free rate	2.62%-2.73%	N/A	The higher the risk-free rate, the lower the fair value
			P/S ratio	8.65-11.99	N/A	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%	N/A	The higher the DLOM, the lower the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

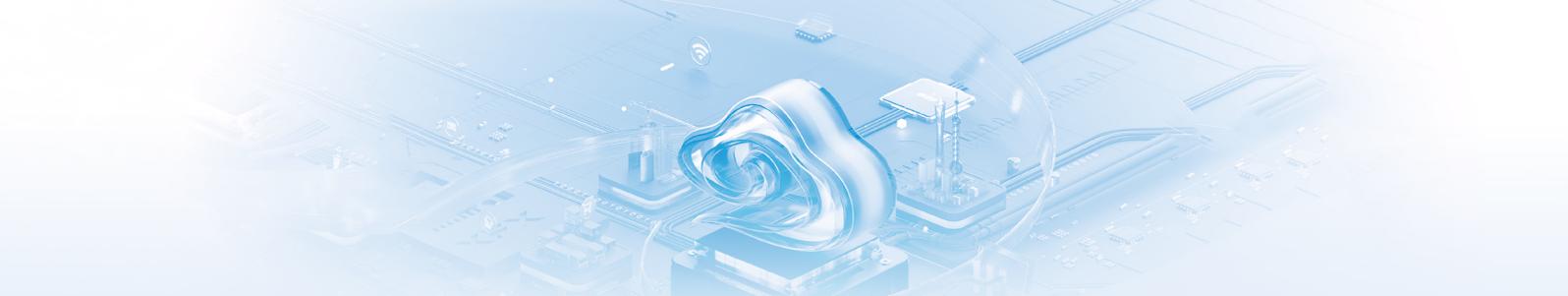
3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

3.3.4 Valuation process, inputs and relationships to fair value (continued)

Description	Fair value at 31 December		Unobservable inputs	Range of inputs at 31 December		Relationship of unobservable inputs to fair value
	2022 RMB'000	2021 RMB'000		2022	2021	
Investments in unlisted equity securities included in financial assets at FVOCI	6,547	10,101	Expected volatility	44.31%-48.06%	40.00%	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%	2.31%	The higher the risk-free rate, the higher the fair value
			P/S ratio	6.81-15.71	3.40-12.92	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%-27.00%	The higher the DLOM, the lower the fair value

*: In 2021, investments in unlisted equity securities included in financial assets at FVPL were investments in partnerships and the fair values were valued based on the net values declared in the partnerships' report or net asset values of the partnerships. There were no significant inter-relationships between unobservable inputs that materially affect fair values in 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

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

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the loss before income tax for the years ended 31 December 2022 would have been approximately RMB8,309,000 lower/higher (the loss before income tax for the years ended 31 December 2021 would have been approximately RMB36,923,000 lower/higher).

If the fair values of financial assets at FVOCI held by the Group had been 10% higher/lower, the total comprehensive loss before income tax for the year ended 31 December 2022 would have been approximately RMB655,000 lower/higher (the total comprehensive loss before income tax for the year ended 31 December 2021 would have been approximately RMB1,010,000 lower/higher).

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during the years ended 31 December 2022 and 2021.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

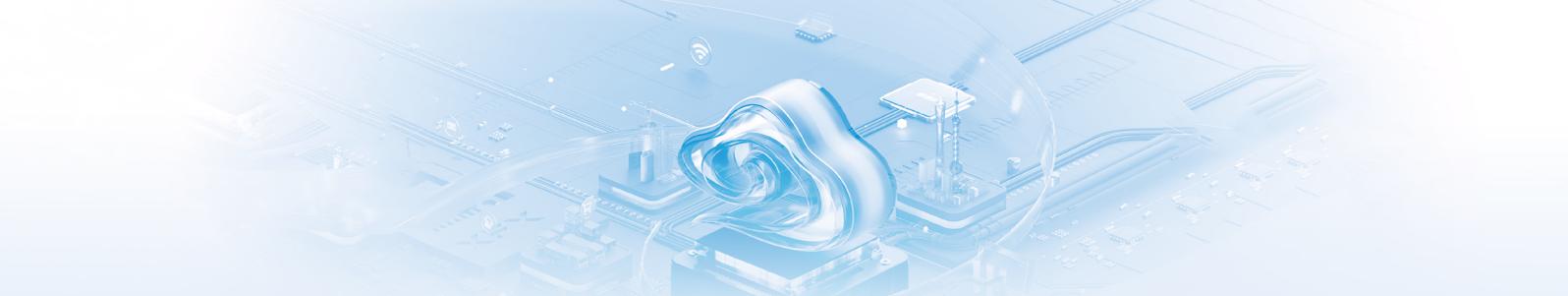
Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3.

(b) Recognition of ERP implementation and value-added services revenue

Revenue from ERP implementation and value-added services is recognised over the period of the contract by reference to the progress of work performed and acknowledged by the customers. The Group has to estimate the value of services performed to date as a proportion of the value of total services to be performed.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(c) Gross vs. net assessment in revenue recognition

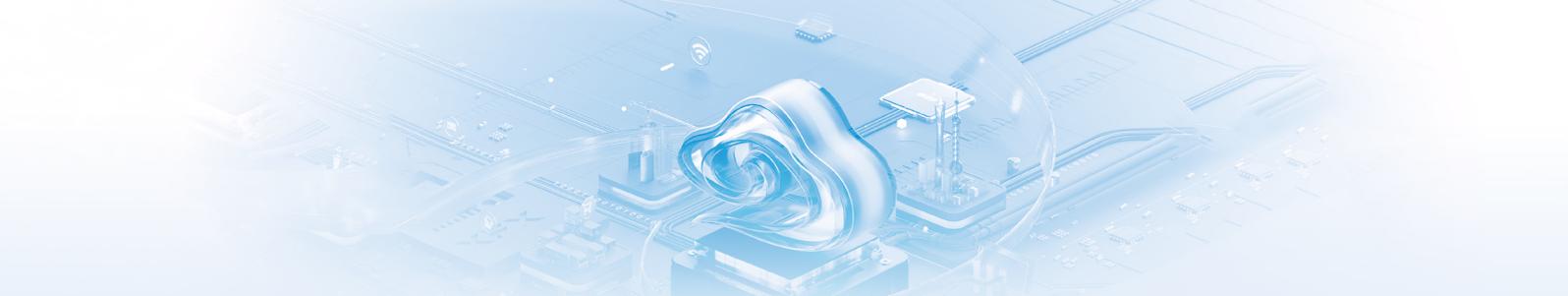
As disclosed in Note 2.23, the Group provides SaaS products and ERP solutions to its customers using different business models, which involves the assessment of revenue recognition on a gross or net basis, i.e. principal vs. agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the end customer, the indicators of which including but not limited to (i) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (ii) whether the entity has inventory risk before the specified service has been transferred to a customer; and (iii) whether the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

(d) Allocation of selling price of each distinct performance obligation

As disclosed in Note 2.23, contracts with customers may include multiple performance obligations. When the performance obligations are assessed to be distinct, the Group allocates revenue to each performance obligation based on their relative standalone selling prices. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating whether the performance obligations are distinct and the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

(e) Impairment for trade receivables and contract assets

The impairment provisions for trade receivables and contract assets are based on assumptions about the expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to profit or loss. Management reassesses the provision at each balance sheet date. Where the basis of judgments and estimates is different from the initial assessment, such differences will impact the provision for impairment and the carrying values of the trade receivables and contract assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(f) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis. For the year ended 31 December 2022, the recoverable amount of cash-generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets prepared by management covering an eight-year period.

Cash flows beyond the eight-year period are extrapolated using the estimated terminal growth rates stated in Note 18. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of reasonably possible changes in key assumptions are disclosed in Note 18.

(g) Current and deferred income taxes

The Group is subject to income taxes in the PRC and other jurisdictions. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing, by assuming taxation authority will examine those amounts and will have full knowledge of all relevant information. When the Group concludes that it is probable that a particular tax treatment is accepted, the Group determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group concludes that it is not probable that a particular tax treatment is accepted, the Group uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Group assesses its judgements and estimates if facts and circumstances change.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION

The 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 organization 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. Substantial businesses of the Group are carried out in the PRC.

The segment information for the year ended 31 December 2022 is as follows:

	SaaS products RMB'000	ERP solutions RMB'000	Unallocated items RMB'000	Total RMB'000
Revenues	1,426,592	389,765	–	1,816,357
Cost of sales	(110,133)	(226,896)	–	(337,029)
Gross profit	1,316,459	162,869	–	1,479,328
Segment results	(76,996)	(357,325)	(724,891)	(1,159,212)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

The segment information for the year ended 31 December 2021 is as follows:

	SaaS products RMB'000	ERP solutions RMB'000	Unallocated items RMB'000	Total RMB'000
Revenues	1,337,680	846,810	–	2,184,490
Cost of sales	(123,903)	(309,458)	–	(433,361)
Gross profit	1,213,777	537,352	–	1,751,129
Segment results	19,328	149,504	(664,750)	(495,918)

6 REVENUES

The Group's revenues include 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. Revenues are stated net of value added tax ("VAT") in the PRC and comprise the following:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
SaaS products	1,426,592	1,337,680
ERP solutions		
– Revenues from rendering of value-added services	169,481	323,244
– Revenues from rendering of product support services	102,037	174,689
– Revenues from software licensing	72,483	254,448
– Revenues from rendering of implementation services	45,764	94,429
	1,816,357	2,184,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUES (CONTINUED)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
SaaS products		
– Revenues over time	1,352,876	1,257,908
– Revenues at a point in time	73,716	79,772
ERP solutions		
– Revenues over time	317,282	592,362
– Revenues at a point in time	72,483	254,448
	1,816,357	2,184,490

(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 31 December	
	2022 RMB'000	2021 RMB'000
Contract assets	93,827	107,263
Less: Loss Allowance (Note 3.1)	(37,245)	(24,281)
Total contract assets	56,582	82,982
Contract acquisition costs	272,310	284,208
Less: non-current portion	(5,412)	(5,561)
	266,898	278,647
Contract liabilities	601,003	633,093
Less: non-current portion	(33,225)	(32,092)
	567,778	601,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUES (CONTINUED)

(a) Assets and liabilities related to contracts with customers (Continued)

(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 decreased as a result of the decline of the Group's revenues from ERP solutions.

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 decreased as a result of the decline of portion of revenues from SaaS products generated through regional channel partners.

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 decreased mainly as a result of the decline of the Group's revenues from ERP solutions and decrease of advance payment from customers.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue is recognised in the current year related to carried-forward contract liabilities.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Revenue recognised in relation to contract liabilities	498,859	536,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUES (CONTINUED)

(a) Assets and liabilities related to contracts with customers (Continued)

(iii) Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from fixed-price long-term contracts:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Unsatisfied long-term contracts		
– ERP solutions	201,136	256,795
– SaaS products	776,271	837,645
	977,407	1,094,440

The management expects that unsatisfied performance obligations of approximately RMB879,695,000 as at 31 December 2022 (2021: RMB984,788,000) will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB97,712,000 (2021: RMB109,652,000) will be recognised as revenue in 1 to 2 years.

All other contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 EXPENSES BY NATURE

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Employee benefit expenses (Note 10)	1,401,969	1,254,925
Share-based compensation expenses (Note 10)	499,450	803,152
Commission expenses	488,865	462,173
Outsourcing expenses	92,036	120,008
Depreciation of right-of-use assets (Note 17)	68,223	34,129
Professional and technical service fees	54,663	54,374
Depreciation of property, plant and equipment (Note 15)	40,123	18,687
IT and communication charges	38,968	40,874
Costs of inventories sold	32,511	62,505
Traveling and entertainment expenses	28,525	44,279
Short-term rental and utilities expenses	27,630	13,495
Exhibition and promotion charges	24,765	20,703
Office expenses	16,233	19,353
Auditor's remuneration	11,270	6,090
– Audit services	4,380	4,900
– Non-audit services	6,890	1,190
Taxes and surcharges	11,199	14,508
Amortisation of intangible assets (Note 18)	3,443	3,158
Depreciation of investment properties (Note 16)	1,987	705
Others	1,353	2,523
	2,843,213	2,975,641

No research and development expenses had been capitalised during the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 OTHER INCOME

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Other government grants	27,228	22,719
Dividend and interest income from investments in unlisted equity securities and debt instruments included in financial assets at fair value through profit or loss	9,583	6,901
VAT refund (a)	8,488	21,690
Rental income	8,159	4,199
Income generated from offline activities and others	8,043	25,039
Income from wealth management products ((b), Note 21(a))	8,032	16,468
	69,533	97,016

- (a) Before 1 April 2019, the applicable VAT rate for sales of computer software was 16%. From 1 April 2019 onwards, according to the circular "Announcement of Ministry of Finance, the General Administration of Taxation and the General Administration of Customs on deepening policies related to VAT reformation" (Announcement of Ministry of Finance, the General Administration of Taxation and the General Administration of Customs [2019] No.39 財政部稅務總局海關總署公告2019年第39號), the application VAT rate for sales of computer software has been adjusted from 16% to 13%.

According to the circular Cai Shui [2011] No.100 (財稅[2011]100號, "Circular 100"), software enterprises which engage in the sales of self-developed software in the PRC are entitled to VAT refund to the extent that the effective VAT rate of the sales of the software in the PRC exceeds 3%.

- (b) It represented interest income and fair value changes from wealth management products that are measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Net gains on disposal of property, plant and equipment and right-of-use asset	3,264	901
Fair value losses on investments in redeemable preferred shares (Note 21(c))	–	(3,263)
Investment deemed disposal gains	–	10,095
Fair value (losses)/gains on investments in unlisted equity securities included in financial assets at FVPL (Note 21(b))	(7,564)	99
Fair value losses on investments in debt instruments (Note 21(d))	(12,836)	(3,621)
Goodwill impairment	(32,808)	–
Foreign exchange (losses)/gains	(199,523)	108,438
Others	(558)	(1,692)
	(250,025)	110,957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries, wages, and bonuses	1,115,249	988,337
Pension costs – defined contribution plans (a)	98,980	86,125
Other social security costs, housing benefits and other employee benefits	187,740	180,463
Share-based compensation (Note 28)	499,450	803,152
	1,901,419	2,058,077

(a) Pension costs – defined contribution plans

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes partnerships which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include no director for the year ended 31 December 2022 (2021: nil), whose emoluments are reflected in the analysis shown in Note 10(c). The emoluments payable to the remaining 5 individuals during year ended 31 December 2022 (2021: 5) are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries and wages	4,448	5,467
Bonuses	2,105	4,709
Pension costs – defined contribution plans	154	210
Other social security costs, housing benefits and other employee benefits	200	262
Share-based compensation	145,219	606,424
	152,126	617,072

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 December	
	2022	2021
Emoluments bands:		
HKD8,000,001 to HKD8,500,000	–	1
HKD10,500,001 to HKD11,000,000	–	1
HKD12,000,001 to HKD12,500,000	–	1
HKD13,500,001 to HKD14,000,000	2	1
HKD19,000,001 to HKD19,500,000	1	–
HKD19,500,001 to HKD20,000,000	1	–
HKD116,000,001 to HKD116,500,000	1	–
HKD600,000,001 to HKD700,000,000	–	1
	5	5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals (Continued)

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals for the years ended 31 December 2022 and 2021.

(c) Directors' and chief executive's emoluments

Remuneration of every director and the chief executive's is set out below:

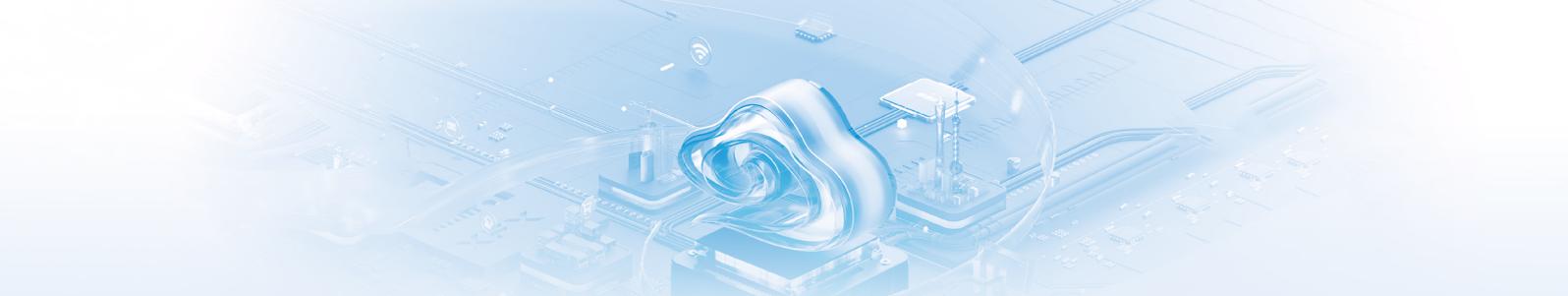
	Director's fee RMB'000	Salaries, wages and bonus RMB'000	Pension cost-defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2022					
Chairman and executive director:					
Mr. Gao Yu(i)	-	432	43	49	524
Executive directors:					
Mr. Chen Xiaohui(ii)	-	432	43	49	524
Mr. Jiang Haiyang(ii)	-	480	43	49	572
Mr. Jiang Keyang(ii)	-	655	43	49	747
Non-executive directors:					
Mr. Liang Guozhi(iii)	-	-	-	-	-
Mr. Yi Feifan(iii)	-	-	-	-	-
Independent non-executive directors:					
Mr. Li Hanhui(iv)	86	-	-	-	86
Mr. Zhao Liang(iv)	86	-	-	-	86
Ms. Zeng Jing(v)	64	-	-	-	64
Ms. Tong Naqiong(vi)	21	-	-	-	21
	257	1,999	172	196	2,624

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(c) Directors' and chief executive's emoluments (Continued)

	Director's fee RMB'000	Salaries, wages and bonus RMB'000	Pension cost-defined contribution plan RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
For the year ended 31 December 2021					
Chairman and executive director:					
Mr. Gao Yu(i)	–	720	41	51	812
Executive directors:					
Mr. Chen Xiaohui(ii)	–	720	41	51	812
Mr. Jiang Haiyang(ii)	–	1,200	39	48	1,287
Mr. Jiang Keyang(ii)	–	721	41	51	813
Non-executive directors:					
Mr. Liang Guozhi(iii)	–	–	–	–	–
Mr. Yi Feifan(iii)	–	–	–	–	–
Independent non-executive directors:					
Mr. Li Hanhui(iv)	83	–	–	–	83
Mr. Zhao Liang(iv)	83	–	–	–	83
Ms. Zeng Jing(v)	83	–	–	–	83
	249	3,361	162	201	3,973



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(c) Directors' and chief executive's emoluments (Continued)

Note:

- (i) Mr. Gao Yu was appointed as the Company's executive director and chairman of the board of directors on 12 June 2020.
- (ii) Mr. Chen Xiaohui, Mr. Jiang Haiyang and Mr. Jiang Keyang were appointed as the Company's executive directors on 12 June 2020.
- (iii) Mr. Liang Guozhi and Mr. Yi Feifan was appointed as the Company's non-executive director on 12 June 2020.
- (iv) Mr. Li Hanhui and Mr. Zhao Liang were appointed as the Company's independent non-executive directors on 4 September 2020.
- (v) Ms. Zeng Jing was appointed as the Company's independent non-executive directors on 4 September 2020 and resigned on 26 September 2022.
- (vi) Mr. Tong Naqiong was appointed as the Company's independent non-executive directors on 26 September 2022.

(d) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors during the years ended 31 December 2022 and 2021.

(e) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available Directors' services subsisted at the end of each reporting period or at any time during the years ended 31 December 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(f) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings are entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2022 and 2021.

(g) Directors' material interests in transactions, arrangements or contract

No significant transactions, arrangements and contracts in relation to the Group's Business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the years ended 31 December 2022 and 2021.

11 FINANCE INCOME, NET

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
<i>Finance income</i>		
– Interest income from bank deposits	108,693	126,613
<i>Finance costs</i>		
– Interest expenses on lease liabilities	(10,321)	(3,132)
Finance income – net	98,372	123,481

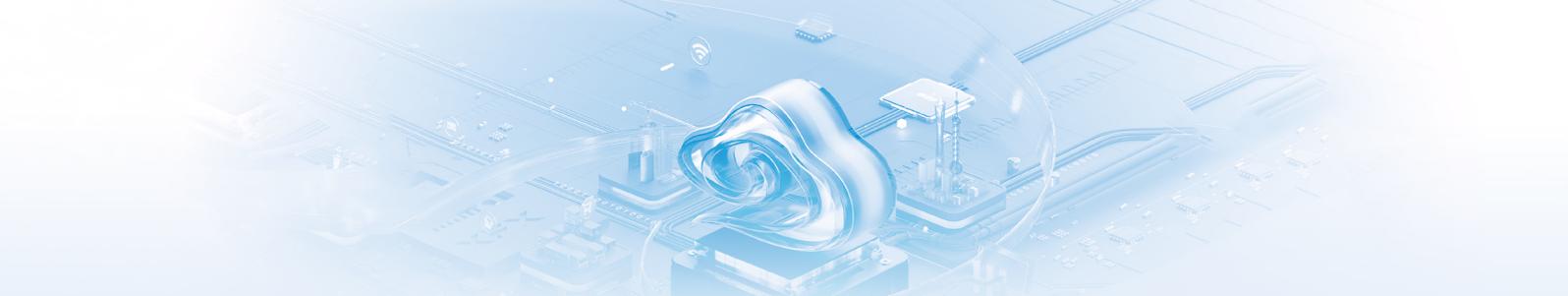
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX CREDIT

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Current income tax	131	9
Deferred income tax (Note 29)	(9,585)	(7,645)
Income tax credit	(9,454)	(7,636)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the tax rate of 25% for the years ended 31 December 2022 and 2021, being the standard income rate in the PRC. The differences are analysed as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Loss before income tax credit	(1,168,666)	(503,554)
Share of losses of investments accounted for using the equity method	1,361	264
Tax calculated at the statutory PRC tax rate of 25%	(291,826)	(125,823)
Tax losses for which no deferred income tax asset was recognised	171,275	58,379
Super deduction for research and development expenses	(144,251)	(89,864)
Utilisation of tax losses previously not recognised	–	–
Effects of different tax rates in overseas jurisdictions	65,006	(57,159)
Expenses not deductible for tax purpose	126,353	201,180
Income not subject to tax	(35,358)	–
Effects of preferential tax rates applicable to PRC subsidiaries of the Group	99,347	5,651
Income tax credit	(9,454)	(7,636)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX CREDIT (CONTINUED)

(a) Cayman Islands

Under the current laws of the Cayman Islands, entities incorporated in the Cayman Islands are not subject to tax on income or capital gain. In addition, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

(b) British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in the British Virgin Islands are not subject to tax on income or capital gain. In addition, the British Virgin Islands does not impose a withholding tax on payments of dividends to shareholders.

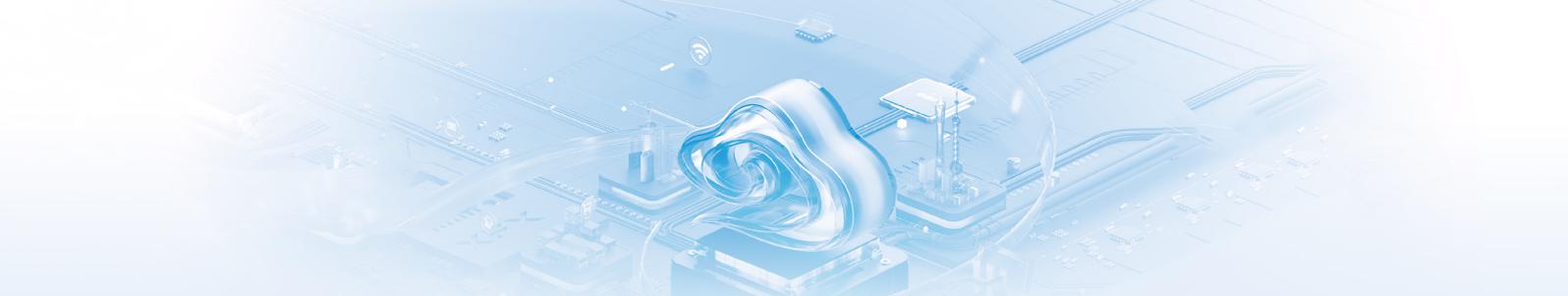
(c) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax during the years ended 31 December 2022 and 2021.

(d) 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 years ended 31 December 2022 and 2021.

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 year ended 31 December 2022.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX CREDIT (CONTINUED)

(d) PRC corporate income tax ("CIT") (Continued)

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 year ended 31 December 2022 since it was the third 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"), 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.

Shenzhen Woxiang Technology Limited Company (深圳市沃享科技有限公司, "Woxiang") has qualified to apply the preferential CIT rate of 15% for HNTE beginning from 1 January 2019. Woxiang did not renew the qualification of HNTE and subject to an applicable tax rate of 25% 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.

(e) 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 (財稅[2018] 99 號, "Circular 99"), an extra 75% of the actual amount of research and development expenses can be deducted before tax. According to Announcement of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology [2022] No. 28, an extra 100% of the actual amount of research and development expenses can be deducted before tax.

For those companies which were granted the qualification as "Small and Medium-sized Sci-tech Enterprise" during the years ended 2022 and 2021, according to Announcement of the Ministry of Finance, the State Taxation Administration, and the Ministry of Science and Technology [2022] No. 16, they could claim 200% and 175% of their actual research and development expenses incurred as tax deductible expenses when determining their assessable profits during the years ended 2022 and 2021 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 LOSSES PER SHARE

(a) Basic 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 and outstanding during the years ended 31 December 2022 and 2021.

	Year ended 31 December	
	2022	2021
Loss attributable to owners of the Company (RMB'000)	(1,154,070)	(343,982)
Weighted average number of ordinary shares in issue and outstanding (thousand) (Note)	1,847,885	1,864,358
Basic losses per share (in RMB)	(0.62)	(0.18)

Note: The weighted average number of ordinary shares in issue for the year ended 31 December 2022 and 2021 has been determined based on the number of shares in issue, shares transfer of vested restricted share units from treasury shares and shares repurchased.

(b) Diluted losses per share

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

For the year ended 31 December 2022 and 2021, as the Group incurred losses, the potential ordinary shares of restricted share units as mentioned in Note 28 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 year ended 31 December 2022 and 2021 are the same as basic losses per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 DIVIDENDS

The Board of the Company did not propose any final dividend for the year ended 31 December 2022. A final dividend of RMB0.055 (equivalent to approximately HKD0.068) per ordinary share was approved by the shareholders at the 2021 annual general meeting of the company held on 27 May 2022, amounting to RMB101,912,000 and paid on 30 June 2022.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Computer equipment RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Assets under construction RMB'000	Total RMB'000
At 1 January 2021							
Cost	35,081	30,569	13,177	1,214	18,271	92,434	190,746
Accumulated depreciation	(6,291)	(18,092)	(7,194)	(349)	(8,753)	-	(40,679)
Net book amount	28,790	12,477	5,983	865	9,518	92,434	150,067
Year ended							
31 December 2021							
Opening net book amount	28,790	12,477	5,983	865	9,518	92,434	150,067
Acquisition of a subsidiary	-	65	-	-	-	-	65
Additions	6,684	12,200	12,246	-	14,536	177,747	223,413
Disposals	(240)	(28)	(461)	(18)	-	-	(747)
Transfer to investment properties (Note 16)	(28,424)	-	-	-	-	-	(28,424)
Transfer upon completion	99,791	-	-	-	-	(99,791)	-
Depreciation charge	(1,523)	(5,376)	(4,409)	(161)	(7,218)	-	(18,687)
Closing net book amount	105,078	19,338	13,359	686	16,836	170,390	325,687
At 31 December 2021							
Cost	112,892	42,806	24,962	1,196	32,807	170,390	385,053
Accumulated depreciation	(7,814)	(23,468)	(11,603)	(510)	(15,971)	-	(59,366)
Net book amount	105,078	19,338	13,359	686	16,836	170,390	325,687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Computer equipment RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Assets under construction RMB'000	Total RMB'000
At 1 January 2022							
Cost	112,892	42,806	24,962	1,196	32,807	170,390	385,053
Accumulated depreciation	(7,814)	(23,468)	(11,603)	(510)	(15,971)	-	(59,366)
Net book amount	105,078	19,338	13,359	686	16,836	170,390	325,687
Year ended 31 December 2022							
Opening net book amount	105,078	19,338	13,359	686	16,836	170,390	325,687
Additions	-	1,975	20,866	-	66,854	18,245	107,940
Disposals	-	(540)	(66)	-	-	(1,023)	(1,629)
Transfer to investment properties (Note 16)	-	-	-	-	-	(138,076)	(138,076)
Transfer upon completion	36,771	-	3,085	-	4,987	(44,843)	-
Depreciation charge	(2,398)	(6,461)	(9,176)	(161)	(21,927)	-	(40,123)
Closing net book amount	139,451	14,312	28,068	525	66,750	4,693	253,799
At 31 December 2022							
Cost	149,663	44,241	48,847	1,196	104,648	4,693	353,288
Accumulated depreciation	(10,212)	(29,929)	(20,779)	(671)	(37,898)	-	(99,489)
Net book amount	139,451	14,312	28,068	525	66,750	4,693	253,799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation of the Group's property, plant and equipment has been recognised as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
General and administrative expenses	8,643	14,130
Research and development expenses	22,453	4,557
Selling and marketing expenses	9,027	–
	40,123	18,687

16 INVESTMENT PROPERTIES

	Buildings RMB'000	Land use right RMB'000	Total RMB'000
Year ended 31 December 2022			
Opening net book amount	44,413	1,859	46,272
Transfer from assets under construction	138,076	–	138,076
Depreciation charge	(1,938)	(49)	(1,987)
Closing net book amount	180,551	1,810	182,361
At 31 December 2022			
Cost	189,564	2,349	191,913
Accumulated depreciation	(9,013)	(539)	(9,552)
Net book amount	180,551	1,810	182,361

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 31 December 2022 was RMB210,874,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 LEASES

(a) Amounts recognized in the statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Right-of-use assets		
– Buildings	216,353	94,809
– Land use right	187,948	5,007
	404,301	99,816
Lease liabilities		
– Current	49,573	41,421
– Non-current	174,983	61,620
	224,556	103,041

Additions to the buildings in right-of-use assets for the years ended 31 December 2022 and 2021 were RMB372,644,000 and RMB79,037,000, respectively. Additions to the land use right in right-of-use assets for the years ended 31 December 2022 and 2021 were RMB187,757,000 and nil respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 LEASES (CONTINUED)

(b) Amounts recognised in profit or loss

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets		
– Buildings	68,101	34,007
– Land use right	122	122
	68,223	34,129
Interest expense (included in finance costs)	10,321	3,132

The total cash outflow from financing activities for leases for the years ended 31 December 2022 and 2021 were RMB75,186,000 and RMB34,727,000 respectively, and the total cash outflow from operating activities for leases for the years ended 31 December 2022 and 2021 were RMB848,000 and RMB1,888,000 respectively.

(c) The Group's leasing activities and how these are accounted for

The Group leases certain offices and land. Rental contracts for offices are typically made for fixed periods of 1 months to 60 months. Rental contracts for land are typically made for fixed periods of 45 years to 50 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(d) Variable lease payments

No variable payment terms are contained in the leases.

(e) Extension and termination options

Lease payments to be made under reasonably certain extension options are included in the measurement. No termination options are included in building leases across the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 LEASES (CONTINUED)

(f) Residual value guarantees

No residual value guarantees are provided in relation to leases.

18 INTANGIBLE ASSETS

	Goodwill RMB'000	Software licenses RMB'000	Total RMB'000
At 1 January 2021			
Cost	–	8,986	8,986
Accumulated amortisation	–	(5,522)	(5,522)
Net book amount	–	3,464	3,464
Year ended 31 December 2021			
Opening net book amount	–	3,464	3,464
Addition	–	4,330	4,330
Acquisition of a subsidiary	45,896	3,830	49,726
Amortisation charge	–	(3,158)	(3,158)
Closing net book amount	45,896	8,466	54,362
At 31 December 2021			
Cost	45,896	17,146	63,042
Accumulated amortisation	–	(8,680)	(8,680)
Net book amount	45,896	8,466	54,362
Year ended 31 December 2022			
Opening net book amount	45,896	8,466	54,362
Addition	–	1,571	1,571
Impairment	(32,808)	–	(32,808)
Amortisation charge	–	(3,443)	(3,443)
Closing net book amount	13,088	6,594	19,682
At 31 December 2022			
Cost	45,896	18,717	64,613
Accumulated amortisation	–	(12,123)	(12,123)
Accumulated impairment provision	(32,808)	–	(32,808)
Net book amount	13,088	6,594	19,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill

Goodwill was arising from the acquisition of Woxiang during the year ended 2021. Management considers Woxiang as a separate CGU and the goodwill is allocated to the CGU of Woxiang. The recoverable amount of Woxiang is determined based on value in use calculations as of 31 December 2022 as the value in use calculations resulted in a higher amount than the fair value less cost of disposal. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering an eight-year period. Cash flows beyond the eight-year period are extrapolated using the estimated terminal growth rates stated below.

The key parameters used for value-in-use calculations are as follows:

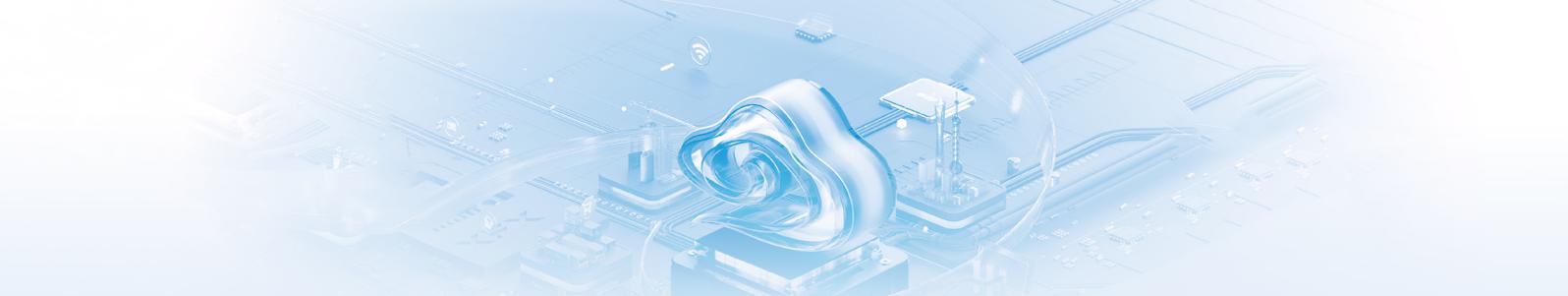
	As of December 31,	
	2022	2021
Revenue growth rate during the forecast period (i)	2.3%~44.7%	6.8%~128.1%
Earnings before interest, taxes, depreciation and amortisation ("EBITDA") margin during the forecast period (ii)	-5.5%~39.4%	-127.4%~30.3%
Terminal growth rate (iii)	3.0%	3.0%
Pre-tax discount rate (iv)	22.3%	20.7%

(i) Revenue growth rate

The average revenue growth rate is estimated with reference to the industry growth forecast for the market in which Woxiang operates. When estimating the revenue growth rate during the forecast period, the management of the Company is of the view that the revenue growth rate would range between 2.3% and 44.7% (2021: 6.8%-128.1%).

(ii) EBITDA margin

The EBITDA margin of the eight years ranged between -5.5% and 39.4% (2021: -127.4% and 30.3%) was determined by the management based on past performance, the current market conditions and its expectation for market development.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (Continued)

(iii) Terminal growth rate

Cash flows beyond the eight-year period are extrapolated using the estimated terminal growth rates of 3% as of 31 December 2022 and 2021.

(iv) Pre-tax discount rate

The pre-tax discount rate reflects market assessments of the time value and the risks specific to the goodwill for which the future cash flow estimates have not been adjusted. With the assistance of a third-party independent valuer, management assessed that the pre-tax discount rate for the impairment assessment as of 31 December 2022 would be 22.3% (2021: 20.7%).

Under paragraph 33(b) of IAS 36, a period longer than five years can be used as projections if it is justifiable, and the management of the Group used an eight-year period, which takes into account the length of the post projection period for the cash flow forecast will be perpetuity, and this shall be achieved by identifying a 'steady state' set of assumptions for the cash flows in the last year of the forecasts and applying a terminal value multiple to those cash flows. Therefore, given the Group expects to maintain an extended high growth rate over a period longer than 5 years, management of the Group considers that the Group's business is expected to reach a steady and stable terminal growth state, which is likely after an eight-year period of gradually declining revenue growth.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (Continued)

(iv) Pre-tax discount rate (Continued)

The following table shows the sensitive analysis prepared by the management of the Company. Had the estimated key assumptions during the forecast period been changed, the goodwill impairment amount will reverse/(increase) as below:

Assumptions	Change in assumptions	As of December 31 2022 RMB'000
Revenue growth rate	Increase by 5.0%	981
	Decrease by 5.0%	(929)
EBITDA margin	Increase by 5.0%	766
	Decrease by 5.0%	(766)
Terminal growth rate	Increase by 5.0%	83
	Decrease by 5.0%	(82)
Pre-tax discount rate	Increase by 5.0%	(1,361)
	Decrease by 5.0%	1,556

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the business is lower than its carrying amount as at 31 December 2022, thus the impairment loss of RMB32,808,000 on goodwill was charged to consolidated statement of comprehensive income under "Other (losses)/gains, net" for the year ended 31 December 2022 (2021: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 INTANGIBLE ASSETS (CONTINUED)

(b) Amortisation of the Group's intangible assets has been recognised as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
General and administrative expenses	2,809	2,435
Research and development expenses	634	723
	3,443	3,158

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Balance at 1 January	10,986	–
Addition	11,250	11,250
Share of losses of an associate	(1,361)	(264)
Balance at 31 December	20,875	10,986

The addition of RMB11,250,000 in 2021 represents the investment made by the Group to Hangzhou Mingqi Intelligence Technology Limited Company (杭州明啟數智科技有限公司, "Mingqi"), representing 15% interest in Mingqi. The addition of RMB11,250,000 in 2022 represents the investment made by the Group to Mingqi, representing additional 15% interest in Mingqi. Mingqi is accounted for as an associate of the Group due to representation in the board of directors. Mingqi is a private company and there is no quoted market price available for its shares. There is no contingent liabilities relating to the Group's interest in Mingqi.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
Trade receivables (Note 23)	73,506	79,580
Other receivables (Note 23)	63,503	56,818
Term deposits (Note 24)	2,994,122	3,432,800
Restricted cash (Note 25)	3,130	850
Cash and cash equivalents (Note 25)	1,642,078	2,017,356
	4,776,339	5,587,404
Financial assets at FVPL (Note 21)	83,089	369,226
Financial assets at FVOCI (Note 22)	6,547	10,101
	4,865,975	5,966,731
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables (Note 30)	37,874	66,062
Other payables and accruals (excluding accrued payroll and employee benefit expenses, VAT and surcharges payable) (Note 31)	19,729	20,363
Lease liabilities (Note 17)	224,556	103,041
	282,159	189,466

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of financial assets mentioned above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Investments in wealth management products (a)	29,702	53,774
Investments in unlisted equity securities (b)	53,387	16,839
Investments in debt instruments (d)	–	298,613
	83,089	369,226
Less: non-current portion		
Investments in unlisted equity securities (b)	(53,387)	(16,839)
	29,702	352,387

(a) Investments in wealth management products

Movements in investments in wealth management products were as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	53,774	300,700
Acquisitions	2,556,010	3,085,610
Disposals	(2,588,114)	(3,349,004)
Unrealised changes in fair value (Note 8)	928	774
Realised income (Note 8)	7,104	15,694
At the end of the year	29,702	53,774

The returns on all of these wealth management products are not guaranteed, and therefore the Group designated them as financial assets at FVPL. Realised income of these financial assets are recognised in "other income" in the consolidated statement of comprehensive income. For the fair value estimation, please refer to Note 3.3 for details.

As at 31 December 2022 and 2021, all wealth management products are mature within 1 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 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. For the fair value estimation, please refer to Note 3.3 for details.

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	16,839	6,740
Acquisitions	44,112	10,000
Unrealised changes in fair value (Note 9)	(7,564)	99
At the end of the year	53,387	16,839

(c) Investments in redeemable preferred share

The Group's investments in redeemable preferred shares represent the investments in certain privately owned companies with redeemable terms. For the fair value estimation, please refer to Note 3.3 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Investments in redeemable preferred share (Continued)

Movements of investments in redeemable preferred shares were as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	–	18,990
Deemed disposal as a result of change to a subsidiary	–	(15,727)
Realised gains on previously held interest (Note 9)	–	(3,263)
At the end of the year	–	–

On 30 October 2018, Ming Yuan Cloud Technology acquired 19.9% redeemable preferred shares in Woxiang at a consideration of RMB12,000,000, and the Group's interests in Woxiang was not material. Pursuant to the agreement, the Group had significant influence in Woxiang and the redeemable preferred shares should be redeemed upon request of Ming Yuan Cloud Technology by Woxiang and its controlling owner at principal and interest of 10% annual interest rate of the initial consideration upon occurrence of certain future events. Therefore, these redeemable preferred shares are not regarded as a current ownership interest in Woxiang and should be accounted for as financial assets at FVPL using IFRS 9 instead of using the equity method.

As at 31 January 2021, the balance of investments in redeemable preferred shares represented 19.9% of the issued preferred shares in Woxiang. Then the Company acquired additional equity interest in Woxiang in January, February and March 2021 at a total cash consideration of RMB22,008,000, and after the transactions, the Company held 56.58% interest in Woxiang and then obtained the control of Woxiang.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(d) Investments in debt instruments

Movements in investments in debt instruments were as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	298,613	–
Acquisitions	38,500	365,537
Disposals	(324,277)	(70,204)
Realised income or gains (Note 8, Note 9)	(12,836)	6,025
Unrealised changes in fair value (Note 9)	–	(2,745)
At the end of the year	–	298,613

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

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group's investments in financial assets at FVOCI are all investments in unlisted equity securities, which represent the investments in certain privately owned companies. For the fair value estimation, please refer to Note 3.3 for details.

Movements of investments in unlisted equity securities were as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	10,101	12,000
Addition	–	5,000
Unrealised changes in fair value (Note 27, 29)	(3,554)	(6,899)
At the end of the year	6,547	10,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade receivables from contracts with customers	147,829	108,495
Less: Loss allowance (Note 3.1)	(74,323)	(28,915)
Trade receivables – net	73,506	79,580
Prepayments to suppliers	53,790	29,435
Prepayments for property, plant and equipment	19,841	–
Prepayments for land use right	–	36,440
Prepayments for leasehold improvements	1,340	14,431
Prepayments for employee benefits	6,646	7,596
Total prepayments	81,617	87,902
Rental and other deposits	26,353	39,654
Interest receivables from bank deposits	23,498	14,265
Others	13,681	2,970
Less: Loss allowance	(29)	(71)
Other receivables – net	63,503	56,818
Total trade receivables, prepayments and other receivables	218,626	224,300
Less: Non-current deposits and prepayments	(46,514)	(79,467)
Current portion	172,112	144,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade receivables from contracts with customers	147,829	108,495
Less: Loss allowance (Note 3.1(b))	(74,323)	(28,915)
	73,506	79,580

Movements on the Group's loss allowance of trade receivables are disclosed in Note 3.1.

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

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Ageing		
Up to 3 months	42,213	70,391
3 to 6 months	18,548	14,526
6 months to 1 year	32,409	12,707
1 to 2 years	43,790	6,950
Over 2 years	10,869	3,921
	147,829	108,495

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Movements on the Group's loss allowance of other receivables are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At the beginning of the year	71	52
Impairment provision	–	24
Receivables written off during the year as uncollectible	–	(5)
Reversal of impairment provision	(42)	–
At the end of the year	29	71

24 TERM DEPOSITS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Term deposits	2,994,122	3,432,800

This represented the Group's term deposits placed in banks through a reputable financial institution with maturities over three months, which is redeemable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash at bank and on hand (a)	1,645,208	2,018,206
Less: Restricted cash (b)	(3,130)	(850)
Cash and cash equivalents	1,642,078	2,017,356

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

	As at 31 December	
	2022 RMB'000	2021 RMB'000
RMB	1,629,927	1,276,883
USD	10,985	454,316
HKD	4,296	287,007
	1,645,208	2,018,206

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 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 31 December 2021, 2022	3,800,000	380	-	-

Issued:

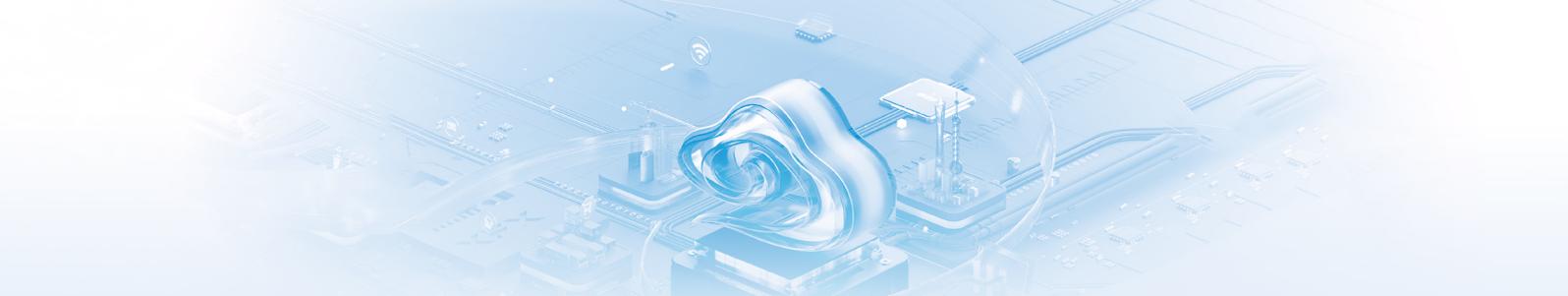
	Number of ordinary shares '000	Nominal value of ordinary shares HKD'000	Share capital RMB'000	Treasury shares RMB'000	Total RMB'000
As at 1 January 2021	1,927,149	193	170	-	170
Issuance of ordinary shares (a)	41,444	4	3	-	3
Less: Treasury shares (a)	(94,450)	(9)	-	(7)	(7)
As at 31 December 2021	1,874,143	188	173	(7)	166
As at 1 January 2022	1,968,593	197	173	-	173
Issuance of ordinary shares (b)	13,090	1	1	-	1
Cancellation of shares (c)	(22,157)	(2)	(2)	-	(2)
Less: Treasury shares (b)	(148,074)	(15)	-	(219,501)	(219,501)
As at 31 December 2022	1,811,452	181	172	(219,501)	(219,329)

- (a) On 1 July 2021, the Company allotted and issued 41,443,996 ordinary shares to MYC Marvellous Limited. The issuance resulted in the increase in share capital of RMB3,000 and the ordinary shares issued were also presented as treasury shares. During the year ended 31 December 2021, 19,000,000 ordinary shares of the Company held by MYC Marvellous Limited were transferred to the Grantees upon vesting (Note 28).
- (b) On 30 May 2022 and 8 December 2022, the Company allotted and issued total 13,089,993 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.
- (c) 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 22,157,000 shares were cancelled on 4 July 2022, and result in the decrease in the Company's share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 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 2021	7,283,184	75,898	(251,574)	9,040	(115,130)	7,001,418
Changes in fair value of financial assets at FVOCI, net of tax (Note 22)	-	-	-	-	(6,089)	(6,089)
Transactions with non-controlling interests (a)	-	-	-	-	(588,838)	(588,838)
Reserves set off the accumulated losses (b)	-	(75,898)	-	-	-	(75,898)
Share-based compensation expenses (Note 28)	-	-	-	622,717	-	622,717
Transfer of vested restricted share units from treasury shares (Note 28)	404,311	-	-	(404,313)	-	(2)
Dividend distribution to the owners of the company	(127,913)	-	-	-	-	(127,913)
Currency translation differences	-	-	(161,357)	-	-	(161,357)
At 31 December 2021	7,559,582	-	(412,931)	227,444	(710,057)	6,664,038
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 (Note 22)	-	-	-	-	(3,021)	(3,021)
Appropriation for statutory surplus reserve (b)	-	82	-	-	-	82
Share-based compensation expenses (Note 28)	-	-	-	499,450	-	499,450
Transfer of vested restricted share units from treasury shares (Note 28)	101,750	-	-	(104,079)	-	(2,329)
Cancellation of shares	(198,557)	-	-	-	-	(198,557)
Dividend distribution to the owners of the company	(101,912)	-	-	-	-	(101,912)
Currency translation differences	-	-	349,353	-	-	349,353
At 31 December 2022	7,360,863	82	(63,578)	622,815	(713,078)	7,207,104



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 RESERVES (CONTINUED)

(a) Transaction with non-controlling interests

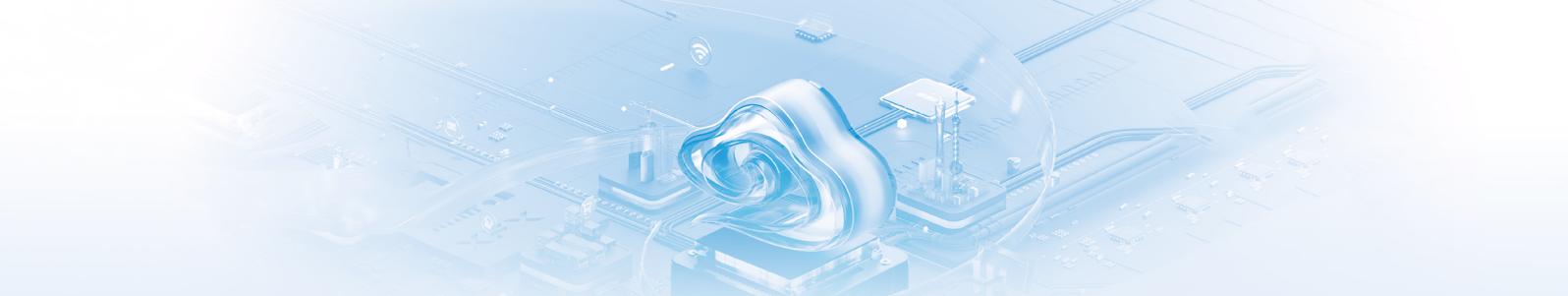
In August 2021, Ming Yuan Cloud Technology acquire 29.9% shares from non-controlling shareholders of Ming Yuan Cloud Client. Upon completion of the acquisition, Ming Yuan Cloud Client become an indirect wholly-owned subsidiary of the Company. The difference of approximately RMB499,373,000 between the consideration payable of RMB598,131,000 and the carrying amount of acquired non-controlling interest of RMB98,758,000, was recognised in reserves.

In August 2021, Ming Yuan Cloud Technology acquire 20% shares from non-controlling shareholders of Ming Yuan Cloud Chain and Ming Yuan Cloud Space. The difference of approximately RMB47,247,000 and RMB27,060,000 between the consideration payable of RMB40,000,000 and RMB9,560,000 and the carrying amount of acquired non-controlling interest of RMB-7,247,000 and RMB-17,500,000, was recognised in reserves.

As disclosed in Note 2.2.1(a), in September 2021, Ming Yuan Cloud Procurement repurchased the other 20% equity interest from its non-controlling shareholders. Ming Yuan Cloud Technology obtained 100% equity interest of Ming Yuan Cloud Procurement through entered into new contractual arrangements (“New Contractual Arrangements”) with Ming Yuan Cloud Procurement and its registered shareholders who collectively hold 100% equity interests of Ming Yuan Cloud Procurement. This transaction was treated as transaction with non-controlling interest. The difference of approximately RMB15,158,000 between the consideration payable of RMB5,028,000 and the carrying amount of acquired non-controlling interest of RMB-10,130,000, was recognised in reserves.

(b) Appropriation for statutory surplus reserve

In accordance with the PRC Company Law and the articles of association, the PRC subsidiaries of the Group are required to appropriate 10% of its profits after tax, as determined in accordance with Accounting Standards for Business Enterprises and other applicable regulations, to the statutory surplus reserve until such reserve reaches 50% of its registered capital. The appropriation to the reserve must be made before any distribution of dividends to shareholders. Apart from the statutory surplus reserve, discretionary surplus reserve can be appropriated according to the resolution of shareholders’ meeting. The surplus reserve can be used to offset previous years’ losses, if any, and part of the statutory surplus reserve can be capitalised as the PRC subsidiary’s capital provided that the amount of surplus reserve remaining after the capitalisation shall not be less than 25% of its capital.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 SHARE-BASED COMPENSATION

2020 Share incentive plan

On 29 March 2020, the board of directors of the Company passed a resolution, according to which an aggregate of 7,484,080 ordinary shares of the Company was issued and allotted to MYC Marvellous Limited, an employee share trust controlled by the Company. Effective from 31 March 2020, the shares held by MYC Marvellous Limited were subdivided into 74,840,800 shares.

On 10 April 2020, 8 July 2021, 29 October 2021 and 1 November 2021, the Company granted restricted share units (“RSUs”) to the Group’s employees (the “Grantees”) subject to the 2020 Share Incentive Plan, representing 43,743,004 ordinary shares of par value HKD0.0001 each in the share capital of the Company. The RSUs awarded are either subject to a vesting scale in tranches from the grant date over a certain service period on condition that employees remain in service, or vested on the grant date. Once the vesting conditions underlying the respective RSUs are met and the RSUs are released, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

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 released, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

2021 Share Award Scheme

On 11 June 2021, the board of directors of the Company passed a resolution, according to which an aggregate number of ordinary shares of the Company, not exceed 5% of total number of issued shares as at 11 June 2021, may be awarded to eligible persons.

On 1 July 2021, the Company granted RSUs to the Grantees, representing 41,443,996 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 released, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 SHARE-BASED COMPENSATION (CONTINUED)

2021 Share Award Scheme (Continued)

On 30 May 2022, 14 November 2022 the Company granted RSUs to the Grantees, representing 13,089,993 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 released, the shares shall be subject to applicable restrictions in the award and any legal restrictions.

The share-based compensation expenses recognised during the years ended 31 December 2022 and 2021 are summarised in the following table:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Share-based compensation expenses	499,450	803,152

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 statement of comprehensive income. As at 31 December 2022 and 2021, the Expected Retention Rate was assessed to be 96%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 SHARE-BASED COMPENSATION (CONTINUED)

2021 Share Award Scheme (Continued)

Expected retention rate (Continued)

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 2021	17,500,000	2.50
Granted during the year	64,087,000	31.01
Vested during the year	(19,000,000)	30.36
Lapsed/Forfeited	(1,677,203)	23.30
Outstanding as at 31 December 2021	60,909,797	23.23
Outstanding as at 1 January 2022	60,909,797	23.23
Granted during the year	39,884,012	7.07
Vested during the year	(23,860,000)	4.61
Lapsed/Forfeited	(11,031,735)	20.52
Outstanding as at 31 December 2022	65,902,074	20.76

The fair value of RSUs granted in 2022 and 2021 was calculated based on the market price of the Company's shares at the respective grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	27,572	8,954
– Deferred income tax assets to be recovered within 12 months	24,261	13,807
Total deferred income tax assets	51,833	22,761
Set-off of deferred income tax liabilities pursuant to set-off provision	(31,891)	(13,254)
Net deferred income tax assets	19,942	9,507
Deferred income tax liabilities:		
– Deferred income tax liability to be recovered after more than 12 months	(25,076)	(7,579)
– Deferred income tax liability to be recovered within 12 months	(7,591)	(6,133)
Total deferred income tax liabilities	(32,667)	(13,712)
Set-off of deferred income tax assets pursuant to set-off provision	31,891	13,254
Net deferred income tax liabilities	(776)	(458)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	As at 1 January 2021 RMB'000	Credited/ (charged) to profit or loss RMB'000	Credited to Reserves RMB'000	As at 31 December 2021 RMB'000
The balance comprises temporary differences attributable to:				
Deferred income tax assets				
– Financial assets at FVPL	65	(39)	–	26
– Financial assets at FVOCI	–	–	360	360
– Lease liabilities	6,443	7,899	–	14,342
– Impairment provisions	978	7,055	–	8,033
	7,486	14,915	360	22,761
Deferred income tax liabilities				
– Intangible assets	–	(488)	–	(488)
– Right-of-use assets	(5,744)	(7,480)	–	(13,224)
– Financial assets at FVPL	(699)	699	–	–
– Financial assets at FVOCI	(450)	–	450	–
	(6,893)	(7,269)	450	(13,712)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (CONTINUED)

	As at 1 January 2022 RMB'000	Credited/ (charged) to profit or loss RMB'000	Credited to Reserves RMB'000	As at 31 December 2022 RMB'000
The balance comprises temporary differences attributable to:				
Deferred income tax assets				
– Financial assets at FVPL	26	1,184	–	1,210
– Financial assets at FVOCI	360	–	533	893
– Lease liabilities	14,342	18,396	–	32,738
– Impairment provisions	8,033	8,959	–	16,992
	22,761	28,539	533	51,833
Deferred income tax liabilities				
– Intangible assets	(488)	(134)	–	(622)
– Right-of-use assets	(13,224)	(18,294)	–	(31,518)
– Financial assets at FVPL	–	(303)	–	(303)
– Interest receivable	–	(224)	–	(224)
	(13,712)	(18,955)	–	(32,667)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefits through the future taxable profits is probable. Management will continue to assess the recognition of deferred income tax assets in future reporting periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 DEFERRED INCOME TAX (CONTINUED)

At the end of the years, the Group has the following unutilised tax losses available for offsetting against future taxable profits for which no deferred tax assets is recognised:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Tax losses expiring:		
Within 5 years	1,165,673	317,538
Over 5 years	508,896	377,085
Without expiry date	–	–
	1,674,569	694,623

Deferred income tax liabilities of RMB75,000 and RMB51,246,000 have not been recognised for the withholding tax that would be payable on the unremitted earnings of subsidiaries in the PRC based on the profits for the years ended 31 December 2022 and 2021, respectively. Deferred income tax liability is not recognised where the timing of the reversal of the temporary difference is controlled by the Group and the directors have confirmed that such earnings will not be distributed out of the PRC in the foreseeable future.

30 TRADE PAYABLES

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade payables to third parties	37,874	66,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 TRADE PAYABLES (CONTINUED)

As at 31 December 2022 and 2021, the ageing analysis of the trade payables based on date of recognition are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Ageing:		
Up to 3 months	37,874	66,062

31 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Accrued payroll and employee benefit expenses	197,489	205,045
VAT and surcharges payable	8,287	14,550
Commissions payable to regional channel partners	5,928	2,097
Accrued auditor's remuneration	4,982	5,500
Deposits from regional channel partners	1,672	1,662
Payable in respect of investments in unlisted equity securities	–	5,000
Operating expenses advanced by employees	–	97
Others	7,147	6,007
	225,505	239,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Loss before income tax	(1,168,666)	(503,554)
Adjustments for:		
Depreciation of right-of-use assets	68,223	34,129
Depreciation of property, plant and equipment	40,123	18,687
Depreciation of investment properties	1,987	705
Net impairment losses on financial assets and contract assets	58,329	43,593
Goodwill impairment	32,808	–
Finance income – net	(98,372)	(123,481)
Net exchange difference	199,523	(108,438)
Amortisation of intangible assets	3,443	3,158
Net gains on disposals of property, plant and equipment	(3,264)	(901)
Share-based compensation	499,450	803,152
Share of losses of an associate	1,361	264
Proceeds from acquisition of a subsidiary	–	(6,832)
Fair value losses on financial assets at FVPL	20,400	1,873
Income from wealth management products	(17,615)	(21,719)
Operating cashflows before movements in working capital	(362,270)	140,636
Change in working capital:		
Trade receivables	(39,334)	(72,701)
Contract acquisition costs	11,898	(92,269)
Contract assets	13,438	(55,179)
Restricted cash	(2,280)	(300)
Prepayments and other receivables	(27,564)	(57,702)
Inventories	(5,983)	(320)
Trade payables	(28,188)	13,699
Contract liabilities	(32,089)	58,817
Other payables and accruals	1,498	25,336
Cash generated from operations	(470,874)	(39,983)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 CASH FLOW INFORMATION (CONTINUED)

(b) Non-cash investing and financing activities

There were no material non-cash investing and financing transactions except for the additions of the right-of-use assets (Note 17(a)), the share-based compensation described in Note 28, and the conversion of convertible redeemable preferred shares for the years ended 31 December 2022 and 2021.

(c) Net cash reconciliation

This section sets out an analysis of net cash and the movements in net cash for the years ended 31 December 2022 and 2021.

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash and cash equivalents	1,642,078	2,017,356
Restricted cash	3,130	850
Term deposits	2,994,122	3,432,800
Liquid investments (Note i)	29,702	352,387
Lease liabilities	(224,556)	(103,041)
Net cash	4,444,476	5,700,352

- (i) Liquid investments comprise the Group's investments in wealth management products and investments in debt instruments included in financial assets at FVPL. See Note 21(a), 21(d) for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 CASH FLOW INFORMATION (CONTINUED)

(c) Net cash reconciliation (Continued)

	Cash and cash equivalent RMB'000	Restricted cash RMB'000	Term deposits RMB'000	Liquid investments RMB'000	Lease liabilities RMB'000	Total RMB'000
Net cash as at 1 January 2021	4,759,384	550	1,812,750	300,700	(61,447)	6,811,937
Cash flows	(2,689,109)	300	1,620,050	54,432	31,593	(982,734)
Foreign exchange adjustments	(52,919)	-	-	-	-	(52,919)
Fair value changes	-	-	-	(2,745)	-	(2,745)
Non-cash movement	-	-	-	-	(73,187)	(73,187)
Net cash as at 31 December 2021	2,017,356	850	3,432,800	352,387	(103,041)	5,700,352
Net cash as at 1 January 2022	2,017,356	850	3,432,800	352,387	(103,041)	5,700,352
Cash flows	(525,108)	2,280	(438,678)	(323,613)	64,865	(1,220,254)
Foreign exchange adjustments	149,830	-	-	-	-	149,830
Fair value changes	-	-	-	928	-	928
Non-cash movement	-	-	-	-	(186,380)	(186,380)
Net cash as at 31 December 2022	1,642,078	3,130	2,994,122	29,702	(224,556)	4,444,476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 COMMITMENTS

(a) Capital commitments

The Group mainly has capital commitments with respect to assets under construction, leasehold improvements and land use right. Significant capital expenditure contracted for at the end of the years but not recognised as liabilities were as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Assets under construction	572	12,261
Leasehold improvements	11,239	48,416
Land use right	–	151,317
	11,811	211,994

(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 31 December	
	2022 RMB'000	2021 RMB'000
Within 1 year	254	195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 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 years ended 31 December 2022 and 2021:

Key management personnel compensation

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries, wages, and bonuses	4,130	7,311
Pension costs – defined contribution plans	261	240
Other social security costs, housing benefits and other employee benefits	310	302
Share-based compensation	95,711	576,846
	100,412	584,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries	(a)	1,694,359	1,065,310
Current assets			
Prepayments and other receivables		2,560,085	1,026,348
Financial assets at fair value through profit or loss-current		–	298,613
Term deposits		2,864,122	3,432,800
Cash and cash equivalents	(b)	10,390	973,758
Total current assets		5,434,597	5,731,519
Total assets		7,128,956	6,796,829
EQUITY			
Share capital	26	172	173
Treasury shares	26	(217,748)	(7)
Reserves	(c)	8,316,427	7,508,524
Accumulated losses	(c)	(1,010,132)	(749,579)
Total equity		7,088,719	6,759,111
LIABILITIES			
Current liabilities			
Other payables	(d)	40,237	37,718
Total liabilities		40,237	37,718
Total equity and liabilities		7,128,956	6,796,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Interests in subsidiaries

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Amounts due from subsidiaries (i)	1,180,078	248,583
Investments in a subsidiary (ii)	14,831	13,575
Share-based compensation	499,450	803,152
	1,694,359	1,065,310

(i) It represents the amounts due from Ming Yuan Cloud Investment and the Company does not intend to collect in near future.

(ii) It represents the cost of investments in Earl Dazzle amounting to USD2,121,000.

(b) Cash and cash equivalents

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash at bank (i)	10,390	973,758

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

	As at 31 December	
	2022 RMB'000	2021 RMB'000
RMB	50	237,125
USD	6,070	449,627
HKD	4,270	287,006
	10,390	973,758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 NOTES TO THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(c) Reserve movement of the Company

	Reserves RMB'000	Accumulated losses RMB'000
As at 1 January 2021	7,027,004	(979,683)
Profit for the year	–	230,104
Dividend distribution to the owners of the company	(132,701)	–
Share-based compensation expenses (Note 27)	803,152	–
Transfer of vested restricted share units from treasury shares (Note 27)	(2)	–
Currency translation differences	(188,929)	–
As at 31 December 2021	7,508,524	(749,579)
As at 1 January 2022	7,508,524	(749,579)
Profit for the year	–	(260,553)
Dividend distribution to the owners of the company	(107,107)	–
Share-based compensation expenses (Note 27)	499,450	–
Transfer of vested restricted share units from treasury shares (Note 27)	(2,329)	–
Cancellation of shares (Note 27)	(198,557)	–
Currency translation differences	616,446	–
As at 31 December 2022	8,316,427	(1,010,132)

(d) Other payables and accruals

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Amounts due to subsidiaries	40,152	37,624
Others	85	94
	40,237	37,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 SUBSIDIARIES

Company name	Place and date of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Registered/ issued capital	Percentage of attributable equity interest	
				As at 31 December	
				2022	2021
Directly held:					
Ming Yuan Cloud Investment	BVI/ 10 July 2019 limited liability company	Investment holding/ BVI	USD0.01/ USD0.01	100.00%	100.00%
Earl Dazzle	BVI/ 20 December 2016 limited liability company	Investment holding/ BVI	USD2/ USD2	100.00%	100.00%
Indirectly held:					
Polaris Cloud	Hong Kong/ 22 July 2019 limited liability company	Investment holding/ Hong Kong	HKD10,000/ HKD10,000	100.00%	100.00%
Viscount Dazzle	Hong Kong/ 1 February 2017 limited liability company	Investment holding/ Hong Kong	HKD1/ HKD1	100.00%	100.00%
Northern Lights Cloud	PRC/ 6 September 2019 wholly-foreign-owned enterprise	Investment holding/ PRC	USD294,000,000/ USD294,000,000	100.00%	100.00%
Ming Yuan Cloud Technology	PRC/ 27 November 2003 limited liability company	Investment holding, SaaS products and ERP solutions/ PRC	RMB1,831,644,737/ RMB1,831,544,870	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 SUBSIDIARIES (CONTINUED)

Company name	Place and date of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Registered/ issued capital	Percentage of attributable equity interest	
				As at 31 December	
				2022	2021
Indirectly held:					
Ming Yuan Cloud Client	PRC/ 30 July 2014 limited liability company	Investment holding and SaaS products/ PRC	RMB10,700,000/ RMB10,700,000	100.00%	100.00%
Shenzhen Zhijian Yinli Hudong Technology Co., Ltd. (深圳市指尖引力 互動科技有限公司)	PRC/ 25 July 2018 limited liability company	SaaS products/ PRC	RMB1,000,000/ RMB1,000,000	100.00%	100.00%
Ming Yuan Cloud Procurement	PRC/ 22 April 2014 limited liability company	SaaS products/ PRC	RMB8,888,889/ RMB8,888,889	100.00%	100.00%
Ming Yuan Cloud Space	PRC/ 6 August 2015 limited liability company	SaaS products/ PRC	RMB10,000,000/ RMB10,000,000	100.00%	100.00%
Wuhan Ming Yuan Power	PRC/ 8 April 2008 limited liability company	ERP solutions/ PRC	RMB1,000,000/ RMB1,000,000	100.00%	100.00%
Wuhan Mingyuan Zhuoyue Information Technology Service Co., Ltd. (武漢明源卓越信息 技術服務有限公司, "Wuhan Ming Yuan Excel")	PRC/ 24 November 2010 limited liability company	ERP solutions/ PRC	RMB20,000,000/ RMB20,000,000	100.00%	100.00%
Shenzhen Mingyuan Cloud Computing Co., Ltd. (深圳市 明源雲計算有限公司, "Ming Yuan Cloud Calculation")	PRC/ 8 March 2016 limited liability company	Investment holding and technology services/ PRC	RMB50,000,000/ RMB50,000,000	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

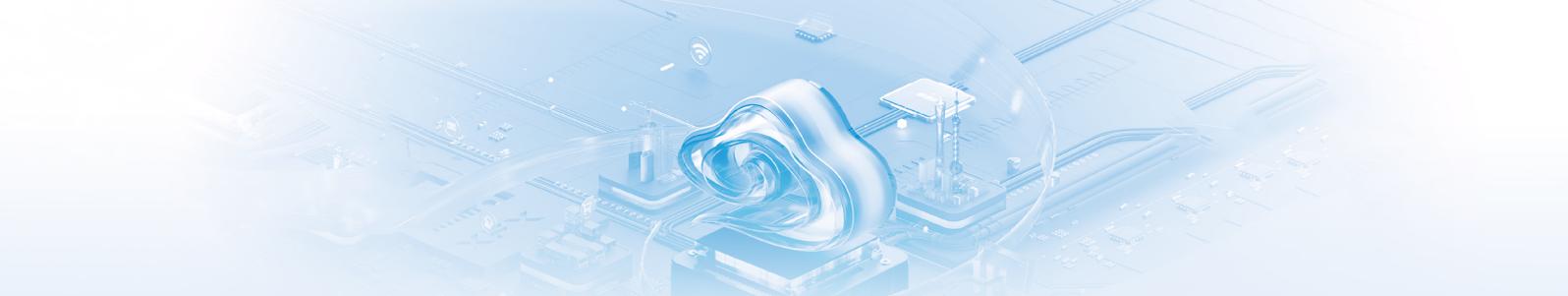
36 SUBSIDIARIES (CONTINUED)

Company name	Place and date of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Registered/ issued capital	Percentage of attributable equity interest	
				As at 31 December	
				2022	2021
Indirectly held:					
Ningbo Meishan Bonded Port Area Mingyuan Shengshi Investment Co. Ltd. (寧波梅山保稅港區 明源盛世投資有限公司)	PRC/ 30 September 2016 limited liability company	Investment holding/ PRC	RMB5,000,000/ RMB5,000,000	100.00%	100.00%
Wuhan Mingyuan Cloud Technology Co., Ltd. (武漢明源雲科技 有限公司, "Wuhan Ming Yuan Cloud Technology")	PRC/ 12 July 2016 limited liability company	ERP solutions/ PRC	RMB20,000,000/ RMB20,000,000	100.00%	100.00%
Mingyuan Cloud Technology (Hong Kong) Limited	Hong Kong/ 13 November 2018 limited liability company	Technology services/ Hong Kong	USD10,000/ USD10,000	100.00%	100.00%
Ming Yuan Cloud Chain	PRC/ 12 April 2019 limited liability company	SaaS products/ PRC	RMB11,111,111/ RMB500,000	100.00%	100.00%
Woxiang	PRC/ 01 March 2013 limited liability company	SaaS products/ PRC	RMB5,305,868/ RMB5,305,868	56.58%	56.58%
Chengdu Jingjian Technology Limited (成都市境見科技 有限公司, "Jingjian")	PRC/ 29 March 2021 limited liability company	SaaS products/ PRC	RMB10,000,000/ Nil	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 SUBSIDIARIES (CONTINUED)

Company name	Place and date of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Registered/ issued capital	Percentage of attributable equity interest	
				As at 31 December	
				2022	2021
Indirectly held:					
Wuhan Mingyuan Cloud Creative Technology Limited. (武漢明源雲創新 科技有限公司, "Wuhan Ming Yuan Cloud Creative Technology")	PRC/ 8 October 2021 limited liability company	Investment holding/ PRC	RMB960,000,000/ RMB318,510,000	100.00%	100.00%
Wuhan Mingyuan Cloud Intelligence Technology Limited. (武漢明源雲數智 科技有限公司, "Wuhan Ming Yuan Cloud Intelligence")	PRC/ 8 October 2021 limited liability company	Investment holding/ PRC	RMB960,000,000/ RMB318,510,000	100.00%	100.00%
Wuhan Mingyuan Cloud Xinchu Technology Limited. (武漢明源雲新楚 科技有限公司, "Wuhan Ming Yuan Cloud Xinchu")	PRC/ 27 August 2021 wholly-foreign-owned enterprise	Investment holding/ PRC	USD300,000,000/ USD130,000,000	100.00%	100.00%
Hainan Mingyuan Cloud Navigation Technology Limited. (海南明源雲領航科技有限公司)	PRC/ 2 April 2021 limited liability company	Investment holding/ PRC	RMB40,000,000/ RMB40,000,000	100.00%	100.00%
On trust:					
MYC Marvellous Limited	BVI/ 25 February 2020 limited liability company	Employee stock holding platform/ BVI	USD50,000/ USD50,000	100.00%	100.00%



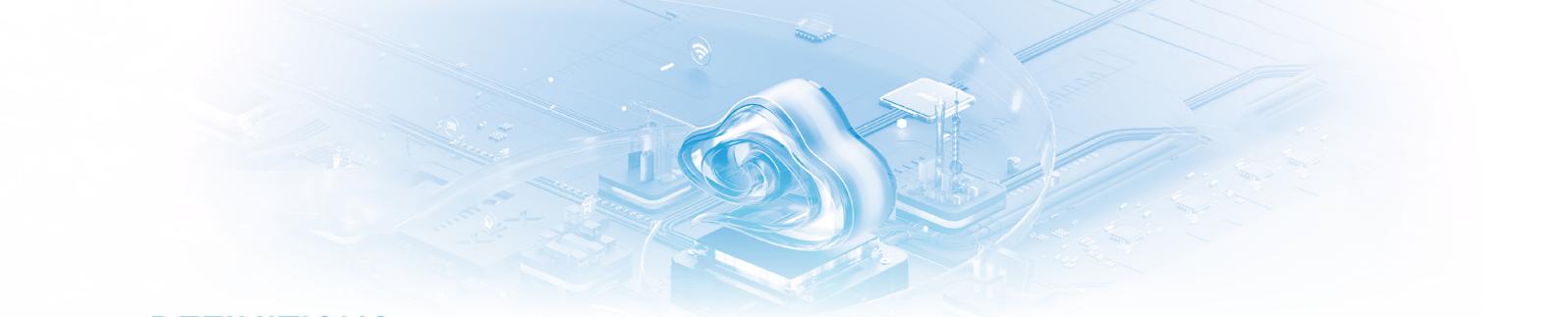
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 CONTINGENT LIABILITIES

The Group had no material contingent liabilities outstanding as at 31 December 2022 and 2021.

38 SUBSEQUENT EVENTS

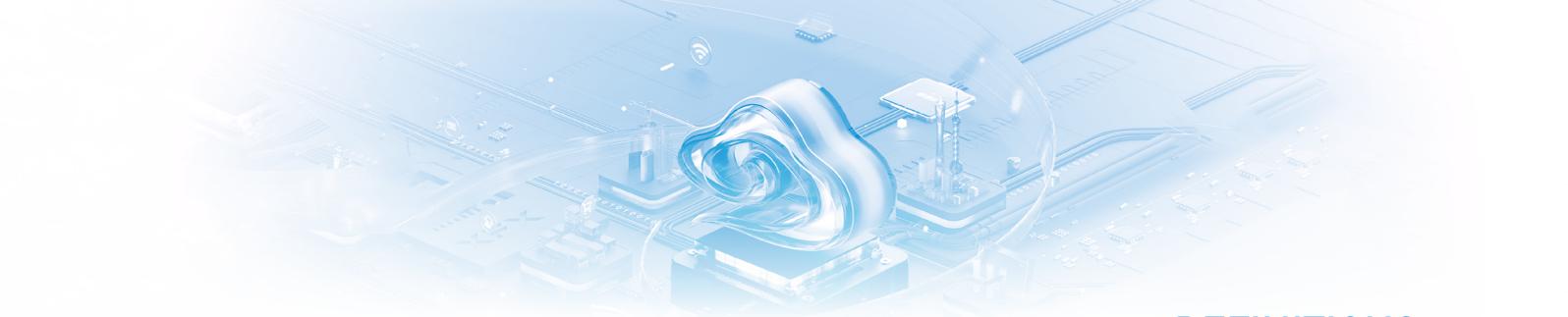
On 17 January 2023, the Company granted a total of 75,037 RSUs and 41,200,000 Share Options to 61 employees of the Group, representing 1 ordinary share of par value HKD0.0001 each in the share capital of the Company. The RSUs awarded are subject to a vesting scale in tranches from the grant date over 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 released, the shares shall be subject to applicable restrictions in the award and any legal restrictions.



DEFINITIONS

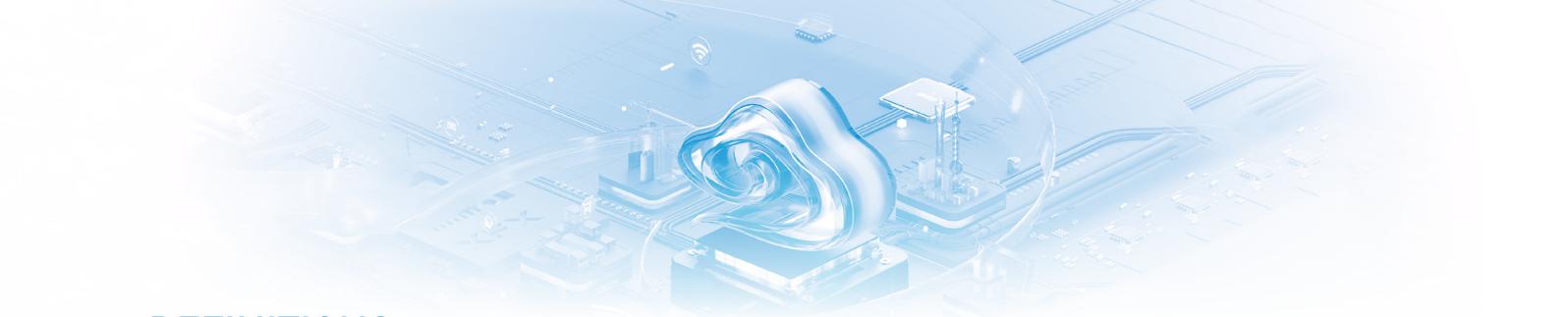
In this report, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	the annual general meeting of the Company
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Board”, “our Board” or “Board of Directors”	the board of directors of our Company
“CG Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Chairman”	the chairman of the Board
“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”, “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 Dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC



DEFINITIONS

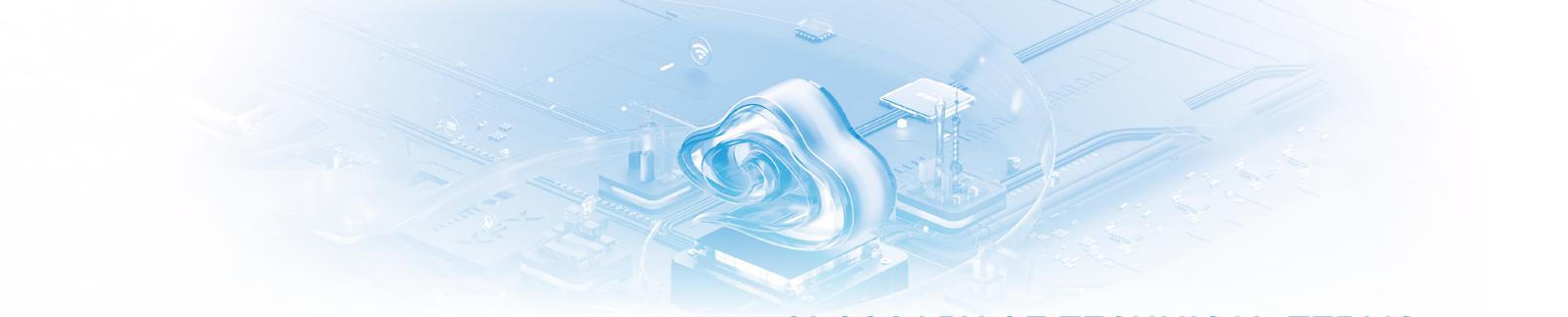
“IFRSs”	International Financial Reporting Standards
“Latest Practicable Date”	14 April 2023, being the latest practicable date for ascertaining certain information in this report
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	25 September 2020, being the date on which the Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Ming Yuan Cloud Client”	Shenzhen Mingyuan Yunke Electronic Commerce Co., Ltd. (深圳市明源雲客電子商務有限公司), a limited liability company established in Shenzhen, the PRC on 30 July 2014, one of our non-wholly owned subsidiaries
“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
“Ming Yuan Cloud Space”	Shenzhen Mingyuan Cloud Space Electronic Commerce Co., Ltd. (深圳市明源雲空間電子商務有限公司), previously known as Shenzhen Mingyuan Cloud Services Electronic Business Limited (深圳市明源雲服務電子商務有限公司), a limited liability company established in Shenzhen, the PRC on 6 August 2015, one of our non-wholly owned subsidiaries
“Ming Yuan Cloud Technology”	Shenzhen Mingyuan Cloud Technology Co., Ltd. (深圳市明源雲科技有限公司) (formerly known as Shenzhen Ming Yuan Software Limited (深圳市明源軟件股份有限公司) and Shenzhen Ming Yuan Tuo Zhan Software Technology Limited (深圳市明源拓展軟件科技有限公司)), a limited liability company established in Shenzhen, the PRC on 27 November 2003, one of our wholly-owned subsidiaries
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules



DEFINITIONS

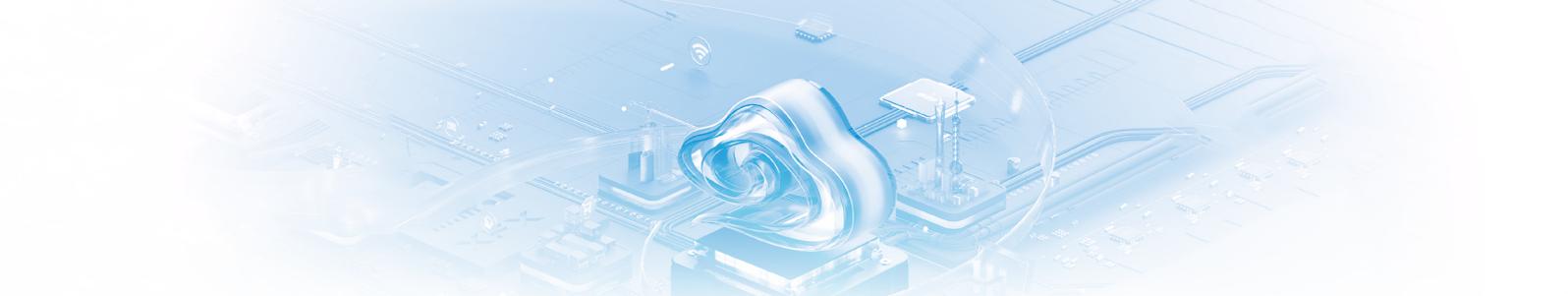
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of our Company, dated 15 September 2020, in relation to the Global Offering
“Relevant Shareholders”	collectively, Mr. Gao, Mr. Chen and Mr. Jiang as registered shareholders of Ming Yuan Cloud Procurement
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the year ended 31 December 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
“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
“Shareholder(s)”	holder(s) of our Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$” or “US dollar”	United States Dollar, the lawful currency of the United States of America
“YoY”	year-on-year
“%”	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

“AIoT”	artificial intelligence of things, the combination of artificial intelligence technologies with the Internet of Things (IoT) infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
“app” or “application”	application software designed to run on smartphones and other mobile devices
“architecture”	the structure under which an information system’s hardware, software, data and communication capabilities are put together
“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
“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
“data analytics”	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions
“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



GLOSSARY OF TECHNICAL TERMS

“PaaS”	platform as a service, a category of cloud computing services that provides a platform and environment to allow developers to build applications over the Internet
“paying end group customer”	a legal entity that (i) is the largest shareholder of a customer entity with at least 30% of voting interests of such customer entity; (ii) is the largest shareholder owning at least 30% of voting interests of a legal entity that owns at least 50% of voting interests of a customer entity; or (iii) owns at least 50% of voting interests of a legal entity that owns at least 30% of voting interests of a customer entity, together with such affiliated customer entities, are deemed as one paying end group customer. For avoidance of doubt, in respect of ERP solutions, we generate revenues from direct sales to our paying end group customers and sales to our regional channel partners, and in respect of SaaS products, we generate revenues from sales to our paying end group customers both directly and through our regional channel partners
“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