玄武雲科技控股有限公司
Xuan Wu Cloud Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

（於開曼群島註冊成立的有限公司）

Stock Code 股份代號：2392

2024 年報
ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. CHEN Yonghui
(Chairman and Chief Executive Officer)
Mr. HUANG Fangjie
Mr. LI Hairong
Mr. GUO Haiqiu

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. DU Jianqing
Ms. WU Ruifeng
Prof. WU Jintao

AUDIT COMMITTEE

Ms. WU Ruifeng *(Chairman)*
Mr. DU Jianqing
Prof. WU Jintao

REMUNERATION COMMITTEE

Prof. WU Jintao *(Chairman)*
Mr. GUO Haiqiu
Ms. WU Ruifeng

NOMINATION COMMITTEE

Mr. CHEN Yonghui *(Chairman)*
Mr. DU Jianqing
Prof. WU Jintao

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JOINT COMPANY SECRETARIES

Ms. GE Ping
Ms. LAM Chi Ching Cecilia *(Solicitor of the High Court of Hong Kong)*

AUTHORISED REPRESENTATIVES

Mr. CHEN Yonghui
Ms. LAM Chi Ching Cecilia

STOCK CODE

2392

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FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**1,151,277**	1,281,276
Gross profit	**209,777**	204,649
Operating gains/(losses)	**2,872**	(68,901)
Loss before tax	**(920)**	(71,709)
Earnings/(losses) attributable to owners of the Company	**6,914**	(72,364)
Earnings/(losses) per share (expressed in RMB per share)	**0.012**	(0.129)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
Non-current assets	**39,765**	46,499
Current assets	**594,043**	644,517
Total assets	**633,808**	691,016
Equity		
Equity attributable to owners of the Company	**331,621**	335,965
Non-controlling interests	**(3,552)**	3,055
Total equity	**328,069**	339,020
Liabilities		
Non-current liabilities	**8,026**	11,888
Current liabilities	**297,713**	340,108
Total liabilities	**305,739**	351,996
Total equity and liabilities	**633,808**	691,016

Dear Shareholders,

The year 2024 marked a significant step towards the deepening of a new technological revolution led by AI. During the year, AI applications, represented by large models and generative AI, exhibited a flourishing trend, and AI+ applications began to take root and grow in the "soil" of digitalisation across various industries. As a leading domestic intelligent CRM vendor that has achieved full-stack self-research in AI technology, we have always regarded AI as an important strategic development direction and are committed to empowering enterprise customers with digitalisation through AI+SaaS products, helping them achieve high-quality digital transformation and upgrading. Looking back on 2024, we adhered to the core goal of enhancing profitability and achieving high-quality business development for the Company. Through measures such as focusing on high-gross-profit businesses, upgrading business brand, expanding to new client segments, and optimising our product system, we have achieved significant results. During the Reporting Period, our profitability improved significantly. The net profit attributable to the owners of the Company reached RMB6.9 million, achieving a turnaround from loss to profit year-on-year. In the meantime, due to our proactive reduction of low-gross-profit-margin businesses, we achieved a revenue scale of RMB1,151.3 million during the Reporting Period, representing a year-on-year decrease of 10.1%, while our overall gross profit margin was improved.

During the Reporting Period, while continuously deepening our personnel organisational structure, we also rejuvenised the Group's brand and business product structure, aiming to unleash greater organisational vitality. We upgraded the major consumer business brand "Xuanxun (玄訊)" to "Xuantong (玄瞳)", establishing it as an independent brand, fully focusing on the field of AI + mass consumption, and striving to create a leading brand in the digital transformation of the mass consumption field. Simultaneously, we have been continuously updating and optimising our personnel organisational structure and talent cultivation, particularly at the management and business development levels. Through various measures, we have gradually enhanced the operational control capabilities of our marketing management personnel.

We adhere to the principle of independent research and development of core technologies, and in the process of growth, we have cultivated a team of experienced professionals capable of independent research and innovation. This has enabled us to continuously strengthen our technological "moat", thereby ensuring the Company's leading position in the industry and competitive advantage in products. At the end of the Reporting Period, we have obtained a total of 399 authorised patents and computer software copyrights, with 67 new additions during the Reporting Period. Simultaneously, leveraging our deep experience and accumulation in industries such as mass consumption, finance, government-related enterprises, as well as TMT, we have also carried out targeted innovations and iterations on the product side. During the Reporting Period, we successively launched new products or solutions such as the SKU super model, Intelligent Xiaoxuan (智慧小玄), and international SMS, achieving an intelligent closed-loop for multiple business scenarios in the aforementioned industries, thus addressing more client needs and business pain points.

BUSINESS REVIEW

In 2024, our business expansion plans overseas also made significant progress. In addition to expanding our operations to new regions such as Asia, Europe, and South America, we achieved resource cooperation with mainstream telecommunications operators in more overseas regions, further satisfying clients' needs for global reach in their business expansion. In terms of ecosystem, we regard ecological partners as one of the crucial channels for product marketing, and have consistently maintained a proactive and open attitude towards collaborating with more cloud service providers and competitors, in pursuit of achieving the Company's goal of expanding client reach through multiple channels.

In terms of clients, during the Reporting Period, we provided services to a total of 3,056 customers across four major industries: mass consumption, finance, government-related enterprises and TMT. Thanks to our excellent service philosophy and leading product capabilities, total revenue of our core clients accounted for 93.7% of the total revenue, and our total ARPU(1) contributed by core clients(2) reached RMB3.0 million. Among these, our focused high-margin AI+SaaS business segment maintained rapid development. The number of our SaaS clients has reached 2,282, representing a year-on-year increase of 7.6%; the ARPU of SaaS core clients reached RMB2.6 million, representing a year-on-year increase of 7.5%. Meanwhile, our net dollar retention rate for core SaaS clients reached 104.2%.

Our business primarily consists of PaaS and SaaS. Notably, the revenue from PaaS primarily stems from our cPaaS services. Our cPaaS service is primarily tailored to meet the multifaceted needs of clients in areas such as business marketing and management. Leveraging two decades of deep experience in the communications industry, our cPaaS boasts premium triple-play channel resources and robust platform capabilities, enabling clients in industries like finance, government-related enterprises, and TMT to access industry-leading cloud communication services. In scenarios involving user engagement, enterprises can seamlessly integrate our cPaaS into their business systems via APIs and SDK interfaces. When there is a need for client outreach in various business scenarios such as product marketing, user acquisition, promotional activities, and message notifications, enterprises can directly invoke the cloud communication capabilities of cPaaS within their business systems, ensuring efficient, stable, and secure information delivery to their clients.

Notes:

(1) The average revenue per user (ARPU) contributed by core clients refers to the average revenue generated per core client during the Reporting Period.

(2) Core clients are defined as clients contributing RMB300,000 or above of revenue during the Reporting Period.

In 2024, our cPaaS underwent optimisation and upgrading across multiple dimensions, including technology, application functionality, and client operations. Technologically, cPaaS successfully implemented strategies such as multi-channel redelivery, effectively enhancing the success rate of client message delivery, which led to an overall increase in the efficiency of platform by 15.0%. Moreover, cPaaS's content security risk control model has processed over 10 billion pieces of data for detection tasks, maintaining a leading position in the industry. Furthermore, thanks to our advanced algorithms and technical optimisations, the model's detection accuracy reached a high of 97.5%. In terms of application functionality, by expanding multi-media communication capabilities such as 5G text messaging and 5G video messaging, cPaaS further enriched the product matrix carried by the platform, thus achieving more diversified solutions to precisely meet clients' needs. These optimisation measures also further enhanced our clients' experience. In clients' operations, we placed greater emphasis on enhancing operational efficiency and continuously improving the precision of matching clients' needs with communication channel resources. Simultaneously, we proactively reduced the segment with low gross profit margins within cPaaS business, aiding the Company in achieving its strategic goal of improving profitability. Based on these efforts, our PaaS business generated revenue of RMB419.4 million during the Reporting Period, representing a year-on-year decrease of 39.2%.

Our SaaS business is comprised of "Three Clouds" (Marketing Cloud, Sales Cloud and Service Cloud). We are committed to delivering a comprehensive and intelligent management of marketing operations for our clients through our AI+SaaS products. During the Reporting Period, our SaaS segment experienced rapid growth, with revenue reaching RMB731.9 million, representing a year-on-year increase of 23.8%. This aligns with our long-term strategic direction of focusing on high-margin SaaS businesses.

The Marketing Cloud is a business segment that serves clients in industries such as finance and government-related enterprises, facilitating the digital and intelligent upgrade of marketing. During the Reporting Period, the Marketing Cloud continued to delve deeply into the industry, actively expanding its client base and onboarding new clients in the securities sector. As a flagship product of the Marketing Cloud, the ICC, on the basis of comprehensive compatibility with domestic localisation, developed a version tailored for the HarmonyOS operating system, satisfying clients' diverse terminal adaptation needs. In terms of product functionality, ICC introduced new features such as the multi-legal entity mode/international SMS/contract signing copies to enrich product modules and cater to emerging client demands. Meanwhile, the ICC has continued to upgrade its 5G messaging capabilities, achieving a new level of adaptability across three networks, aiming to seize market opportunities in 5G messaging. The continuous enhancement of product capabilities has significantly benefited the Marketing Cloud in marketing efforts. During the Reporting Period, ICC secured new partnerships with several leading banks in the East China, West China, and Northwest China regions, and made breakthroughs in government data bureaus and the securities industry, achieving cooperation with clients across multiple regions.

Furthermore, another product within the Marketing Cloud segment, the DMP Intelligent Marketing Cloud Platform, also forged partnerships with multiple governmental entities and e- commerce firms during the Reporting Period. Leveraging the operator's big data capabilities coupled with AI+, it employs a methodology that encompasses "Tag completion + Data modeling + Rich media messaging (標籤補全+數據建模+富媒體短信)" to achieve comprehensive and precise engagement with target users. This aids enterprises in constructing a digital marketing operation support system that facilitates potential client acquisition, activates existing clients, and fosters in-depth engagement, thereby enhancing the conversion rate of precision marketing. Consequently, the Marketing Cloud segment generated revenue of RMB611.8 million during the Reporting Period, representing a year-on-year increase of 23.4%.

The Sales Cloud represents our business segment focused on the second growth trajectory, dedicated to empowering mass consumption enterprises with AI technology to facilitate their comprehensive digital and intelligent transformation, thereby achieving cost reduction, efficiency enhancement, and performance improvement. During the Reporting Period, the Sales Cloud, in alignment with market development trends, underwent a comprehensive upgrade of its brand and architecture, resulting in the renaming of the upgraded brand as "Xuantong". Concurrently, the Sales Cloud has initially established a solution model encompassing "consultation-driven services + standard products + advanced aPaaS platform (諮詢驅動+標準產品 +先進aPaaS平台)".

During the Reporting Period, based on the foundation of the industry research institute, we established a consulting division. This division is capable of providing clients with products such as advanced business blueprints, marketing transformation consulting, IT planning, and strategic consulting. These offerings assist consumer goods enterprises in initiating a top-down digital and intelligent transformation of their business management. On the product side, "Smart Sales 100 (智慧100)", which focuses on FMCG field, and "Smart U-Client (智慧U客)", which focuses on the durable consumer goods field, both under the Sales Cloud, adopt a three-pronged product strategy of "scenario + data + algorithm (場景+數據+算法)" to create a closed-loop business model tailored for intelligent scenarios. We have launched numerous standard products or application plugins, including the SKU Super Model and Intelligent Xiaoxuan, thereby adding an intelligent "engine" to the FMCG industry's full-chain business processes, enhancing efficiency, reducing costs, and facilitating precise operations. Furthermore, during the Reporting Period, we comprehensively launched an advanced aPaaS platform. This platform offers a low-code/no-code development environment for enterprises, enabling seamless collaboration between business and technical teams, swift response to market changes, and independent customisation and optimisation of business processes. This truly achieves the goal of "what you think, what you get (所想即所得)" in digital and intelligent innovation.

In terms of AI applications, apart from the aforementioned AI+SaaS products, we have added eight new standard AI products to our existing AI offerings, enabling rapid adaptation to a wider range of client business scenarios. In the exploration of data elements, our data-related products have been successfully launched on the Guangzhou Data Exchange. This has not only expanded our sales channels for data products but also enhanced the value of data, promoting data circulation and sharing. In terms of AI technology, our industry-specific large models in the consumer sector have amassed a feature library exceeding 10 million, enabling an average daily photo processing capacity of over 8 million. The SKU recognition rate has surpassed 95.0%, positioning us at the forefront of domestic industry databases and accuracy levels.

Furthermore, we have deployed AIoT intelligent fridge in the consumer goods terminal business scenario. This is a crucial product for us to assist FMCG clients in achieving digital marketing in terminal stores. It is capable of offering clients critical value in remote inspection and verification of fridge display, inventory, and shelf arrangement, precise replenishment, reduction of return losses, control over fridge operation and prevention of losses, as well as enhancement of fridge sales. In 2024, the market expansion of AIoT intelligent fridge proceeded smoothly, and we signed contracts with several leading FMCG clients such as Jinmailang Foods Co., Ltd. (今麥郎). In terms of products and services, we newly released horizontal-type intelligent fridge during the Reporting Period, which were implemented for commercial use with our clients, thereby achieving new coverage of frozen beverage and frozen food clients. Meanwhile, we have added an AI model independent cooperation solution to our cooperation model with clients, meeting their personalised configuration needs. Based on the aforementioned business progress, during the Reporting Period, our Sales Cloud achieved revenue of RMB80.1 million, representing a year-on-year increase of 14.9%. Additionally, our annual recurring revenue (ARR) increased by 10.7% year-on-year, accounting for 51.7% of the total revenue of Sales Cloud.

During the Reporting Period, our Service Cloud has consistently strived to forge differentiated advantages within the industry. For instance, we have developed distinctive features such as intelligent case initiation, voice text messaging, and industry reports in the financial post-loan management industry, thereby enhancing clients' willingness to pay. Simultaneously, our contact centre's paid seats have also witnessed a sustained growth. By the end of the Reporting Period, the growth rate had reached 19.2%, positioning us in the leading camp of the domestic post-loan management industry's contact centre market share. Consequently, the Service Cloud achieved a revenue of RMB40.0 million during the Reporting Period, representing a year-on-year increase of 55.8%.

Our overseas business, as a new direction for actively pursuing performance growth, also achieved rapid growth in 2024. During the Reporting Period, our overseas operations expanded to cover multiple countries and regions, including Thailand, the Philippines, Pakistan, Mexico, and Brazil. Our client includes renowned enterprises from various industries such as Huawei, NetEase, Infinitus, and Nanyang Commercial Bank. Simultaneously, we have actively forged partnerships with mainstream telecommunications operators in regions like Thailand, Hong Kong, and the Middle East, laying a solid foundation for the localisation of our subsequent business operations.

Furthermore, in terms of ecological channels, we have signed a HarmonyOS cooperation agreement with Huawei. Several of our products have undergone native HarmonyOS application development, and adapted versions have been released. This move will also provide our clients with more diversified choices. At the same time, we have also launched our entire line of Smart Sales 100 products, ICC, and AI standard products on the Huawei Cloud Store. Our AI products have also collaborated with ecological channels such as Baidu, thereby further increasing our product sales channels and market exposure.

BUSINESS PROSPECT

From generative AI to large models, and now to the current AI Agents, a new wave of technological revolution represented by AI is gradually gaining momentum, coinciding with the critical stage of vigorously developing the digital economy and new productive forces domestically. It can be foreseen that in the future, driven by advanced technologies such as AI, empowering various industries to achieve digital and intelligent transformation and upgrading has become an inevitable trend. Adhering to the corporate mission of "helping enterprises achieve digital and intelligent transformation through our intelligent CRM products and services, thereby achieving business success", we will focus on the goals of "product standardisation, refined management, and business globalisation" in 2025, thus seizing market opportunities and achieving high-quality development:

1. Deepen the integration of AI + SaaS, construct a differentiated product system, and create AI + blockbuster products

In the past two years, AI has begun to be implemented in an increasing number of vertical application scenarios, bringing about a complete upgrade to existing business scenarios. In response to this trend, we aim to integrate AI capabilities with our multi-business line products in 2025, based on our clients' actual business scenarios, with the goal of creating blockbuster products in the AI field. Simultaneously, we will actively follow the development trend of AI, leveraging our accumulated industry Know-How and R&D layout in the AI field to explore exclusive AI Agents for different business scenarios in vertical domains such as mass consumption and finance. For instance, our recently focused industry vertical large model, Intelligent Xiaoxuan, in the durable consumer goods field, has completed full integration with the DeepSeek large model, further enhancing its intelligent application capabilities in scenarios such as "client visits, client analysis, business opportunity analysis, and intelligent sales funneling".

In the Marketing Cloud segment, in 2025, while continuously enhancing product standardisation, we will prioritise the integration of 5G messaging-related functions and the fusion of AI with products as key areas for innovation. Additionally, in our second growth curve, the Sales Cloud business segment, we will implement a product strategy that integrates "scenario, data, and algorithm" into a trinity. At the product architecture level, targeting mass consumption brand manufacturers, a differentiated product system consisting of "niche products" and "comprehensive integration" is constructed. This system aims to achieve rapid product launch and volume increase through "niche products", enhancing the speed of responding to clients' needs. Simultaneously, the application capabilities are expanded and enhanced through "instrumental integration" to meet diverse product requirements of clients and enhance product market competitiveness.

2. Continuously optimise the organisational structure, with the enhancement of profitability as the core objective

Over the past year, we have reviewed and refined our corporate business organisational structure. In 2025, building upon this foundation, we will continue to innovate our organisational structure. We will undertake a more systematic and professional restructuring in four key areas: sales management, client service, client re-marketing, and delivery management. This will enable us to achieve significant enhancements in the intensification and effectiveness of our overall corporate resources.

Concurrently, in order to better stimulate and enhance organisational efficiency, we focus on implementing independent accounting across all organisations, strengthening cash flow management, and improving the efficiency of payment collection. We formulated a plan centered around measures to enhance clients' satisfaction, optimise product market strategies, and strengthen the management and control capabilities of our cadre team. These measures were intended to continuously enhance the Company's profitability and create an incentive system centered around profit, thereby facilitating the high-quality development of the Company's business.

3. Multi-dimensional innovative ecological cooperation models continuously expand the coverage of overseas business regions

We have always maintained that open collaboration within the industry chain is essential for achieving efficient cooperation and mutual benefit among enterprises. Over the past year, we have begun to see initial results in the construction of domestic ecological cooperation. Specifically, we have achieved core product channel cooperation across multiple business lines and developed native HarmonyOS applications on the Huawei Cloud Store. In 2025, we will also focus on our advantageous standard products, prioritising promotion through ecological channels, refining efficient cooperation models, and gradually replicating relevant successful experiences in cooperation with cloud vendors such as Tencent, Baidu, ByteDance, and Alibaba, with the aim of expanding our own products into more diversified market channels.

In terms of data element application, we will prioritise enhancing data value as our core objective. In 2025, we plan to establish cooperation with more regional data exchanges, thereby further enhancing the application capabilities of our data products such as DI smart store expansion and DMP precision marketing. In addition, through the sharing and circulation of data assets, we aim to accelerate the digital and intelligent transformation of industries such as finance and mass consumption through the application of data elements.

In terms of the international business ecosystem, the trend of domestic enterprises expanding their operations overseas has become evident, and many of our clients in China are also part of this trend. For us, this represents a significant opportunity to accelerate our global business layout. In 2025, we plan to expedite our overseas market expansion in terms of coverage areas, products, and talent, with the aim of establishing strategic partnerships with more overseas telecommunications operators. Simultaneously, we also intend to achieve localised operations for our overseas business by 2025, thereby enhancing operational efficiency in advantageous regions and expanding our business scale.

Though dreams may seem far-off, pursuit can lead to their attainment; though aspirations may be challenging, perseverance can make them a reality. Herein, I would like to express my sincere gratitude to all Shareholders, clients, and ecological partners for their long-term support and trust. At the same time, I would also like to thank all our employees for their unremitting efforts and accumulated strength. In 2025, we will focus on the present, move forward with courage and determination, and persist in providing all customers with excellent digital and intelligent transformation products and solutions, while striving to create long-term value for all Shareholders.

CHEN Yonghui
Chairman

Hong Kong, 26 March 2025

REVENUE

The Group generated revenue from two operating segments: PaaS and SaaS. SaaS was the larger segment for the year ended 31 December 2024. During the Reporting Period, PaaS accounted for 36.4% of the Group's revenue (year ended 31 December 2023: 53.9%) while SaaS accounted for 63.6% of the Group's revenue (year ended 31 December 2023: 46.1%). Notably, the proportion of SaaS exceeded 60% for the first time.

The following table sets forth the Group's segment revenue both in absolute amount and as a percentage of its revenue for the periods presented. For the Reporting Period, the Group's total revenue decreased by 10.1% to RMB1,151.3 million (year ended 31 December 2023: RMB1,281.3 million). Such decrease was mainly attributable to the proactive reduction of businesses with low gross margins.

	Year ended 31 December			
	2024		2023	
	RMB'000	**%**	RMB'000	%
PaaS	**419,410**	**36.4**	690,291	53.9
SaaS	**731,867**	**63.6**	590,985	46.1
	1,151,277	**100.0**	1,281,276	100.0

PaaS

The Group's revenue from PaaS decreased by 39.2% to RMB419.4 million for the Reporting Period (year ended 31 December 2023: RMB690.3 million), primarily due to our proactive reduction of businesses with low gross profit margins.

SaaS

The following table sets forth the breakdown of revenue from SaaS by solutions for the years presented.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Marketing Cloud	**611,758**	495,613
Sales Cloud	**80,070**	69,677
Service Cloud	**40,039**	25,695
	731,867	590,985

The Group's revenue from SaaS increased by 23.8% to RMB731.9 million for the Reporting Period (year ended 31 December 2023: RMB591.0 million), primarily due to the (i) increase in clients' demand for its SaaS; (ii) enhanced functionality of its solution; and (iii) increase in number of its core clients and ARPU for its SaaS.

COST OF SALES

The Group's cost of sales decreased by 12.6% to RMB941.5 million for the Reporting Period (year ended 31 December 2023: RMB1,076.6 million). Such decrease was primarily aligned with the business contraction in PaaS service of the Group for the Reporting Period.

PaaS: The cost of sales from PaaS decreased by 40.1% to RMB393.1 million for the Reporting Period (year ended 31 December 2023: RMB656.0 million), primarily due to the decrease in revenue from PaaS, coupled with the reduction in telecommunications resource costs related to these services.

SaaS: The cost of sales from SaaS increased by 30.4% to RMB548.4 million for the Reporting Period (year ended 31 December 2023: RMB420.6 million), primarily due to the increase of costs of telecommunication resources with regard to SaaS, which being aligned with the business expansion strategy of the Group in its SaaS in 2024.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, the Group's overall gross profit increased by 2.5% to RMB209.8 million for the Reporting Period (year ended 31 December 2023: RMB204.6 million), while its overall gross profit margin increased from 16.0% to 18.2%, respectively.

PaaS: The gross profit margin in PaaS increased to 6.3% for the Reporting Period (year ended 31 December 2023: 5.0%), primarily due to the reduction of businesses with low gross profit margins, leading to an improvement in the gross profit margin level.

SaaS: The gross profit margin in SaaS decreased to 25.1% for the Reporting Period (year ended 31 December 2023: 28.8%), mainly attributable to the changes in the revenue composition within this segment during the Reporting Period.

SELLING AND DISTRIBUTION EXPENSES

The Group's selling and distribution expenses decreased by 24.2% to RMB94.8 million for the Reporting Period (year ended 31 December 2023: RMB125.1 million), primarily attributable to the decrease in (i) business entertainment expenses and travelling expenses for sales and marketing personnels; (ii) advertising and promotional expenses; and (iii) employee welfare expenses. During the year, the Group has strengthened travel management and strictly enforced pre-approval procedures for business trips, implemented in-depth client refined management, controlled labour costs, and exercised efficient expense management, striving to enhance profitability.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by 20.8% to RMB46.0 million for the Reporting Period (year ended 31 December 2023: RMB58.1 million), due to the decrease in (i) employee welfare expenses; and (ii) auditors' remuneration. The Group has achieved significant results in cost reduction and efficiency enhancement through the adjustment of its organisational structure, thereby enhancing the operational efficiency of the enterprise.

RESEARCH AND DEVELOPMENT EXPENSES

The Group's R&D expenses decreased by 29.2% to RMB65.5 million for the Reporting Period (year ended 31 December 2023: RMB92.6 million). Such decrease was mainly attributable to the decrease in (i) employee welfare expenses; and (ii) server hosting fees. The Group has enhanced the efficiency of R&D output through refined R&D management, while maintaining its original R&D capabilities.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The Group's net impairment losses on financial assets decreased by 18.5% to RMB6.4 million for the Reporting Period (year ended 31 December 2023: RMB7.9 million), mainly attributable to the decrease in expected credit loss rate of its trade receivables.

OTHER INCOME

The Group's other income decreased by 49.9% to RMB5.4 million for the Reporting Period (year ended 31 December 2023: RMB10.7 million), mainly due to the impact of tax policies of this year, which resulted in no additional deduction of value-added tax input tax was enjoyed (the corresponding period in 2023: RMB5.7 million).

FINANCE COSTS — NET

The Group's finance costs — net comprise of finance income, interest expenses of lease liabilities and interest expenses of borrowings. The Group's finance costs — net amounted to RMB3.8 million and RMB2.8 million for the year ended 31 December 2024 and 2023, respectively.

INCOME TAX EXPENSE

The Group had income tax expense of RMB0.2 million and RMB0.1 million for the year ended 31 December 2024 and 2023, respectively.

PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE YEAR

As a result of the foregoing, the Group recorded a profit attributable to owners of the Company of RMB6.9 million for the Reporting Period, compared with a loss attributable to owners of the Company of RMB72.4 million for the year ended 31 December 2023, which was mainly attributable to (i) the Group's strategic emphasis on expanding SaaS with higher gross profit margins, thereby driving an increase in both overall gross profit and gross profit margins as SaaS expanded; and (ii) the Board implementation of effective cost control measures, which reduced sales and distribution expenses as well as administrative expenses.

TRADE, BILL AND OTHER RECEIVABLES AND PREPAYMENTS

As at 31 December 2024, the Group's trade, bill and other receivables and prepayments amounted to RMB513.1 million, representing an increase of 17.4% as compared with RMB437.1 million as at 31 December 2023. Such increase was mainly attributable to the combined effect of the (i) increase in prepayments to suppliers from RMB167.2 million as at 31 December 2023 to RMB208.0 million as at 31 December 2024; and (ii) increase in trade receivables from RMB252.6 million as at 31 December 2023 to RMB286.4 million as at 31 December 2024.

TRADE AND OTHER PAYABLES

As at 31 December 2024, the Group's trade and other payables amounted to RMB108.8 million, representing a decrease of 10.0% as compared with RMB120.8 million as at 31 December 2023. Such decrease was primarily due to the reduction in accrued salaries from RMB35.4 million as at 31 December 2023 to RMB10.6 million as at 31 December 2024, of which the trend of change was aligned with that of the decrease in employee benefit expenses.

LIQUIDITY AND FINANCIAL RESOURCES

Treasury Policies

The Group adopts a prudent treasury management policy to actively monitor its liquidity position and maintain sufficient financial resources for future development. On this basis, the Group regularly reviews and adjusts its financial structure in response to dynamic changes in economic conditions to ensure financial resources are deployed in the best interests of the Group.

Cash and Cash Equivalents

As at 31 December 2024, the Group's cash and cash equivalents were RMB71.4 million, representing a decrease of 62.9% from RMB192.3 million as at 31 December 2023.

Indebtedness

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Borrowings	**144,040**	157,244
Lease liabilities	**15,224**	22,483
	159,264	179,727

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

CAPITAL COMMITMENT

As at 31 December 2024, the Group did not have any material capital commitment (31 December 2023: Nil).

GEARING RATIO

As at 31 December 2024, the Group's gearing ratio (i.e. percentage of total liabilities divided by total equity, and total liabilities is calculated as the aggregate of total borrowings and lease liabilities) was 48.5% (31 December 2023: 53.0%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's businesses are principally conducted in RMB. The Group has transactional currency exposures. Such exposures arise from financing and operating activities of the Group's entities conducted in currencies other than the functional currency. As at 31 December 2024, major non-RMB assets and liabilities are cash and cash equivalents, trade receivables, trade payables and contract liabilities, which denominated in Hong Kong dollar ("**HK$**") or Unite States dollar ("**US$**"). Fluctuation of the exchange rate of RMB against HK$ or US$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

EMPLOYEES REMUNERATION AND RELATIONS

As at 31 December 2024, the Group had a total of 642 employees. The Group's total employee costs (including directors' emoluments) for the Reporting Period was RMB177.6 million (year ended 31 December 2023: RMB230.9 million). The Group believes the abilities to attract, retain and motivate qualified personnel are the key factors to its success. We offer competitive salaries, bonuses and share-based compensation to our employees, especially key employees. Remuneration packages for employees and directors are structured according to market terms as well as individual performance and experience. The remuneration policy will be reviewed by the Board from time to time.

As required under the PRC regulations, we participated in employee social security plans that are organised 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 the employees, the Group provides continuing education and established comprehensive training programs that cover topics such as its corporate culture, employees' rights and responsibilities, teambuilding, professional behaviour and job performance to ensure that its employees' skill sets remain up-to-date which enable them to discover and meet its clients' needs.

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2024, the Group had no material acquisitions or disposal of subsidiaries, associates and joint ventures.

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not pledge any of its assets (31 December 2023: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2024, save as disclosed herein, the Group did not have any future plans for material investments and capital assets. However, the Group will continue to explore investment opportunities that would benefit the Shareholders as a whole.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (year ended 31 December 2023: Nil).

EXECUTIVE DIRECTORS

Mr. CHEN Yonghui (陳永輝) ("**Mr. Chen**"), aged 49, is a co-founder of the Group and is currently serving as an executive Director, the chairman of the Board and the chief executive officer of the Company. Mr. Chen was appointed as a Director on 26 April 2021 and re-designated as an executive Director on 15 June 2022. Mr. Chen is responsible for the overall daily operation and management of the Group.

Mr. Chen joined Guangzhou Jiemiao Trade Limited (廣州市捷妙貿易有限公司) (formerly known as Guangzhou Xuanwu Information and Technology Limited (廣州市玄武資訊科技有限公司)) ("**Xuanwu Information and Technology**") and had acted as a deputy general manager thereof until October 2010.

Mr. Chen obtained his bachelor's degree in applied mathematics from South China University of Technology (華南理工大學) in June 1999 and his executive master's degree in business administration from China Europe International Business School (中歐國際工商學院) in October 2013. In recent years, Mr. Chen has been successively recognised as a leading talent in science and technology entrepreneurship (科技創業領軍人才) under both "Guangdong Special Support Program" (廣東特支計劃) and the national "Ten Thousand Talents Program" (國家萬人計劃).

Mr. HUANG Fangjie (黃仿傑) ("**Mr. Huang**"), aged 57, is a co-founder of the Group and is currently serving as an executive Director. Mr. Huang was appointed as a Director on 11 August 2021 and re-designated as an executive Director on 15 June 2022. Mr. Huang was a senior vice president of the Company between November 2010 and January 2023. Mr. Huang is mainly responsible for overseeing the Company's Audit Department.

Between June 2000 and October 2010, Mr. Huang had acted as a deputy general manager at Xuanwu Information and Technology.

Mr. Huang received an executive master's degree in business administration from Cheung Kong Graduate School of Business (長江商學院) in September 2016.

Mr. LI Hairong (李海榮) ("**Mr. Li**"), aged 48, is a co-founder of the Group and is currently serving as an executive Director and a senior vice president of the Company. Mr. Li was appointed as a Director on 11 August 2021 and re-designated as an executive Director on 15 June 2022. Mr. Li is mainly responsible for overseeing the Company's Eco-cooperation Centre, financial, public utility entities and government organisations ("**Government-related enterprises**") and TMT (together, "**FGT**") Products Business Department.

Before founding the Group with other co-founders, Mr. Li had worked with Guangzhou Huagong Computer Network Engineering Co., Ltd. (廣州市華工電腦網絡工程有限公司) for the period between September 1999 and May 2000. Between June 2000 and October 2010, Mr. Li had served as a senior vice president at Xuanwu Information and Technology.

Mr. Li received his bachelor's degree in applied mathematics from South China University of Technology (華南理工大學) in June 1999, and obtained his executive master's degree in business administration from China Europe International Business School (中歐國際工商學院) in October 2013.

Mr. GUO Haiqiu (郭海球) ("**Mr. Guo**"), aged 50, is currently serving as an executive Director and a senior vice president of the Company. Mr. Guo was appointed as a Director on 11 August 2021 and re-designated as an executive Director on 15 June 2022. Mr. Guo is mainly responsible for overseeing the Company's Human Resources Department, Administration and Legal Affairs Department and Process and Information Department.

Prior to joining the Group, Mr. Guo had worked with Kingdee Software (China) Co., Ltd. (金蝶軟件(中國)有限公司) as a project manager at its research and development centre and a manager of its development department between 1999 and December 2005. And, between January 2006 and December 2012, he had served as a director of operation and management department and a deputy general manager at Guangzhou branch of the same company.

Mr. Guo received his bachelor's degree in applied mathematics from South China University of Technology (華南理工大學) in June 1999 and obtained his executive master's degree in business administration from China Europe International Business School (中歐國際工商學院) in August 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. DU Jianqing (杜劍青) ("**Mr. Du**"), aged 49, was appointed as an independent non-executive Director with effect from 15 June 2022.

Mr. Du has been appointed as a full-time lawyer at Guangdong Sanmin Law Firm (廣東三民律師事務所) since June 2023. Mr. Du served as a full-time lawyer at Guangdong Shenghesheng Law Firm (廣東聖和勝律師事務所) ("**GS Law Firm**") from January 2017 to June 2023, and he was a partner of GS Law Firm between June 2020 and August 2022. Before joining the aforesaid law firm, Mr. Du had worked at Guangdong Fanli Law Firm (廣東凡立律師事務所) from June 2014 to January 2017 as a full-time lawyer. Prior to that, Mr. Du had worked for a judicial organisation between July 1999 and August 2013.

Mr. Du joined the on-job postgraduate program and received his master's degree in economic law from the Sun Yat-Sen University (中山大學) in June 2008 and obtained his bachelor's degree in law from Guangdong University of Finance & Economic (廣東財經大學) in July 1999.

Ms. WU Ruifeng (吳瑞風) ("**Ms. Wu**"), aged 54, was appointed as an independent non-executive Director with effect from 15 June 2022. Ms. Wu has been acting as a department manager at Guangdong Branch of Wan Long (Shanghai) Assets Appraisal Co., Ltd. (萬隆(上海)資產評估有限公司廣東分公司) since August 2020. Before joining that company, Ms. Wu had worked with Beijing Hengxin Delv Asset Appraisal Co., Ltd. (北京恒信德律資產評估有限公司) for the period between January 2014 and May 2016 and then between July 2016 and July 2020, at Guangdong Zhongguangxin Assets Evaluation Co., Ltd. (廣東中廣信資產評估有限公司). Since 1 June 2021, Ms. Wu has acted as a partner at Shenzhen Junrui Assets Appraisal Office (Special General Partnership) (深圳君瑞資產評估所(特殊普通合夥)). Between January 1998 and December 2000, Ms. Wu had worked as an auditor and a project manager at Yonganda Accountant Office Co., Ltd. (珠海市永安達會計師事務所有限公司). From January 2001 to December 2013, she had worked as an auditor, project manager and department manager at Zhuhai Branch of Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)珠海分所).

Ms. Wu was accredited as a member of the Chinese Institute of Certified Public Accountants in June 1999 and certified to practice as an asset valuer in April 2000.

Prof. WU Jintao (鄔金濤) ("**Prof. Wu**"), aged 50, was appointed as an independent non-executive Director with effect from 15 June 2022.

Prof. Wu had worked as an associate professor of business administration in Lingnan (University) College, Sun Yat-Sen University (中山大學嶺南(大學)學院) between 2003 and 2022. Prof. Wu also served the role of the assistant to the dean, and the director of the EMBA/MBA Centre concurrently between 2019 and 2022. Prof. Wu has been re-designated as an associate professor of marketing in the school of management at Sun Yat-Sen University (中山大學) in 2022, and ceased to be an associate professor of business administration, assistant to the dean, and the director of the EMBA/MBA Centre in Lingnan (University) College, Sun Yat-Sen University thereafter.

Prof. Wu has over 10 years of experience in certain research areas, such as smart interaction and consumer creativity. His research primarily focuses on marketing management, customer relationship management, brand positioning and relationship marketing. Prof. Wu has published numerous papers as the editor-in-chief thereof.

Prof. Wu obtained a Ph.D. degree in enterprise management from the Economics and Management School of Wuhan University (武漢大學經濟管理學院) in July 2003. He received his master's degree in economics and bachelor's degree in business administration from the same university in July 2000 and July 1997 respectively.

SENIOR MANAGEMENT

Ms. GE Ping (葛萍) ("**Ms. Ge**"), aged 49, is the chief financial officer, senior vice president and joint company secretary of the Company. Ms. Ge was a vice president of the Company since November 2015 and she was promoted to senior vice president in January 2023. Ms. Ge is currently responsible for overseeing the Company's Financial Department, Investor Relations Department, Government and Securities Affairs Department and the Board Secretary.

Before joining the Group in November 2015, Ms. Ge had worked as a deputy general manager and served as a director in Zhujiang Film & Media Corporation Limited (珠江影業傳媒股份有限公司) since June 2012. Between January 2008 and May 2012, Ms. Ge had served as a vice general manager and the chief financial officer at Yipinhong Pharmaceutical Co., Ltd. (一品紅藥業股份有限公司).

Ms. Ge was accredited as a member of the Chinese Institute of Certified Public Accountants in March 2004 and certified as an intermediate accountant in May 2000. Ms. Ge received her executive master's degree in business administration from China Europe International Business School (中歐國際工商學院) in June 2013 and obtained her bachelor's degree in management in June 2001 from Anhui University of Finance and Economics (安徽財經大學).

Mr. LIU Hanwei (劉漢威) ("**Mr. Liu**"), aged 46, is a vice president of the Company. Mr. Liu is mainly responsible for overseeing the FGT Regional Organisation and Business Development Centre.

Prior to joining the Group, he had served as the sales director for the East China region in Guangzhou Youyi Network Technology Co., Ltd. (廣州優逸網絡科技有限公司) from October 2010 to November 2012; and a general manager, a general manager of East China region and an assistant president in Shanghai Branch of Xuan Wu (廣州市玄武無線科技股份有限公司上海分公司) since December 2012.

Mr. Liu obtained his bachelor's degree in engineering (工學) from Tongji University (同濟大學) in June 2001.

JOINT COMPANY SECRETARIES

Ms. LAM Chi Ching Cecilia (林芷晴) ("**Ms. Lam**"), is the joint company secretary of the Company. Ms. Lam is a solicitor qualified to practice in Hong Kong and is currently an associate of Zhong Lun Law Firm LLP, specialising in corporate finance work including initial public offerings, mergers and acquisitions and post-listing compliance matters. Ms. Lam received her LLB degree from the University of Birmingham, United Kingdom in July 2017. Ms. Lam graduated from the Chinese University of Hong Kong with a Master of Laws in International Economic Law in November 2019 and Postgraduate Certificate in Laws in August 2020, respectively.

Ms. Ge Ping, is the joint company secretary of the Company. For details of her biography, please refer to the paragraph headed "Senior Management".

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the Reporting Period.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 26 April 2021 as an exempted company with limited liability under the Companies Act, and the Shares were listed on the Main Board of the Stock Exchange on 8 July 2022.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of PaaS and SaaS. The Group strives to, through applying technologies such as AI, DI, cloud computing, mobile internet, communication and internet of things (IoT), help its clients to achieve cost reduction and efficiency enhancement from initial marketing to sales and to after-sales management, provide its clients with suggested solutions, and assist its clients to acquire new customers, perform customer management and enhance the connections among its clients and their customers. An analysis of the Group's performance for the Reporting Period by business segments is set out in note 5 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated financial statements of the Group on pages 72 to 76 of this annual report.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the Reporting Period (year ended 31 December 2023: Nil).

BUSINESS REVIEW

Overview and Performance for the Reporting Period

A fair review of the Group's business, an analysis of the use of financial key indicators by the Group, a description of the principal risks and uncertainties facing by the Group, and indication of likely future development in the Group's business, are set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" of this annual report. These discussions form part of this report.

Environmental Policies and Performance

The Group attaches great importance to environmental protection and resource conservation, and continuously pays attention to the impact of its business operations on the environment. The Group encourages environmental protection and promotes awareness towards environmental protection to the employees. The Group also strictly follows the relevant environment protection laws and regulations of the PRC. During the Reporting Period, the Company did not find any environmental-related violations. The Group reviews its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses and enhancing environmental sustainability.

The Group recognises that integrating ESG concepts into the Group's day-to-day operations and management is crucial to the long-term development of the enterprise. Therefore, we internalise ESG strategies into our practice in combination with the sustainable development goals (SDGs) as set out by the United Nations, understand the expectations and requirements of all relevant parties on the Company through communication and interaction with each stakeholder, and feedback such requirements to our corporate management.

The Group has always practiced the principle of anti-discrimination, advocated the values of mutual help and mutual growth, and facilitated the sustainable development of our employees. As a technology enterprise with a warm heart, we have a sense of responsibility and actively fulfill our corporate social responsibility. In the course of our daily operation, we have internally launched a number of activities and initiatives to protect the occupational health and safety of our employees, and we have externally carried out community donations, first-aid training, ecological protection, poverty alleviation and agricultural assistance and other public welfare activities.

For details of the Group's environmental policies and performance, the compliance with the relevant laws and regulations and the relations with its employees, suppliers and customers, please refer to the "Environmental, Social and Governance Report" which will be published on the same day of publication as this annual report.

Relationships with Stakeholders

The Company recognises that employees are its valuable assets. Thus, the Group provides competitive remuneration packages to attract and motivate its employees. The Group regularly reviews the remuneration packages of its employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its business partners to achieve its long-term goals. Accordingly, the Directors or senior management have kept good communication, promptly exchanged ideas and shared business updates with them when appropriate. During the Reporting Period, there was no material and significant dispute between the Group and its business partners.

Compliance with Relevant Laws and Regulations

During the Reporting Period, as far as the Board is aware, the Group has complied with the relevant laws and regulations that had a significant impact on the business and operations on the Group.

Principal Risks and Uncertainties

The Group's business involves certain risks as set out in the section headed "Risk factors" in the Prospectus. The following list is a summary of certain principal risks and uncertainties that the Group faces, some of which are beyond its control.

- The Group relies on major telecommunication network operators for their provision of telecommunication resources. If the Group fails to maintain its collaborations with these telecommunication network operators or they keep increasing their service fees level, the Group's business, results of operations and financial condition will be materially and adversely affected.

- The Group's future business growth and expansion is dependent on the continued development of its services and its targeted clients' need for intelligent CRM services.

- If the Group fails to keep up with rapid changes in AI, DI, machine learning and other capabilities, its future success may be adversely affected.

- Regulatory, legislative or self-regulatory developments for provision of intelligent CRM services, including privacy and data protection regimes, are expansive, not clearly defined and rapidly evolving. These laws and regulations could create unexpected costs, subject the Group to enforcement actions for compliance failures, or restrict portions of its business or cause us to change our technology platform or business model.

- If the Group fails to perform our services in accordance with contractual requirements, it could be subject to significant costs or liability and our reputation could be harmed.

- Any severe or prolonged slowdown in the global or the PRC economy may adversely affect the Group's business, results of operations and financial condition.

- Adverse changes in the economic, political and social conditions, as well as changes in the policies of the PRC government, could have a material adverse effect on the Group's business, results of operations and financial condition.

- Uncertainties with respect to the PRC legal system could adversely affect the Group's business, results of operations and financial condition.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

During the Reporting Period, the transaction amount with the Group's top five customers accounted for 31.3% (year ended 31 December 2023: 43.6%) of the Group's total revenue, while the transaction amount with the Group's single largest customer accounted for 11.1% (year ended 31 December 2023: 29.4%) of the Group's total revenue.

Major Suppliers

During the Reporting Period, the transaction amount with the Group's top five suppliers accounted for 51.9% (year ended 31 December 2023: 53.0%) of the Group's total purchases, while the transaction amount with the Group's single largest supplier accounted for 31.2% (year ended 31 December 2023: 30.1%) of the Group's total purchases.

During the Reporting Period, none of the Directors, their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the total number of issued Shares) had any interest in any of the Group's five largest customers and suppliers.

During the Reporting Period, the Company maintained good relationships with its customers and suppliers.

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

Customers

The Group has built strong, long-standing relationships with its major customers and established a strong customer base. The Group is committed to protecting the interests of its customers and end users and improving their experience. Good service is one of the key competencies of the Group and it always strives to reduce complaints.

During the Reporting Period, the Group attended industry conferences to solicit new potential customers and maintain relationships with existing customers. To further enhance the business relationship with its customers, its operations and sales teams also visit its customers on a regular basis to exchange views and collect feedback with a view to providing better services.

Suppliers

The Group has established stable business relationships with its suppliers which is essential to the smooth operation of the Group's business, as the Directors consider that timely delivery of services and provision of assistance can enable the Group to meet the schedules of its clients. The Group has also maintained a list of approved suppliers which is periodically reviewed and updated based on the internal assessment of their performance, to ensure that all works performed by the suppliers satisfy the requirements of the relevant contract.

Employees

The Group maintains a cooperative and good relationship with its management and employees, and provides competitive remuneration, staff welfare and benefits to them. In general, the Group reviews and determines the remuneration packages of its employees on a periodical basis by reference to, among other things, the market level of salaries paid by comparable companies, the respective responsibilities of its employees and the performance of the employees and the Group.

During the Reporting Period, there was no labour dispute or strike. The Board is of the view that the Group's current relationship with its employees is satisfactory.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 21 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the Reporting Period are set out in note 22 to the consolidated financial statements. During the Reporting Period, the Company had retained nil (2023: nil) profits as reserves available for distribution to the Shareholders.

BANK BORROWINGS

Particulars of bank borrowings of the Group as of 31 December 2024 are set out in note 24 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 151 of this annual report.

DIRECTORS

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

Executive Directors

Mr. Chen Yonghui (陳永輝) *(Chairman and Chief Executive Officer)*
Mr. Huang Fangjie (黃仿傑)
Mr. Li Hairong (李海榮)
Mr. Guo Haiqiu (郭海球)

Independent Non-executive Directors

Mr. Du Jianqing (杜劍青)
Ms. Wu Ruifeng (吳瑞風)
Prof. Wu Jintao (鄔金濤)

In accordance with Article 108 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or 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 (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat.

Accordingly, Mr. Du Jianqing, Ms. Wu Ruifeng and Prof. Wu Jintao shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company are set out on pages 19 to 22 of this annual report.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

There was no change of the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2024 interim report up to the date of this annual report.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent from the date of their appointments and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from 11 August 2021 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

None of the Directors has entered into, or has proposed to enter into, a service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts, other than the employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

REMUNERATION POLICY

According to the Group's remuneration policy, in evaluating the amount of remuneration payable to the Directors and senior management, the factors to be considered by the Remuneration Committee include the salaries paid by similar companies, tenure, commitment, responsibilities and individual performance of Directors and senior management (as the case may be), etc.

The remuneration received by the Directors and senior management include salaries, bonuses, contributions to pension schemes, share-based incentives, housing and other allowances, and benefits in kind in compliance with applicable laws, rules and regulations.

Details of the remuneration of the Directors, senior management and the five highest paid individuals during the Reporting Period are set out in notes 8 and 32 to the consolidated financial statements.

No amount was paid to any Director or any of the five highest paid individual disclosed in note 8 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.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefit scheme of the Company are set out in notes 8 and 32 to the consolidated financial statements.

SHARE AWARD SCHEME

2022 Restricted Share Award Scheme

On 1 December 2022 (the "**Adoption Date**"), the Board adopted and approved the 2022 Restricted Share Award Scheme to grant restricted Award Shares to certain eligible employees who have served the Group for a lengthy period of time and are not connected persons of the Company.

The purpose of the 2022 Restricted Share Award Scheme is to (i) provide Selected Participants with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such Selected Participants to work with the Group; (iii) to provide additional incentives for Selected Participants to achieve performance goals; (iv) to attract such Selected Participants for further development of the Group; and (v) to motivate such Selected Participants to maximise the value of the Company for the benefits of both the Selected Participants and the Company.

All Award Shares are existing Shares. The total number of the Award Shares underlying all grants made pursuant to the 2022 Restricted Share Award Scheme shall not exceed 10% (i.e. 56,032,050 Shares) of the issued share capital of the Company as at the Adoption Date. As at 1 January 2024 and 31 December 2024, the total number of Awards Shares held by the trustee under the 2022 Restricted Share Award Scheme were 9,120,000 Shares and 21,894,000 Shares, respectively. The number of Award Shares available for grant under the 2022 Restricted Shares Award Scheme was 51,324,050 Shares and 48,099,050 Shares as at 1 January 2024 and 31 December 2024, respectively.

During the Scheme Period (as defined below), the maximum entitlement of each Selected Participant at any one time or in aggregate may not exceed 1% of the issued share capital of the Company on the Adoption Date (i.e. 5,603,205 Shares). RMB1.00 is payable by each Selected Participant to the Company on acceptance of an offer of the Award Shares, which shall be paid within five (5) business days from the offer date.(1) The 2022 Restricted Share Award Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date (the "**Scheme Period**") and can be terminated or extended by a resolution of the Board at any time prior to the expiry of the Scheme Period. The remaining effective period for the 2022 Restricted Share Award Scheme was approximately seven (7) and six (6) months as at the date of this annual report.

For more details of the 2022 Restricted Share Award Scheme, please refer to the Company's announcements dated 1 December 2022, 20 December 2022, 6 January 2023 and 20 May 2024.

Note: only applied to the batch granted on 6 January 2023.

Details of movements in the Award Shares granted under the 2022 Restricted Share Award Scheme during the Reporting Period are as follows:

				During the Reporting Period						
Category/ Name of Grantee	Date of Grant	Closing price of Award Shares immediately before the date on which the Award Shares were granted (HK$)	Unvested Award Shares as at 1 January 2024 (Note 1)	Granted	Vested (Note 1)	Lapsed	Cancelled	Unvested Award Shares as at 31 December 2024	Fair value of Award Shares at the date of grant (HK$) (Note 2)	Weighted average closing price of the Award Shares immediately before the vesting date (HK$)
Director										
Mr. Li Hairong (executive Director) (Note 3)	27 September 2024	0.66	—	390,000	—	—	—	390,000	0.66	N/A
Employees										
Employees of the Group	6 January 2023	3.00	4,690,000	—	1,407,000	175,000	—	3,108,000	2.44	2.46
Employees of the Group	27 September 2024	0.66	—	3,048.000	—	20,000	—	3,028,000	0.66	N/A
Total			**—**		**—**		**—**			**N/A**

Notes:

1. For the batch granted on 6 January 2023, the vesting period shall be in three tranches with vesting date on 13 January of each year from 2024 to 2026 under the 2022 Restricted Share Award Scheme. The vesting of the Award Shares shall be subject to the grantee meeting the performance targets to be determined by the Administration Committee from time to time. The Company has established an appraisal mechanism to assess the fulfilment of performance targets by the grantee. The appraisal mechanism uses a grading system based on a matrix of qualitative and quantitative indicators that vary according to roles and responsibilities of the grantee. The indicators include, but not limited to, work quality and efficiency. The scoring system evaluates the grantee's regular duties and the strategic objectives or tasks assigned for the appraisal period.

   For the batch granted on 27 September 2024, the vesting period shall be in one tranche with vesting date on 15 October 2025 under the 2022 Restricted Share Award Scheme. The vesting of the Award Shares shall be subject to the grantee meeting the performance targets to be determined by the Administration Committee from time to time. The Company has established an appraisal mechanism to assess the fulfilment of performance targets by the grantee. The appraisal mechanism uses a grading system based on a matrix of qualitative and quantitative indicators that vary according to roles and responsibilities of the grantee. The indicators include, but not limited to, the completion of the performance targets. The scoring system evaluates the grantee's regular duties and the strategic objectives or tasks assigned for the appraisal period.

2. Details of the valuation of the share awards of the Company during the Reporting Period, including the accounting standard and policy adopted for the 2022 Restricted Share Award Scheme, are set out in note 23 to the consolidated financial statements.

3. The grant of Award Shares to Mr. Li Hairong has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules. Mr. Li Hairong has abstained from voting on the resolution in respect of the grant of Awards to himself.

4. For the batch granted on 6 January 2023, the purchase price for the Award Shares was HK$0.63 per Share, which was determined by the Administration Committee with reference to the net asset value per Share as at 30 June 2022.

   For the batch granted on 27 September 2024, the purchase price for the Award Shares was HK$0 per Share, which was determined by the Administration Committee.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO), or (b) pursuant to section 352 of the SFO, to be recorded in the register of the Company referred to therein, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Name of Director(s)	Capacity/Nature of interests	Number of Shares held	Approximate percentage of the total number of issued Shares
Mr. Chen Yonghui ("**Mr. Chen**")	Interest in a controlled corporation and interest of party acting in concert[(1) & (4)]	298,932,230	53.35%
Mr. Huang Fangjie ("**Mr. Huang**")	Interest in a controlled corporation and interest of party acting in concert[(2) & (4)]	298,932,230	53.35%
Mr. Li Hairong ("**Mr. Li**")	Interest in a controlled corporation and interest of party acting in concert[(3) & (4)]	298,932,230	53.35%
Mr. Guo Haiqiu ("**Mr. Guo**")	Interest in a controlled corporation	13,500,000	2.41%

Notes:

(1) Mr. Chen beneficially owns (1) 100% of the issued share capital of Zhenghao Global Holding Limited ("**Zhenghao Global**") and (2) more than one third of the interest in Guangzhou Xuandong Investment Co., Ltd. (Limited Partnership) ("**Guangzhou Xuandong**"). Further, Mr. Chen is the sole general partner of each of Guangzhou Xuannan Investment Co., Ltd. (Limited Partnership) ("**Guangzhou Xuannan**"), Guangzhou Xuanxi Investment Co., Ltd. (Limited Partnership) ("**Guangzhou Xuanxi**") and Guangzhou Xuanbei Investment Co., Ltd. (Limited Partnership) ("**Guangzhou Xuanbei**"). By virtue of the SFO, Mr. Chen is deemed to be interested in 100,968,000 Shares, 31,500,000 Shares, 13,500,000 Shares, 18,000,000 Shares and 13,500,000 Shares held by Zhenghao Global, Guangzhou Xuandong, Guangzhou Xuannan, Guangzhou Xuanxi and Guangzhou Xuanbei, representing 18.02%, 5.62%, 2.41%, 3.21% and 2.41% of the entire issued share capital of the Company as at the date of this report, respectively.

(2) Mr. Huang beneficially owns 100% of the issued share capital of Honghan Worldwide Limited ("**Honghan Worldwide**"). By virtue of the SFO, Mr. Huang is deemed to be interested in 66,311,770 Shares held by Honghan Worldwide, representing 11.83% of the entire issued share capital of the Company as at the date of this report.

(3) Mr. Li beneficially owns 100% of the issued share capital of Double Winner Worldwide Limited ("**Double Winner**"). By virtue of the SFO, Mr. Li is deemed to be interested in 55,152,460 Shares held by Double Winner, representing 9.84% of the entire issued share capital of the Company as at the date of this report.

(4) Mr. Chen, Mr. Huang and Mr. Li have been acting in concert with each other.

(5) Mr. Guo beneficially owns 100% of the issued share capital of East Pride Development Limited ("**East Pride**"). By virtue of the SFO, Mr. Guo is deemed to be interested in the 13,500,000 Shares held by East Pride, representing 2.41% of the entire issued share capital of the Company as at the date of this report.

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, so far as the Directors are aware of, the following persons or entities (other than the Directors or the chief executive of the Company) had, or were deemed to have interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder(s)	Capacity/Nature of interests	Number of Shares held	Approximate percentage of the total number of issued Shares
Zhenghao Global	Beneficial owner	100,968,000	18.02%
Honghan Worldwide	Beneficial owner	66,311,770	11.83%
Double Winner	Beneficial owner	55,152,460	9.84%
Baoya Group Holdings Limited	Beneficial owner	53,417,170	9.53%
Mr. Song Xiaohu	Interest in a controlled corporation[1]	53,417,170	9.53%
Guangzhou Xuandong	Beneficial owner	31,500,000	5.62%
Ms. Ge Ping	Interest in a controlled corporation[2]	31,500,000	5.62%
Shanghai Fosun Weishi Phase I Equity Investment Fund (Limited Partnership)	Beneficial owner	28,432,500	5.07%
Shanghai Fosun Weishi Investment Management Co., Ltd.	Interest in a controlled corporation[3]	28,432,500	5.07%
Shanghai Fosun Capital Investment Management Co., Ltd.	Interest in a controlled corporation[4]	28,432,500	5.07%
Shanghai Fosun Industrial Investment Co., Ltd.	Interest in a controlled corporation[5]	28,432,500	5.07%

Name of Shareholder(s)	Capacity/Nature of interests	Number of Shares held	Approximate percentage of the total number of issued Shares
Shanghai Fosun High Technology (Group) Co., Ltd.	Interest in a controlled corporation(6)	28,432,500	5.07%
Fosun International Limited	Interest in a controlled corporation(7)	28,432,500	5.07%
Fosun Holdings Limited	Interest in a controlled corporation(8)	28,432,500	5.07%
Fosun International Holdings Ltd.	Interest in a controlled corporation(9)	28,432,500	5.07%
Guo Guangchang	Interest in a controlled corporation(10)	28,432,500	5.07%

Notes:

(1) Mr. Song Xiaohu beneficially owns 100% of the issued share capital of Baoya Group Holdings Limited. By virtue of the SFO, Mr. Song Xiaohu is deemed to be interested in 53,417,170 Shares held by Baoya Group Holdings Limited, representing 9.53% of the entire issued share capital of the Company as at the date of this report.

(2) Ms. Ge Ping, being the sole general partner of Guangzhou Xuandong, is deemed to be interested in 31,500,000 Shares held by Guangzhou Xuandong under the SFO, representing 5.62% of the Company as at the date of this report.

(3) Shanghai Fosun Weishi Investment Management Co., Ltd. ("**Fosun Weishi Investment**"), being the sole general partner of Shanghai Fosun Weishi Phase I Equity Investment Fund (Limited Partnership) ("**Shanghai Fosun**"), is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun under the SFO, representing 5.07% of the Company as at the date of this report.

(4) Shanghai Fosun Capital Investment Management Co., Ltd. ("**Fosun Capital**") beneficially owns more than one third of the issued share capital of Fosun Weishi Investment. By virtue of the SFO, Fosun Capital is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun, representing 5.07% of the Company as at the date of this report.

(5) Shanghai Fosun Industrial Investment Co., Ltd. ("**Fosun Industrial**") beneficially owns more than one third of the issued share capital of Fosun Capital. By virtue of the SFO, Fosun Industrial is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun, representing 5.07% of the Company as at the date of this report.

(6) Shanghai Fosun High Technology (Group) Co., Ltd. ("**Fosun High Technology**") beneficially owns more than one third of the issued share capital of Fosun Industrial. By virtue of the SFO, Fosun High Technology is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun, representing 5.07% of the Company as at the date of this report.

(7) Fosun International Limited ("**FIL**") beneficially owns more than one third of the issued share capital of Fosun High Technology. By virtue of the SFO, FIL is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun, representing 5.07% of the Company as at the date of this report.

(8) Fosun Holdings Limited ("**FHL**") beneficially owns more than one third of the issued share capital of FIL. By virtue of the SFO, FHL is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun, representing 5.07% of the Company as at the date of this report.

(9) Fosun International Holdings Ltd. ("**FIH**") beneficially owns more than one third of the issued share capital of FHL. By virtue of the SFO, FIH is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun, representing 5.07% of the Company as at the date of this report.

(10) Mr. Guo Guangchang beneficially owns more than one third of the issued share capital of FIH. By virtue of the SFO, Mr. Guo Guangchang is deemed to be interested in 28,432,500 Shares held by Shanghai Fosun, representing 5.07% of the Company as at the date of this report.

Save as disclosed above, so far as the Directors are aware of, as at 31 December 2024, no persons or entities (other than the Directors or the chief executive of the Company) had, or was deemed to have any interests or short position in the Shares or underlying Shares, which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under section 336 of the SFO.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, no equity-linked agreement was entered into or renewed by the Company during the Reporting Period or subsisting as at 31 December 2024.

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

Repurchase Mandate

The Directors have been granted the general mandate (the "**Repurchase Mandate**") pursuant to resolutions of the Shareholders passed on 26 June 2024, to repurchase Shares in the open market from time to time. Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of issued Shares (i.e. 56,032,050 Shares) as at the date of passing such resolution.

Share Repurchase

During the Reporting Period, the Company repurchased 3,075,500 Shares under the Repurchase Mandate on the Stock Exchange for an aggregate consideration of HK$2,707,207.40 which are held as treasury shares (as defined under the Listing Rules) of the Company.

Details of the Shares repurchased during the Reporting Period and up to the date of this report are as follows:

Month of repurchase	No. of Share repurchased	Highest price paid per Share (HK$)	Lowest price paid per Share (HK$)	Aggregate consideration paid (HK$)
October 2024	2,400,500	1.15	0.80	2,118,010.70
November 2024	448,000	0.95	0.82	389,364.53
December 2024	227,000	0.90	0.80	199,832.17
Total	**3,075,500**			**2,707,207.40**
January 2025	99,000	0.88	0.82	86,072.23
February 2025	30,500	1.16	0.86	32,042.69
March 2025	–	–	–	–
April 2025 (up to the Latest Practicable Date)	49,000	1.01	0.85	45,549.81
Total	**178,500**			**163,664.73**

The Directors believe that such Shares repurchased would increase the net asset value per Share and/or earnings per Share and increase the long-term value to the Shareholders, which is in the interest of the Company and its Shareholders as a whole.

During the Reporting Period, save for the purchase of a total of 12,774,000 shares of the Company by the trustee on the Stock Exchange pursuant to the 2022 Restricted Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including selling treasury Shares).

PRE-EMPTIVE RIGHTS

For the Reporting Period, there were no provisions relating to pre-emptive rights, which required the Company to offer new Shares on a pro-rata basis to existing Shareholders under the Articles of Association or the laws of the Cayman Islands.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective associates had any interests in business, which compete or are likely to compete either directly or indirectly, with the business of the Group.

TAX RELIEF AND EXEMPTION FOR HOLDERS OF LISTED SECURITIES

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 PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Stock Exchange on 8 July 2022. The net proceeds from the Global Offering (as defined in the Prospectus) (after deducting underwriting fees, commissions and estimated expenses paid and payable by the Company in connection with the Global Offering) were approximately HK$163.3 million, which have been and will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

The following table sets forth the status of the use of net proceeds from the Global Offering:

Item	Net proceeds (HK$ million)	Utilised during the Reporting Period (HK$ million)	Utilised up to 31 December 2024 (HK$ million)	Unutilised as at 31 December 2024 (HK$ million)	Expected timeline of full utilisation of the unutilised net proceeds[(1)]
Improving Paas					
Enhancing aPaaS and cPaaS platforms	13.2	4.3	13.2	**0.0**	On or before 31 December 2026
Developing DI capacity	5.6	1.6	5.6	**0.0**	On or before 31 December 2026
Fostering AI capacity	5.6	1.6	5.6	**0.0**	On or before 31 December 2026
Strengthening Saas					
Providing all-channel Marketing Cloud Solutions	25.4	9.3	25.4	**0.0**	On or before 31 December 2026
Enhancing Sales Cloud solutions	28.5	11.0	28.5	**0.0**	On or before 31 December 2026
Reinforcing Service Cloud solutions	11.4	4.4	11.4	**0.0**	On or before 31 December 2026
Improving sales and marketing abilities					
Strengthening our brand in the financial, governmental and Internet industries	24.5	9.8	24.5	**0.0**	On or before 31 December 2026
Promoting our brand in the consumer, retail and healthcare industries and setting up a relevant industry research institute	4.9	2.4	4.9	**0.0**	On or before 31 December 2026
Enlarging our sales team and post-sales service team	19.6	9.8	19.6	**0.0**	On or before 31 December 2026
Strategic investment and acquisitions	16.4	0.0	0.0	**16.4**	On or before 31 December 2026
Working capital and general corporate use	8.2	0.7	8.2	**0.0**	On or before 31 December 2026
Total	163.3	54.9	146.9	**16.4**	

Note:

(1) The expected timeline for utilising the remaining net proceeds is made based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business development and need, and is therefore subject to change.

To strive for better business performance of the Group, the Board will continuously assess the plans for the use of the unutilised net proceeds and may revise or amend such plans where necessary to cope with, among other things, the changing market conditions in order to strive for a better performance of the Group. Should there be any further change in the use of the net proceeds, further announcement(s) will be made by the Company as and when appropriate.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2024, save as disclosed in this annual report, no related party transaction disclosed in note 31 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required.

The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The following transactions of the Group constituted continuing connected transactions for the Group for the year ended 31 December 2024.

A. CONTRACTUAL ARRANGEMENTS

Background and reasons for the adoption of the Contractual Arrangements

The businesses which the Group currently operate, i.e. provision of PaaS and SaaS, are subject to foreign investment restrictions under the current PRC laws and regulations. The provision of Paas and Saas falls within the scope of value-added telecommunication services which are subject to holding of valid SP Licence, and therefore, subject to foreign investment restriction. The Group believes that to maintain the business operation and the effectiveness of SP Licence held by the Consolidated Affiliated Entities, the Consolidated Affiliated Entities must be controlled by the Group through the Contractual Arrangements. The Contractual Arrangements are therefore narrowly tailored and are used to merely enable the Group to conduct businesses in industries that are subject to foreign investment restriction.

Due to regulatory restrictions on foreign ownership in the PRC, the Group conducts its business operations indirectly in the PRC through the Consolidated Affiliated Entities while complying with applicable PRC laws and regulations. For details of the Contractual Arrangements, please refer to the paragraph headed "Summary of the Contractual Arrangements". Through the Contractual Arrangements, the Company exercise effective control over the Consolidated Affiliated Entities. The Contractual Arrangements enable the Company to (i) receive the economic benefits generated by the Consolidated Affiliated Entities; (ii) exercise effective control over the Consolidated Affiliated Entities; and (iii) hold an irrevocable and exclusive right to require (1) each of the Registered Shareholders to transfer any or all their equity interests in Guangzhou Xuan Wu, (2) Guangzhou Xuan Wu to transfer any or all of the assets it held, (3) Guangzhou Xuan Wu to transfer any or all their equity interests in any of its subsidiaries and/or (4) any of the subsidiaries of Guangzhou Xuan Wu to transfer any or all of the assets it held, to Xuantao and/or a third party designated by it, at any time and from time to time, at the lowest purchase price that is permitted by the PRC laws.

The revenue contribution of all of the Consolidated Affiliated Entities to the Group amounted to approximately 99.0% of the total revenue of the Group for the year ended 31 December 2024. As at 31 December 2024, the total assets of the Consolidated Affiliated Entities in aggregate represent approximately 94.8% of the total assets of the Group.

Risks relating to the Contractual Arrangements and Actions Taken to Mitigate the Risks

The Group believes the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 66 to 70 of the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating the Group's operations in the PRC do not comply with applicable PRC regulations, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and being forced to relinquish our interests in those operations.

- The Contractual Arrangements may not be as effective in providing operational control as direct ownership. Any failure by any Consolidated Affiliated Entity or its shareholders to perform the obligations under the Contractual Arrangements would have a material adverse effect on the Group's business, results of operations and financial condition.

- The shareholders of the Consolidated Affiliated Entities may have actual or potential conflicts of interest with the Group, which may materially and adversely affect the Group's business, results of operations and financial condition.

- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and the Implementation Rules and how they may impact the viability of the Group's current corporate structure, corporate governance and business operations.

- The Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and they may determine that the Company or the Consolidated Affiliated Entities owe additional taxes, which could materially and adversely affect our business, results of operations and financial condition.

- If the Group exercises the option to acquire equity ownership and assets of the Consolidated Affiliated Entities, the ownership or asset transfer may subject the Group to certain limitations and substantial costs.

The Company's management works closely with its external legal counsels and advisers to monitor the regulatory environment and developments in PRC laws and regulations to mitigate the risks associated with the Contractual Arrangements.

The Group has adopted measures to ensure the implementation of the Contractual Arrangements for the effective operation of the Group's businesses and its compliance with the Contractual Arrangements, including, among others:

(i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion as and when they arise;

(ii) the Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(iii) the Company will disclose the overall performance and compliance with the Contractual Arrangements in the annual reports;

(iv) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements; and

(v) the independent non-executive Directors will review the compliance of the Contractual Arrangements on an annual basis and their confirmation will be disclosed in the Company's annual report.

Listing Rules Implications and Waivers

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from (i) strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the transactions under the Contractual Arrangements; and (iii) limiting the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange subject to certain conditions. For details, please refer to the section "Connected Transactions" in the Prospectus.

PRC Laws and Regulations

Pursuant to the Foreign Investment Negative List, provision of value-added telecommunication services falls within the "restricted" category. As such, the shareholding percentage of a foreign investor in companies engaged in value-added telecommunication services shall not exceed 50%.

According to the Regulations on the Administration of Short Message Service (通信短信息服務管理規定), those who operate SMS shall obtain the telecommunication business licence according to the PRC laws. In particular, Article 6 of the Regulations on the Administration of Short Message Service provides that an operator of basic telecommunication business shall not, without telecommunication business licence, provide network or access service for sending SMS to any institution or individual. Accordingly, for access to the network maintained by telecommunication network operators for sending SMS, each of the Consolidated Affiliated Entities must obtain and has obtained the SP Licence.

Qualification Requirements

On 11 December 2001, the State Council promulgated the Administrative Provisions on the Administration of Foreign Invested Telecommunications Enterprises (the "**2016 Regulations**"), which was last amended on 6 February 2016. According to the 2016 Regulations, foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. Article 10 of the 2016 Regulations further provides that a major foreign investor which invests in a value-added telecommunication business in the PRC must possess prior experience in, and a proven track record of good performance of, operating value-added telecommunication businesses overseas (the "**Qualification Requirements**"). Foreign investors that meet these requirements must obtain approvals from the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (the "**MIIT**") which retains discretion in granting such approvals.

The MIIT issued the Guidance Memorandum (外商投資經營電信業務審批服務指南). According to this Guidance Memorandum, a foreign investor applicant is required to provide the proof of the satisfaction of the Qualification Requirements. The Guidance Memorandum, however, does not provide any further guidance on the proof, record or document required to support the proof satisfying the Qualification Requirements.

On 29 March 2022, the State Council promulgated the Decision of the State Council on Revising or Abolishing Some Administrative Regulations (the "**2022 Decision**") that took effect from 1 May 2022 made certain significant changes to the 2016 Regulations. The 2022 Decision repeals the Qualification Requirements. As such, the restrictions of Qualification Requirements no longer apply to foreign investors, and foreign investors may be allowed to hold no more than 50% of the equity interests of a company providing value-added telecommunications services. However, as at the date of this annual report, no applicable PRC laws, regulations or rules have provided clear guidance or interpretation about the 2022 Decision. It remains uncertain as to the interpretation and enforcement of the 2022 Decision in practice and relevant regulations by government authorities.

Summary of the Contractual Arrangements

During the Reporting Period, on 2 December 2024, the Group has set up a new operating subsidiary, Guanzhou Xuanji Technology Co., Ltd.* (廣州玄璣科技有限公司) ("**Guangzhou Xuanji**"), which principally engages in the provision of intelligent CRM services, which falls within the "restricted" category as stipulated under the Foreign Investment Negative List. As such, a series of Contractual Arrangements were entered into among Dongguan Boxun, Xuantao and Guangzhou Xuan Wu on 2 December 2024, of which the terms and conditions are substantially the same as the existing Contractual Arrangements.

The Contractual Arrangements which were in place during the Reporting Period were as follows:

- Exclusive Business Cooperation Agreements. Under the exclusive business cooperation agreements (the "**Exclusive Business Cooperation Agreements**") dated 10 August 2021, 29 December 2021,9 May 2023 and 2 December 2024 entered into among Xuantao, Guangzhou Xuan Wu and its subsidiaries and the Registered Shareholders, in exchange for an annual service fee, Xuan Wu and its subsidiaries agreed to engage Xuantao as their exclusive provider of technical support, consultation and other services.

- Exclusive Option Agreements. Under the exclusive option agreements (the "**Exclusive Option Agreements**") dated 10 August 2021, 29 December 2021, 9 May 2023 and 2 December 2024 among Xuantao, Guangzhou Xuan Wu and its subsidiaries and the Registered Shareholders, Guangzhou Xuan Wu and its subsidiaries and the Registered Shareholders agreed to grant Xuantao an irrevocable and exclusive right to require, without additional conditions, (i) each of the Registered Shareholders to transfer any or all their equity interests in Guangzhou Xuan Wu; (ii) Guangzhou Xuan Wu to transfer any or all of the assets it held; (iii) Guangzhou Xuan Wu to transfer any or all their equity interests in any of its subsidiaries and/or (iv) any of the subsidiaries of Guangzhou Xuan Wu to transfer any or all of the assets it held, to Xuantao and/or a third party designated by it, at any time and from time to time, at the lowest purchase price that is permitted by the PRC laws.

- Equity Pledge Agreements. Under the equity pledge agreements (the "**Equity Pledge Agreements**") dated 10 August 2021, 29 December 2021, 9 May 2023 and 2 December 2024 entered into among Xuantao, Guangzhou Xuan Wu and its subsidiaries and the Registered Shareholders, Guangzhou Xuan Wu and the Registered Shareholders agreed to pledge all their respective equity interests in Guangzhou Xuan Wu and its subsidiaries that they own, including any dividend or other benefits arising therefrom, to Xuantao as charge to guarantee the performance of contractual obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreements and the Proxy Agreements (as defined below).

- Proxy Agreements and Powers of Attorney. Guangzhou Xuan Wu and the Registered Shareholders had entered into the proxy agreements (the "**Proxy Agreements**") and executed the powers of attorney (the "**Powers of Attorney**") on 10 August 2021, 29 December 2021, 9 May 2023 and 2 December 2024, respectively. Under the Proxy Agreements, Guangzhou Xuan Wu and the Registered Shareholders appointed Xuantao and/or any person designated by Xuantao as their proxy to manage their equity interest in Guangzhou Xuan Wu and/or its subsidiaries and exercise all shareholder's rights in Guangzhou Xuan Wu and/or its subsidiaries on behalf of the Registered Shareholders and/or Guangzhou Xuan Wu.

- Undertakings from the Registered Shareholders. Each of the Registered Shareholders has confirmed to the effect that among other things, (i) his spouse (where applicable) does not own and does not have the right to claim any interests in the equity interest of Guangzhou Xuan Wu (together with any other interests therein) or exert influence on the day-to-day management by Guangzhou Xuan Wu, (ii) where applicable, in the event of his/their death, incapacity, bankruptcy, divorce, insolvency, liquidation or any other event which causes his/their inability to exercise his/their rights as a shareholder of Guangzhou Xuan Wu, he/they will take actions deemed necessary by Xuantao to safeguard the performance of the Exclusive Business Cooperation Agreements, the Exclusive Option Agreements, the Equity Pledge Agreements, the Proxy Agreements and the Powers of Attorney, and his/their successors, guardians, managers, liquidators, creditors, spouse or any other person that has a claim on his/their equity interest in Guangzhou Xuan Wu or related rights will not, under any circumstance and in any way, take any action, when such action may affect or hinder the respective Registered Shareholder and/or Guangzhou Xuan Wu in performing their obligations under the Exclusive Business Cooperation Agreements, the Exclusive Option Agreements, the Equity Pledge Agreements, the Proxy Agreements and the Powers of Attorney.

- Spouse Undertakings. The spouse of each of the Registered Shareholders, where applicable, has signed undertakings to the effect that (i) the respective individual Registered Shareholder's interests in Guangzhou Xuan Wu (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 Registered Shareholder and will not have any claim on such interests.

For details of the major terms of the Contractual Arrangements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

Save as disclosed above, during the Reporting Period and up to the date of this annual report, there were no other new Contractual Arrangements entered into, renewed or reproduced. Save as disclosed above or in the Prospectus, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2024.

For the year ended 31 December 2024, none of the Contractual Arrangements had been terminated as none of the restrictions that led to the adoption of the contracts under the Contractual Arrangements has been removed.

Confirmation of Independent Non-executive Directors

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that, during the Reporting Period:

(i) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the Contractual Arrangements to the effect that the revenue generated by the Consolidated Affiliated Entities has been substantially retained by Xuantao;

(ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;

(iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year other than the ones disclosed above;

(iv) the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group;

(v) the Contractual Arrangements have been entered into on normal commercial terms or better; and

(vi) the Contractual Arrangements have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmation of the Company's Independent Auditor

PwC, the independent auditor of the Company, has carried out procedures in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "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 has confirmed in a letter to the Board, with respect to Contractual Arrangements and the transactions contemplated therein:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) nothing has come to their attention that causes them to believe that the transactions have not been entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) nothing has come to their attention that causes them to believe that dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of the equity interests of the Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to our Group.

Details of related party transactions in the normal course of business are set out in note 31 to the consolidated financial statements. During the Reporting Period, save as disclosed in this annual report, there were no other connected transactions or continuing connected transactions which are required to be disclosed by the Company in accordance with the provisions concerning the disclosure of connected transactions under Chapter 14A of the Listing Rules.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS" in this report and note 31 (Related party disclosures) to the consolidated financial statements, no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling Shareholders or any of its subsidiaries and no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling Shareholders or any of its subsidiaries had been entered into.

DONATIONS

During the Reporting Period, there were no donations made by the Group.

MATERIAL LEGAL PROCEEDINGS AND COMPLIANCE

During the Reporting Period and up to the date of this annual report, to the knowledge of Directors, the Company has complied with the applicable laws and regulations in all material aspect, and there are no material legal proceedings which are pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or legal liabilities incurred or sustained by him/her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. During the year, there was appropriate directors' and senior officers' liability insurance coverage for the Directors and senior officers of the Group.

CORPORATE GOVERNANCE

For details, please refer to the Corporate Governance Report on pages 50 to 65 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the total issued Shares was at all times held by the public during the Reporting Period and up to the date of this annual report. The Company has maintained a sufficient public float that is in compliance with Rule 8.08 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee discussed with the senior management of the Company and the Auditor, and reviewed the audited consolidated financial statements of the Group for the Reporting Period together with the applicable accounting principles, standards and practices adopted by the Group. The Audit Committee has agreed with the senior management of the Company on the annual report for the Reporting Period.

AUDITOR

PricewaterhouseCoopers is appointed as the Auditor during the Reporting Period and PricewaterhouseCoopers has audited the accompanying financial statements which were prepared in accordance with HKFRS.

PricewaterhouseCoopers is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for re-appointment of PricewaterhouseCoopers as the Auditor will be proposed at the AGM.

There has been no change in auditor since the Listing Date.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there were no other significant events that might affect the Group after the Reporting Period and up to the Latest Practicable Date.

By order of the Board
Xuan Wu Cloud Technology Holdings Limited
Chen Yonghui
Chairman

Hong Kong, 26 March 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report as set out in this annual report for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance in order to safeguard the interests of its Shareholders and enhance the corporate value and accountability. In addition, the Group is also committed to continuously improving its corporate governance practices.

During the Reporting Period, the Company has complied with all the applicable code provisions under the CG Code with the exception for the deviation from code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and CEO should be separated and should not be performed by the same individual. Currently, Mr. Chen is the chairman and CEO of the Company, which deviated from the code provision C.2.1 of the CG Code. The Board believes that it is to the benefit of the business prospect and operational efficiency of the Group to vest the roles of chairman and CEO in the same person due to its unique role, Mr. Chen's experience in the industry, personal profile and roles in the Group. This dual role provides strong and consistent market leadership and is crucial to efficient business planning and decision-making of the Company. As all major decisions of the Group are made in consultation with members of the Board and the relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is of the view that adequate safeguards are in place to ensure sufficient balance of powers within the Board.

In order to maintain good corporate governance and to fully comply with code provision C.2.1 of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of chairman of the Board and CEO separately.

CORPORATE GOVERNANCE FUNCTIONS

The Board is collectively responsible for performing the corporate governance functions set out in code provision A.2.1 of Part 2 of the CG Code, including at least the following:

— to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

— to review and monitor the training and continuous professional development of Directors and senior management;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the Company's code of conduct and compliance manual (if any) applicable to employees and Directors; and

— to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

THE BOARD OF DIRECTORS

Responsibilities

The Board is responsible for leading and controlling the Company and overseeing the Group's business, strategy making and performance, and is collectively responsible for facilitating the success of the Company by directing and supervising its 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 internal control is sound and risk management systems are in place. The Board has delegated responsibilities to the Board committees, which have been set out in their respective terms of reference.

Delegation by the Board

The Board reserves its right to decide on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. The senior management has to obtain the Board approval prior to entering into any significant transaction.

BOARD COMPOSITION

As at the date of this annual report, the Board consists of seven Directors, including four executive Directors, and three independent non-executive Directors. The list of the Board members and their positions is set out below. All Directors ensure that they are able to devote sufficient time and attention to the affairs of the Company.

Executive Directors

Mr. Chen Yonghui (陳永輝) *(Chairman and Chief Executive Director)*
Mr. Huang Fangjie (黃仿傑)
Mr. Li Hairong (李海榮)
Mr. Guo Haiqiu (郭海球)

Independent Non-executive Directors

Mr. Du Jianqing (杜劍青)
Ms. Wu Ruifeng (吳瑞風)
Prof. Wu Jintao (鄔金濤)

The biographical details of each Director are set out on pages 19 to 22 of this annual report.

We are also committed to promoting diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of our corporate governance as a whole. All Directors, including 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. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have always acted in the interests of the Company and the Shareholders.

None of the Directors has any relationship (including financial, business, family members or other material/relevant relationship) with any other Directors or chief executives (particular the Chairman and the CEO) of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period and up to the date of this report, the Board has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise at all time.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules relating to appointing the independent non-executive Directors as equivalent to one-third members of the Board.

Each of the independent non-executive Directors has confirmed its independence under Rule 3.13 of the Listing Rules during the Reporting Period. Therefore, the Company regarded them as independent parties.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision B.2.2 of Part 2 of the CG Code states that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are contained in the Articles of Association. Each of the Directors, Mr. Chen Yonghui, Mr. Huang Fangjie, Mr. Li Hairong, and Mr. Guo Haiqiu, has signed service contracts with the Company. Each of the Directors has been appointed for a term of three years from 11 August 2021, which is automatically renewable until terminated by not less than three months' notice in writing served by either party on the other, subject to retirement by rotation and re-election at the AGM in accordance with the Articles and the Listing Rules. The service contract may be terminated in accordance with its terms.

Each of the independent non-executive Directors has signed the letters of appointment with the Company. The terms and conditions of respective letters of appointment are similar in all material aspects. Each of the independent non-executive Directors has been appointed for a term of three years from the Listing Date, which is automatically renewable until terminated by not less than three months' notice in writing served by either party on the other, subject to retirement by rotation and re-election at the AGM in accordance with the Articles and the Listing Rules. The letter of appointment may be terminated in accordance with its terms.

According to Article 112 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next first annual general meeting of the Company and shall then be eligible for re-election at that meeting.

According to Article 108 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or 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 (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director required to stand for re-election pursuant to the Articles of Association shall be not considered in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. At any annual general meeting at which any Director retires, the Company may fill the vacated office by electing a like number of persons to be Directors.

BOARD MEETING AND GENERAL MEETING

During the Reporting Period, the attendance records of each Directors at Board and committees meetings are set out as follows:

Name of Directors	Regular Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors					
Mr. Chen Yonghui	4/4	N/A	N/A	1/1	1/1
Mr. Huang Fangjie	4/4	N/A	N/A	N/A	1/1
Mr. Li Hairong	4/4	N/A	N/A	N/A	1/1
Mr. Guo Haiqiu	4/4	N/A	1/1	N/A	1/1
Independent non-executive Directors					
Mr. Du Jianqing	4/4	2/2	N/A	1/1	1/1
Ms. Wu Ruifeng	4/4	2/2	1/1	N/A	1/1
Prof. Wu Jintao	4/4	2/2	1/1	1/1	1/1

During the Reporting Period, the chairman of the Board held a meeting with the independent non-executive Directors without the presence of executive Directors in compliance with code provision C.2.7 of the CG Code.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director will be provided with necessary induction training and information to ensure that he/she has a proper understanding of the Company's operation and business as well as his/her responsibilities under relevant statues, laws, rules and regulations in accordance with code provision C.1.1 of the CG Code. The Company will also arrange regular seminars and directors' training to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. In order to enhance the communication with the Directors and to enable them to deepen their understanding of the Company's business, the Company has regularly organised enterprise day activities, on which the Directors are invited to visit the Company and hear about the strategic approaches and business development of the Company. Each of the Directors has confirmed that he/she has understood his/her obligations as a Director during the Reporting Period.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of Directors.

All Directors have complied with code provision C.1.4 of the CG Code in relation to the training of Directors. During the Reporting Period, the Company has provided all Directors with training, including Listing Rules and corporate governance matters, and has provided management with internal training in relation to the Company.

A summary of training received by the Directors for the Reporting Period is summarised as follows:

Name of Directors	Attending or participating in relevant seminars/ Reading relevant materials
Executive Directors:	
Mr. Chen Yonghui	Yes
Mr. Huang Fangjie	Yes
Mr. Li Hairong	Yes
Mr. Guo Haiqiu	Yes
Independent Non-executive Directors:	
Mr. Du Jianqing	Yes
Ms. Wu Ruifeng	Yes
Prof. Wu Jintao	Yes

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for Directors' in securities transactions. After making specific enquiry of all Directors, all Directors have confirmed that they have strictly complied with the Model Code for the Reporting Period.

JOINT COMPANY SECRETARIES

Ms. Ge Ping ("**Ms. Ge**") is the joint company secretary 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.

Ms. Lam Chi Ching Cecilia ("**Ms. Lam**") has been appointed as the joint company secretary on 12 June 2023. In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engages Ms. Lam, a solicitor practicing in Hong Kong, to assist Ms. Ge to discharge her duties as joint company secretary of the Company. Ms. Ge is the primary contact person of the Company.

For the Reporting Period, each of Ms. Ge and Ms. Lam has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Ms. Wu Ruifeng (Chairman), Mr. Du Jianqing and Prof. Wu Jintao (with Ms. Wu Ruifeng possessing the appropriate professional qualifications and accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules).

The main duties of the Audit Committee are as follows:

1. to review the audited consolidated financial statements, annual results announcement and the annual report for the year ended 31 December 2024;

2. to review the unaudited condensed consolidated financial statements, interim results announcement and the interim report for the six months ended 30 June 2024;

3. to review the adequacy and effectiveness of the risk management and internal control systems, and the effectiveness of the internal audit function of the Group; and

4. to make recommendations to the Board on the appointment, re-appointment and removal of external auditor of the Company, and approve the remuneration and terms of engagement of the external auditor.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Audit Committee held two meetings and has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters, including the review of the audited consolidated financial statements of the Company for the Reporting Period. The Audit Committee is of the opinion that the preparation of the relevant financial statements has complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

During the Reporting Period, there was no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor of the Company.

Remuneration Committee

The Remuneration Committee consists of three members, including two independent non-executive Directors and one executive Director, namely Prof. Wu Jintao (Chairman), Ms. Wu Ruifeng and Mr. Guo Haiqiu.

The main duties of the Remuneration Committee are as follows:

1. to discuss the remuneration of all Directors and senior management;

2. to assess the performance of executive Directors and approve the terms of the executive Directors' service contracts;

3. to review and make recommendations to the Board on the remuneration policy and structure for all Directors and senior management;

4. to review and make recommendations to the Board on the remuneration packages of individual Directors and senior management (i.e. code provision E.1.2(c)(ii) of the CG Code was adopted); and

5. to review and/or approve matters relating to share scheme of the Company.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Remuneration Committee held one meeting and has performed duties such as reviewing the Group's policy on remuneration of all Directors and senior management of the Group, evaluating the performance of executive Directors and approving the terms of the executive Directors' service contracts. The Remuneration Committee, after assessing their performance, had advised the Board on the remuneration packages of all executive Directors and senior management of the Group, and the remuneration of the independent non-executive Directors.

During the Reporting Period, the material matters relating to the 2022 Restricted Share Award Scheme that were reviewed and approved by the Remuneration Committee pursuant to the Rule 17.07A of the Listing Rules is summarised below:

On 27 September 2024, a total number of 390,000 and 3,048,000 Award Shares were granted to an executive Director, Mr. Li Hairong, and certain employees, respectively, who have served the Group for a lengthy period of time under the 2022 Restricted Share Award Scheme, representing 0.61% of the issued shares capital of the Company during the Reporting Period. All 3,438,000 Award Shares being granted were satisfied by making purchases on the Stock Exchange.

Nomination Committee

The Nomination Committee consists of three members, including one executive Director and two independent non-executive Directors, namely Mr. Chen Yonghui (Chairman), Mr. Du Jianqing and Prof. Wu Jintao.

The main duties of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to review the nomination policy and procedures for directorship during the year;

3. to identify and advise the Board on the selection and nomination of individuals suitably qualified to become Directors;

4. to assess the independence of the independent non-executive Directors; and

5. to make recommendations to the Board relating to the appointment or re-appointment of Directors.

The Nomination Committee assesses the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, the Nomination Committee held one meeting and has performed duties, including reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors, making recommendations to the Board on the succession of Directors and disclosing the policy on nomination of Directors, including the nomination process adopted by the Nomination Committee for director candidates and the selection and recommendation criteria.

Policy for Nomination of Directors

The Board has adopted a nomination policy (the "**Nomination Policy**") for nomination of Directors and the summary is as follows: the Company values its selection process of the Board members with high transparency. The Nomination Policy aims to ensure that the Board keeps balance on the skills, experience and diversity of views to meet the business needs of the Company. The Nomination Committee has been appointed to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. The Board is ultimately responsible for (i) the selection and appointment of new Directors, and (ii) the relevant matters in relation to retirement by rotation and re-election at annual general meetings pursuant to the Articles of Association.

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") in order to achieve diversity of the Board and to maintain high standard of corporate governance. The Company is convinced that the diversity of the Board is beneficial to improve the quality of its performance. When setting up composition of the Board, the Company considers the diversity of the Board from various measurable aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Our Directors have a balanced mix of experiences, including but not limited to information and technology, business management, legal, finance and accounting and risk management. All appointments to the Board are based on the principle of meritocracy, while considering diversity, including gender diversity. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board members have a wide range of age, ranging from 46 years old to 56 years old. With respect to the succession of Directors, the Nomination Committee will also assist in identifying potential female Board members as and when necessary. The Board will continue to increase the proportion of female members in the future if suitable candidates are available.

Details of the current members of the Board are set out as follows:

Gender			**Male**	**Female**
			6	1
Age Group	**40–45**	**46–50**	**51–55**	**56–60**
	0	5	1	1
Length of service		**1 year or below**	**2 to 4 years**	**Over 4 years**
		0	7	0

In 2024, the Group had 642 full-time employees, of which 433 were male and 209 were female. The gender ratio of all employees (including senior management) is approximately 67.4% (male) and approximately 32.6% (female), respectively.

The Board is currently of the opinion that it generally meets the diversity requirements under the Listing Rules. Currently, one out of seven Directors is female, bringing the female representation to 14.3% of the Board and the joint company secretaries of the Company are females. Yet, the Board will continue to take opportunities to promote gender diversity at all levels of the Company and increase the proportion of female members over time as and when suitable candidates are identified. We will also continue to apply the principle of appointments based on merits with reference to our diversity policy as a whole.

The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies in order for the Board to be effective. The diversity policy is subject to annual review by the Nomination Committee. The Company will continue to monitor and evaluate the Board Diversity Policy from time to time to ensure its continuous effectiveness.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") in accordance with the CG Code, which outlines the factors that should be taken into account in determining any dividend for distribution to the Shareholders. According to the Dividend Policy, in considering the declaration and payment of dividends, the Board shall take into account the following factors of the Group:

- general financial conditions;
- liquidity, capital and debt level;
- cash flow situation;
- future cash requirements and availability for business operations, business strategies and future development needs;
- any statutory and regulatory restrictions;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- general market conditions; and
- any other factors that the Board considers appropriate.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Articles of Association. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors understand and acknowledge their responsibility for preparing the consolidated financial statements of the Company for the Reporting Period which give a true and fair view of the Group's conditions, results and cash flows.

The management has provided to the Board such explanation and information as necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. The statement by the auditor regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE

The Company has insurance coverage for all Directors and members of senior management to minimise the risks they may incur in the normal course of performing their duties. The Board reviews the relevant insurance coverage annually.

REMUNERATION OF SENIOR MANAGEMENT

Our senior management receive remuneration in the form of salaries, bonuses, contributions to pension schemes, long-term incentives (including share-based incentives), housing allowances and other allowances and benefits in kind subject to applicable laws, rules and regulations.

The remuneration of senior management of the Company (whose biographies are set out in the section headed "Directors and Senior Management" of this annual report) for the Reporting Period falls under the following bands:

Band of remuneration	Number of individuals
Nil to RMB1,000,000	2

REMUNERATION OF AUDITOR

For the Reporting Period, the remuneration in respect of the audit and non-audit services rendered by the auditor of the Company, PwC, are as follows:

Classification of Services	Amount (RMB)
Audit and audit-related services	1,400,000
Non-audit services	—
Total	1,400,000

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining sound, efficient and adequate risk management, internal control systems and internal audit function to safeguard Shareholders' investments and the Company's assets. The Company has established an internal audit function and has internal risk management policy in place to guide and standardise risk management and internal audit systems. Our internal audit function conducts internal audit on different department and functions within our Group on an ongoing basis to assess the effectiveness and identify weaknesses in the existing internal control, legal and regulatory compliance and risk management systems of our Group. The Board reviews such systems on an annual basis.

The Audit Committee assists the Board in leading the management and monitoring and overseeing the risk management and internal control systems through the internal audit department, and reporting and making recommendations to the Board where appropriate. The Board, supported by the Audit Committee and management, reviewed the management reports and the internal audit reports. The management shall be responsible for implementing the Board's risk management and internal control policies and procedures, designing, implementing and monitoring the risk management and internal control systems, and confirming the effectiveness of such systems to the Board. During the Reporting Period, the Board has obtained the written confirmation on the effectiveness of the issuer's risk management and internal control systems from the management.

Good risk management and internal control systems are designed to manage, not eliminate, risks that may prevent the Company from achieving its business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. To this end, appropriate policies and procedures have been established and implemented to ensure that key risks that could affect the Company's performance are properly identified and managed, that the Company's assets are not used or disposed of without permission, that financial and accounting information is accurately recorded and maintained in accordance with relevant accounting standards and regulatory reporting requirements, and that all operations comply with relevant rules and regulations.

During the Reporting Period, the management and the Board conducted an annual review on the effectiveness of the risk management and internal control systems of the Company, and they were of the view that the financial reporting system, the risk management and internal control systems were adequate and effective and that the Company had complied with the code provisions relating to risk management and internal control of the CG code during the Reporting Period.

WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the legal department of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company has developed a policy on disclosure of inside information which provides guidelines and procedures to the Directors, senior management and employees of the Company in evaluating and handling confidential information and monitoring information disclosure. Internal control measures have been implemented to ensure that the procedures for the handling and disclosure of inside information are in compliance with the continuous disclosure obligations under the Listing Rules and the disclosure of inside information requirements under the SFO.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Procedures and Rights for Shareholders to Convene an Extraordinary General Meeting and Putting Forward Proposals/Resolutions

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Any one or more Shareholders 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 company 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 twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (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.

The Shareholders who wish to put forward proposals and/or resolutions may requisition an extraordinary general meeting and include a proposal and/or resolution at such meeting pursuant to Article 64 of the Articles of Association.

Shareholders may send the requisition letter to the Company's headquarter and principal place of business for the attention of the company secretary of the Company in the PRC at Room 904, 9/F, Dongsheng Yunding Building, 38 Haizhou Road, Haizhu District, Guangzhou, Guangdong.

Procedures for Shareholders to Send Enquiries to The Board

Shareholders may send their enquiries in writing with contact details (including registered name, address, telephone number and email address) to the Company's headquarter and principal place of business in the PRC for the attention of the company secretary of the Company at Room 904, 9/F, Dongsheng Yunding Building, 38 Haizhou Road, Haizhu District, Guangzhou, Guangdong.

The Company welcomes the views of and enquiries from the Shareholders. Enquiries will be dealt with in an informative and timely manner.

SHAREHOLDERS’ COMMUNICATION POLICY AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group’s business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions. The Company establishes an investor relations department and liaison mailbox (**IR@wxchina.com**), which is responsible for providing Shareholders and investors with the necessary information and services. It maintains proactive communications with Shareholders, investors and other capital market participants, which enable Shareholders and investors to fully understand the Company’s operation and development, by various means such as participating in domestic and foreign investor exchanges, performance conferences and investment analysts meetings.

The annual general meetings of the Company provide opportunity for Shareholders to communicate directly with the Directors. The chairman of the Company and the chairmen of the Board committees will attend the annual general meetings to answer the Shareholders’ questions. The auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and auditor’s independence.

To promote effective communication and to build an inter-relationship and communication channel between the Company and the Shareholders, the Company adopts a shareholders’ communication policy (the “**Shareholders’ Communication Policy**”) and maintains a website at https://ir.wxchina.com/where the up-to-date information on the Company’s business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the Reporting Period, the Company has reviewed the Shareholders’ Communication Policy. After evaluating and considering the actual communication circumstance between the Company and the Shareholders during the year, the Company is satisfied with its current implementation and effectiveness.

AMENDMENT TO CONSTITUTIONAL DOCUMENTS

The Articles was adopted on 15 June 2022 and were effective on the Listing Date, which is available on the websites of the Company and the Stock Exchange. Save for the aforementioned changes, for the Reporting Period, there was no significant change in the Articles.

羅兵咸永道

To the Shareholders of Xuan Wu Cloud Technology Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Xuan Wu Cloud Technology Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 72 to 150, comprise:

- the consolidated balance sheet as at 31 December 2024;
- 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, comprising material accounting policy information 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 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") 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 Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. 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.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the 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.

The key audit matter identified in our audit is related to assessment of the expected credit losses ("**ECL**") of trade receivables .

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of the ECL of trade receivables Refer to Note 3.1.2, Note 4(a) and Note 19 to the consolidated financial statements. As at 31 December 2024, the gross amount of the Group's trade receivables amounted to RMB319,333,000 which represented approximately 50% of the total assets of the Group. Management has estimated the ECL on the trade receivables, and a loss allowance of approximately RMB32,937,000 was made against the trade receivables as at 31 December 2024. The Group's trade receivables were grouped based on their nature and risk characteristics. Management estimated the ECL on trade receivables 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 credit ratings, financial capability and historical default rate as well as forward looking information, such as industrial value-added, M2, Consumer Price Index.	We have performed the following procedures to address this key audit matter: • Obtained an understanding of management's assessment process over ECL of trade receivables. We discussed with management to understand the ECL model, key assumptions and estimates as they adopted for determining the ECL rates; • Understood, evaluated and validated the key controls, on sample basis, in place over management's assessment on the ECL and ageing analysis review of trade receivables; • Assessed the inherent risk of material misstatement of ECL of trade receivables by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity and subjectivity;

Key Audit Matter	How our audit addressed the Key Audit Matter
We considered this area as a key audit matter due to the magnitude of the balance of trade receivables 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.	• Evaluated the outcome of prior year assessment of provision for ECL of trade receivables by comparing the ECL as estimated in the prior year against the actual collection performance of the debtors in the current year to assess the effectiveness of management's estimation process; • Challenged and evaluated management's estimation on the ECL by considering the appropriateness of customer grouping based on our understanding on the Group's business process, credit ratings and financial capability of the customers against the public available information, and the historical default rate against the historical payment records; • Evaluated the reasonableness of the current and forward looking macroeconomic factors as adopted by management in the ECL assessment by reference to our industry knowledge and relevant authoritative macroeconomic data, and assistance from our internal experts; • Tested, on a sample basis, the accuracy of ageing analysis of trade receivables prepared by management to the related supporting documents; • Checked the mathematical accuracy of the ECL calculation for the loss allowance on trade receivables; and • Assessed the adequacy of the disclosures related to assessment of the ECL of trade receivables. Based on the above, we considered that the significant judgements and estimates made by management in relation to the assessment of the ECL of trade receivables were supportable by the evidence obtained and procedures performed.

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.

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 HKFRSs issued by the HKICPA 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 HKSAs 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 HKSAs, 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.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Au Chi Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts expressed in RMB unless otherwise stated)

		Year ended 31 December	
		2024	2023
	Note	**RMB'000**	RMB'000
Revenue	6	**1,151,277**	1,281,276
Cost of sales	7	**(941,500)**	(1,076,627)
Gross profit		**209,777**	204,649
Selling and distribution expenses	7	**(94,833)**	(125,113)
Administrative expenses	7	**(46,027)**	(58,089)
Research and development expenses	7	**(65,531)**	(92,616)
Net impairment losses on financial assets	3.1.2	**(6,417)**	(7,871)
Other income	9	**5,389**	10,749
Other gains/(losses) — net	10	**514**	(610)
Operating gains/(losses)		**2,872**	(68,901)
Finance income	11	**773**	1,945
Finance costs	11	**(4,565)**	(4,753)
Finance costs — net	11	**(3,792)**	(2,808)
Loss before income tax		**(920)**	(71,709)
Income tax expense	12	**(150)**	(61)
Profit/(losses) and total comprehensive income/(losses) for the year		**(1,070)**	(71,770)
Profit/(losses) and total comprehensive loss for the year is attributable to:			
— Owners of the Company		**6,914**	(72,364)
— Non-controlling interests		**(7,984)**	594
		(1,070)	(71,770)
Earnings/(losses) per share (expressed in RMB per share)			
— Basic earnings/(losses) per share		**0.012**	(0.129)
— Diluted earnings/(losses) per share	13	**0.012**	(0.129)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in RMB unless otherwise stated)

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	**3,894**	5,923
Right-of-use assets	15	**12,093**	18,643
Intangible assets	16	**14,115**	11,936
Deferred income tax assets	27	**9,590**	9,740
Prepayments	19	**73**	257
		39,765	46,499
Current assets			
Contract fulfilment costs	18	**9,418**	14,706
Contract assets	6	**178**	164
Financial assets at fair value through profit or loss		**—**	501
Trade, bill and other receivables and prepayments	19	**513,034**	436,868
Cash and cash equivalents	20	**71,413**	192,278
		594,043	644,517
Total assets		**633,808**	691,016
Equity			
Equity attributable to owners of the Company			
Share capital	21	**360**	360
Share premium	21	**440,616**	439,569
Other reserves	22	**(40,411)**	(31,474)
Accumulated losses		**(68,944)**	(72,490)
		331,621	335,965
Non-controlling interests		**(3,552)**	3,055
Total equity		**328,069**	339,020

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities	26	**8,026**	11,888
Current liabilities			
Borrowings	24	**144,040**	157,244
Contract liabilities	6	**37,535**	51,275
Trade, bill and other payables	25	**108,764**	120,837
Lease liabilities	26	**7,198**	10,595
Current income tax liabilities		**176**	157
		297,713	340,108
Total liabilities		**305,739**	351,996
Total equity and liabilities		**633,808**	691,016

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

The consolidated financial statements on pages 72 to 150 were approved by the board of directors on 26 March 2025 and were signed on its behalf.

Mr. CHEN Yonghui
Director

Mr. Huang Fangjie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts expressed in RMB unless otherwise stated)

	Attributable to owners of the Company						
	Share capital RMB'000 (Note 21)	Share premium RMB'000 (Note 21)	Other reserves RMB'000 (Note 22)	Retained earnings/ (Accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	360	439,569	(19,676)	75	420,328	2,461	422,789
Comprehensive (loss)/income							
(Loss)/profit for the year	—	—	—	(72,364)	(72,364)	594	(71,770)
Transactions with owners of the Company							
Appropriation of statutory reserves	—	—	201	(201)	—	—	—
Share-based compensation	—	—	5,081	—	5,081	—	5,081
Purchase of shares in connection with employee share scheme	—	—	(17,080)	—	(17,080)	—	(17,080)
Balance at 31 December 2023	360	439,569	(31,474)	(72,490)	335,965	3,055	339,020
Balance at 1 January 2024	**360**	**439,569**	**(31,474)**	**(72,490)**	**335,965**	**3,055**	**339,020**
Comprehensive loss							
Loss for the year	**—**	**—**	**—**	**6,914**	**6,914**	**(7,984)**	**(1,070)**
Transactions with owners of the Company							
Appropriation of statutory reserves	**—**	**—**	**3,368**	**(3,368)**	**—**	**—**	**—**
Share-based compensation	**—**	**—**	**2,417**	**—**	**2,417**	**—**	**2,417**
Purchase of shares in connection with employee share scheme	**—**	**—**	**(12,007)**	**—**	**(12,007)**	**—**	**(12,007)**
Exercise of shares in connection with employee share scheme	**—**	**1,047**	**(242)**	**—**	**805**	**—**	**805**
Repurchase of Shares	**—**	**—**	**(2,473)**	**—**	**(2,473)**	**—**	**(2,473)**
Transactions with Non-controlling interests							
Capital Injection	**—**	**—**	**—**	**—**	**—**	**3,000**	**3,000**
Dividend	**—**	**—**	**—**	**—**	**—**	**(1,623)**	**(1,623)**
Balance at 31 December 2024	**360**	**440,616**	**(40,411)**	**(68,944)**	**331,621**	**(3,552)**	**328,069**

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts expressed in RMB unless otherwise stated)

		Year ended 31 December	
		2024	2023
	Note	**RMB'000**	RMB'000
Cash flows from operating activities			
Cash used in operations	29(a)	**(79,629)**	(7,755)
Interest received		**773**	1,945
Income tax paid		**38**	(1)
Net cash used in operating activities		**(78,818)**	(5,811)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(55)**	(637)
Purchase of intangible assets		**(3,033)**	(281)
Acquisition of financial assets at fair value through profit or loss		**(251,499)**	(20,500)
Proceeds from disposal of financial assets at fair value through profit or loss		**252,565**	20,047
Proceeds from disposal of property, plant and equipment		**—**	174
Net cash used in investing activities		**(2,022)**	(1,197)
Cash flows from financing activities			
Repurchase of ordinary shares		**(14,480)**	(17,080)
Principal elements and interest elements of lease payments	29(b)	**(9,315)**	(8,746)
Proceeds from borrowings	29(b)	**169,590**	178,200
Repayments of borrowings	29(b)	**(182,665)**	(108,681)
Interest paid for borrowings	29(b)	**(4,280)**	(4,437)
Capital injection from non-controlling interests		**3,000**	—
Dividends paid to shareholders		**(1,623)**	—
Listing expenses paid		**—**	(233)
Net cash (used in)/generated from financing activities		**(39,773)**	39,023
Net (decrease)/increase in cash and cash equivalents		**(120,613)**	32,015
Exchange losses on cash and cash equivalent		**(252)**	(709)
Cash and cash equivalents at beginning of the year		**192,278**	160,972
Cash and cash equivalents at the end of the year		**71,413**	192,278

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

1 GENERAL INFORMATION

Xuan Wu Cloud Technology Holdings Limited (the "Company") was incorporated in the Cayman Islands on 26 April 2021 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 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of intelligent customer relationship management ("CRM") services in the People's Republic of China (the "PRC"). The ultimate controlling shareholders of the Company are Mr. Chen Yonghui ("Mr. Chen"), Mr. Huang Fangjie ("Mr. Huang") and Mr. Li Hairong ("Mr. Li") (the "Controlling Shareholders"), who entered into an agreement to acting in concert with each other. The ultimate holding companies of the Company are Zhenghao Global Holding Limited, Honghan Worldwide Limited and Double Winner Worldwide Limited. The three companies are respectively controlled by Mr. Chen, Mr. Huang and Mr. Li and are all incorporated in the British Virgin Islands.

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2022.

The consolidated financial statements for the year ended 31 December 2024 are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) unless otherwise stated. This consolidated financial statements has been approved for issue by the board of directors of the Company on 26 March 2025.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss ("FVPL"), which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS 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.

(All amounts expressed in RMB unless otherwise stated)

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting year commencing 1 January 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS 7 and HKFRS7	Supplier Finance Arrangements

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

Certain new accounting standards and amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and amendments is set out below:

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new standards and amendments. According to the preliminary assessment made by the Group, no significant impact on the Group's consolidated financial statements is expected when they become effective.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Changes in accounting policies

As a result of the adoption of the amendments to HKAS 1, the group changed its accounting policy for the classification of borrowings:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk

(a) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The Group has transactional currency exposures. Such exposures arise from financing and operating activities of the Group's entities conducted in currencies other than the functional currency. As at 31 December 2024, major non-RMB assets and liabilities are cash and cash equivalents, trade receivables, trade payables and contract liabilities which denominated in Hong Kong dollar ("HK$") or Unite States dollar ("US$"). Fluctuation of the exchange rate of RMB against HK$ or US$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash and cash equivalents		
— HK$	**3,094**	15,977
— US$	**4,759**	8
Trade receivables		
— US$	**6,206**	5,986
Trade payables		
— US$	**(2,247)**	(5,235)
Contract liabilities		
— HK$	**(50)**	—
— US$	**(5,266)**	(501)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(a) Foreign exchange risk (Continued)

The following table demonstrates the effect of sensitivity to reasonably possible changes in US$ and HK$ exchange rates, with all other variables held constant, on the Group's other gains/(losses) — net:

	Year ended 31 December			
	2024		2023	
	Change in exchange rate %	(Decrease)/ increase in other (losses)/ gains — net RMB'000	Change in exchange rate %	(Decrease)/ increase in other (losses)/ gains — net RMB'000
If HK$ weakens against RMB	5%	(152)	5%	(799)
If HK$ strengthens against RMB	5%	152	5%	799
If US$ weakens against RMB	5%	(173)	5%	(13)
If US$ strengthens against RMB	5%	173	5%	13

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows were substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, details of which have been disclosed in Note 20.

The Group has no significant variable interest-bearing assets or liabilities except for the bank balances. Therefore, the directors of the Company do not anticipate there is any significant impact resulted from the changes in interest rates.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade, bill and other receivables, contract assets, cash and cash equivalents and restricted cash. The carrying amounts of trade, bill and other receivables, contract assets, cash and cash equivalents and restricted cash represent the Group's maximum exposure to credit risk in relation to financial assets.

(a) Cash and cash equivalents and restricted cash

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks whose credit rating are AAA or AA+. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(b) Trade, bill and other receivables and contract assets

For trade, bill and other receivables and contract assets, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

To measure the expected credit losses of trade receivables and contract assets, trade receivables and contract assets were grouped based on shared credit risk characteristics and ageing period. The expected credit losses also incorporate forward-looking information, includes industrial value-added, M2, Consumer Price Index and so on.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade, bill and other receivables and contract assets (Continued)

(i) Trade receivables and contract assets

For trade receivables and contract assets, management collectively assessed the expected credit losses taking into account the historical default rate and industry credit loss rate, in respect of those groups of customers.

Trade receivables have been grouped into two categories by the Group's management based on shared credit risk characteristics. Receivables from sizable state-owned enterprises, collectively-owned enterprises and companies invested by state-owned or collectively-owned enterprises are grouped as one category ("Group 1"), and remaining receivables from other customers are classified as another category ("Group 2"). Contract assets are classified under Group 2.

As at 31 December 2024, the loss allowance provision for the trade receivables and contract assets due from third parties was determined as follows.

	Group 1	Group 2					Total
		Up to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	Over 2 years	
Trade receivables and contract assets							
At 31 December 2024							
Expected loss rate	0.21%	1.85%	3.01%	32.05%	64.90%	99.45%	
Gross carrying amount (RMB'000)	213,786	47,337	17,175	11,207	6,790	23,228	319,523
Loss allowance provision (RMB'000)	456	878	517	3,592	4,407	23,099	32,949
At 31 December 2023							
Expected loss rate	0.26%	1.53%	3.02%	38.45%	63.37%	100.00%	
Gross carrying amount (RMB'000)	162,224	75,734	6,254	9,956	11,569	13,952	279,689
Loss allowance provision (RMB'000)	420	1,156	189	3,828	7,331	13,952	26,876

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade, bill and other receivables and contract assets (Continued)

(ii) Bill receivable

For bill receivable, the expected credit losses were mainly assessed by taking into account the credit rating for issuing financial institutions. The Group assessed that the expected credit loss rate for bill receivable from bank was low, since the banks are state-owned or other medium or large-size bank whose credit rating are AAA or AA+ and have a strong capacity to meet its contractual cash flow obligation in the near term. The Group assessed that the expected credit losses rate for bill receivable from the bank is immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial.

(iii) Other receivables

Other receivables mainly included deposits and others.

The Group uses the expected credit loss model to determine the expected loss provision for other receivables.

The Group considers the probability of default whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant changes in the expected performance and behaviour of the borrowers, including changes in the payment status of borrowers and changes in the operating results of the borrowers.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade, bill and other receivables and contract assets (Continued)

(iii) Other receivables (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Under-performing	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 180 days past due	Lifetime expected losses

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade, bill and other receivables and contract assets (Continued)

(iii) Other receivables (Continued)

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical default rates for each category of receivables and adjusts for forward-looking macroeconomic data.

The Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

	Performing	Under-performing	Non-performing	Total
Other receivables				
At 31 December 2024				
Gross carrying amount (RMB'000)	**16,104**	**—**	**—**	**16,104**
Loss allowance provision (RMB'000)	**217**	**—**	**—**	**217**
At 31 December 2023				
Gross carrying amount (RMB'000)	14,502	—	—	14,502
Loss allowance provision (RMB'000)	161	—	—	161

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Trade, bill and other receivables and contract assets (Continued)

(iii) Other receivables (Continued)

As at 31 December 2024, the loss allowance provision for trade and other receivables and contract assets reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Contract assets RMB'000	Other receivables RMB'000	Total RMB'000
At 1 January 2023	21,367	28	181	21,576
Net impairment losses on financial assets	7,877	14	(20)	7,871
Receivables written off during the year as uncollectible	(2,410)	—	—	(2,410)
At 31 December 2023	26,834	42	161	27,037
At 1 January 2024	**26,834**	**42**	**161**	**27,037**
Net impairment losses on financial assets	**6,391**	**(30)**	**56**	**6,417**
Receivables written off during the year as uncollectible	**(288)**	**—**	**—**	**(288)**
At 31 December 2024	**32,937**	**12**	**217**	**33,166**

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the 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 and lease 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 RMB'000
Financial liabilities				
As at 31 December 2024				
Trade, bill and other payables (excluding accrued payroll and other tax payables)	**91,469**	**—**	**—**	**91,469**
Lease liabilities	**7,393**	**5,071**	**—**	**12,464**
Borrowings	**146,012**	**—**	**—**	**146,012**
	244,874	**5,071**	**—**	**249,945**
As at 31 December 2023				
Trade, bill and other payables (excluding accrued payroll and other tax payables)	77,563	—	—	77,563
Lease liabilities	11,338	7,303	5,094	23,735
Borrowings	159,351	—	—	159,351
	248,252	7,303	5,094	260,649

(All amounts expressed in RMB unless otherwise stated)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

As at 31 December 2024 and 2023, asset-liability ratio of the Group are as follows:

	As at 31 December	
	2024	2023
Asset — liability ratio	**48%**	51%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of certain critical 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) Allowance on doubtful receivables

The Group makes allowances on receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past collection history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables as doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. 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 tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 SEGMENT INFORMATION

(a) Description of segments and principal activities

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:

(i) CRM PaaS services

CRM PaaS services ("PaaS") mainly provides cPaaS to encapsulate messaging communication capabilities of the three major telecommunication network operators for the clients to be integrated into the client's business systems, thereby enabling the clients to access and utilise the communication capabilities as a service.

(ii) CRM SaaS services

CRM SaaS services ("SaaS") comprises of marketing cloud, sales cloud and service cloud, which enable the Group to provide the client with a one-stop intelligent CRM services throughout their entire business cycle, from initial marketing to after-sales services.

The CODM assesses the performance of the operating segments based on the gross profit 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.

As at 31 December 2024 and 2023, majority of the assets were located in the PRC.

5 SEGMENT INFORMATION (Continued)

(b) Segment performance

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2024 was as follows:

	Year ended 31 December 2024		
	PaaS RMB'000	SaaS RMB'000	Total RMB'000
Revenue	419,410	731,867	1,151,277
Cost of sales	(393,078)	(548,422)	(941,500)
Gross profit	26,332	183,445	209,777
Selling and distribution expenses			(94,833)
Administrative expenses			(46,027)
Research and development expenses			(65,531)
Net impairment losses on financial assets			(6,417)
Other income			5,389
Other losses — net			514
Operating gain			2,872
Finance income			773
Finance costs			(4,565)
Finance costs — net			(3,792)
Loss before income tax			(920)

5 SEGMENT INFORMATION (Continued)

(b) Segment performance (Continued)

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2023 was as follows:

	Year ended 31 December 2023		
	PaaS RMB'000	SaaS RMB'000	Total RMB'000
Revenue	690,291	590,985	1,281,276
Cost of sales	(655,995)	(420,632)	(1,076,627)
Gross profit	34,296	170,353	204,649
Selling and distribution expenses			(125,113)
Administrative expenses			(58,089)
Research and development expenses			(92,616)
Net impairment losses on financial assets			(7,871)
Other income			10,749
Other losses — net			(610)
Operating loss			(68,901)
Finance income			1,945
Finance costs			(4,753)
Finance costs — net			(2,808)
Loss before income tax			(71,709)

Revenue of approximately RMB127,566,000 was from one customer who individually contributed 10% or more of the Group's total revenue for the year ended 31 December 2024 (2023: RMB377,099,000). This revenue was attributed to both PaaS and SaaS. Other than that, the Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the years ended 31 December 2024 and 2023.

6 REVENUE

Revenue mainly comprises of proceeds from providing PaaS and SaaS. The analysis of the Group's revenue by category for the year ended 31 December 2024 and 2023 was as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
PaaS	**419,410**	690,291
SaaS	**731,867**	590,985
	1,151,277	1,281,276

The analysis of revenue from contracts with customers by the timing of revenue recognition for the year ended 31 December 2024 and 2023 was as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At a point in time	**1,115,623**	1,244,422
Over time	**35,654**	36,854
	1,151,277	1,281,276

(a) Contract assets

The Group has recognised the following revenue-related contract assets:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract assets	**190**	206
Less: allowance for contract assets	**(12)**	(42)
	178	164

6 REVENUE (Continued)

(b) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract liabilities	**37,535**	51,275

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided. The increase in contract liabilities was mainly due to the expansion of business volume from business development activities.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**34,835**	17,119

(iii) Unsatisfied performance obligations

The Group has elected the practical expedient for not to disclose the remaining performance obligations because the performance obligation is part of contracts that do not have fixed aggregate amount of transaction price.

(iv) Assets recognised from incremental costs to obtain a contract

During the years ended 31 December 2024 and 2023, there was no significant incremental costs incurred to obtain contracts.

6 REVENUE (Continued)

(c) Accounting policy of 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.

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 Group's performance and the customer's payment.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. In determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations in HKFRS 15 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. Such determination involves judgment and is based on an evaluation of the terms of each arrangement.

6 REVENUE (Continued)

(c) Accounting policy of revenue recognition (Continued)

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).

Contract fulfilment costs are stated at the lower of cost and net realisable value. Cost mainly comprises direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs to fulfil a contract comprise the implementation cost including direct labour and an appropriate proportion of variable and fixed overhead expenditure related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfil a contract are recorded in contract fulfilment costs if they are expected to be recovered.

The Group generates revenues separately or in combination, from providing CRM platform as a service ("PaaS") and CRM software as a service ("SaaS") to customers.

PaaS

The Group mainly provides communication platform as a service ("cPaaS") to encapsulate messaging communication capabilities of the three major telecommunication network operators for the customers to be integrated into the customer's business systems, thereby enabling the customers to access and utilise the Group's communication capabilities as a service.

The Group purchases text messages from telecommunication network operators and then combined with its services to provide a integrated communication service to customers via the Group' s own platform. Therefore, the Group controls the specified service before it is transferred to customer and is acting as a principal in the transaction.

PaaS revenues primarily consist of usage of text message fees provided to end customers, which is recognised at a point in time. The Group's service fees are determined by applying the contractual unit price to the monthly usage volume of text messages sent.

6 REVENUE (Continued)

(c) Accounting policy of revenue recognition (Continued)

SaaS

SaaS are cloud-based and primarily categorised into three cloud solutions, namely marketing cloud, sales cloud and service cloud covering customers' entire business cycle to meet the aforesaid requests. The cloud and the encapsulated communication capability of the major telecommunication network operators, which consolidate the cPaaS platform, as well as CRM functions, altogether form the integrated and comprehensive SaaS of the Group.

Sales cloud provides a comprehensive sales management solutions including U-Client 100 and Smart Sales 100 to customers by introducing a streamlined operation model and automated workflow to customers' sales management cycle. Customers generally subscribe to the Group's sales management solution at a fixed annually or monthly fee granting them the access to one or more of the cloud applications, which is identified as a separate performance obligation. The Group also provides implementation services to customers, including customised configuration and development of specific applications, which is identified as a separate performance obligation. Total consideration is mainly allocated to subscription service fees and implementation service fees based on their stand alone selling price determined based on the observable contractual prices charged to customers. Revenue from subscription service is recognised over the service contract period. Revenue from implementation service is recognised at a point in time upon completion of the implementation service and acceptance by customers of the promised products and services.

Service cloud provides customers with a range of post-sales customer services-related solutions which offers in Cloud Call Centre — a customer service solution that brings the traditional call centre onto the cloud. Revenue from service cloud primarily generates from fees based on usage of voice call, which is recognised at a point in time by applying the contractual unit price to monthly usage minutes of voice calls placed, and subscription fees, which is recognised over the service period.

The Group also provides product support service to customers, which is identified as a separate performance obligation and is provided mainly in the form of fixed-price contracts. Revenue from product support service is recognised ratably over the service contract period.

7 EXPENSES BY NATURE

Expenses including in cost of sales, selling and distribution expenses, research and development expenses and administrative expenses are analysed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Costs of telecommunications resources	**889,857**	1,032,266
Employee benefit expenses (Note 8)	**177,617**	230,881
Travel and entertainment expenses	**17,793**	24,913
Outsourcing customer service expenses	**11,583**	15,141
Depreciation and amortisation expenses (Notes 14, 15 and 16)	**11,025**	11,355
Outsourcing implementation costs	**9,778**	4,874
Infrastructure and equipment expenses	**9,771**	8,577
Professional service fees	**5,736**	5,803
Conference and office expenses	**3,624**	3,677
Marketing and promotion expenses	**2,741**	4,718
Taxes and other levies	**2,041**	2,035
Auditor's remuneration	**1,400**	2,100
Lease payments on short term leases (Note 26)	**572**	594
Others	**4,353**	5,511
	1,147,891	1,352,445

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, wages, and bonuses	**152,544**	198,224
Social insurance expenses, housing benefits and other employee benefits (Note (a))	**22,656**	27,576
Share-based compensation expenses (Note 23)	**2,417**	5,081
	177,617	230,881

8 EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

Other employee benefits mainly include team building expenses, termination benefits, meal and traveling allowances.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 1 director for the year ended 31 December 2024 (2023: 1) whose emolument is reflected in the analysis shown in Note 32. The emoluments payable to the remaining 4 individuals during the year ended 31 December 2024 (2023: 4) are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	**3,588**	3,918
Contribution to pension scheme — defined contribution plans	**38**	33
Discretionary bonuses	**—**	173
	3,626	4,124

(c) The emoluments fell within the following bands:

	Year ended 31 December	
	2024	2023
Emolument bands in HK$		
Nil – HK$1,000,000	**2**	—
HK$1,000,001 – HK$1,500,000	**2**	4
	4	4

(d) Pension costs — defined contribution retirement plans

During the years ended 31 December 2024 and 2023, the Group has no forfeited contributions that were able to be utilised by the Group to reduce its contributions.

9 OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Additional deduction of value-added input tax	—	5,672
Value-added tax refund (Note (a))	**3,485**	4,084
Government grants (Note (b))	**1,433**	771
Others	**471**	222
	5,389	10,749

(a) From 1 April 2019, 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 財政部税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 (財税[2011]100號), 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% of the sales amounts.

(b) Government grants represented various subsidies received from relevant government authorities, mainly including Tianhe District software industry stable growth subsidy, Guangzhou intellectual property subsidy and Guangzhou promoting the High-Quality Development of Commerce of services trade subsidy.

10 OTHER GAINS/(LOSSES) — NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Net losses from disposal of property, plant and equipment	**(4)**	(35)
Net foreign exchange loss	**(252)**	(709)
Net fair value gain on investments in financial assets at fair value through profit or loss	**565**	48
Net gains from early termination of lease agreements and derecognition of right-of use assets	**376**	—
Others	**(171)**	86
	514	(610)

11 FINANCE COSTS — NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	**773**	1,945
Finance costs		
Interest expenses of lease liabilities (Note 26)	**(414)**	(1,072)
Interest expenses of borrowings	**(4,151)**	(3,681)
	(4,565)	(4,753)
Finance costs — net	**(3,792)**	(2,808)

12 INCOME TAX EXPENSE

(a) Cayman Islands and BVI Income Tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the International Business Companies Act of the BVI and, accordingly, is exempted from British Virgin Islands income tax.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong during the years ended 31 December 2024 and 2023.

(c) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The general corporate income tax rate in PRC is 25%.

Guangzhou Xuan Wu Wireless Technology Co., Ltd. ("Xuan Wu"), a subsidiary of the Company, had applied to the relevant tax bureau and was granted the qualification as High and New Technology Enterprise ("HNTE") in 2012 which will expire in December 2027. It is subject to a preferential income tax rate of 15%. Based on management's assessment, it is highly probable that Xuan Wu will continue to meet the requirements of High-tech Enterprise.

Certain subsidiaries of the Group in the PRC were qualified as "Small Low-Profit Enterprise" since 2019. "Small Low-Profit Enterprise" was entitled to a preferential income tax rate that was calculated in accordance with the two-tiered profits tax rates regime. From 1 January 2023 to 31 December 2027, the taxable income of qualified entities are taxed at 5%. Thus the subsidiaries were subject to a preferential income tax rate of 5% for the year ended 31 December 2024 (2023: 5%).

12 INCOME TAX EXPENSE (Continued)

(c) PRC Enterprise Income Tax (Continued)

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the subsidiaries in Mainland China are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between Mainland China and Hong Kong.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Current income tax	**—**	34
Deferred income tax (Note 27)	**150**	27
Income tax expense	**150**	61

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group entities as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	**(920)**	(71,709)
Tax calculated at the statutory PRC tax rate of 25%	**(230)**	(17,927)
Tax effects of:		
— Different tax rates available to different jurisdictions	**2,077**	7,948
— Expenses not deductible for tax purposes	**259**	563
— Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	**6,122**	22,216
— Utilisation of previously unrecognised tax losses	**(850)**	(63)
— The impact of change in tax rate applicable to subsidiaries	**110**	(116)
— Super deduction of research and development expenses (Note(i))	**(7,338)**	(12,560)
Income tax expense	**150**	61

12 INCOME TAX EXPENSE (Continued)

(c) PRC Enterprise Income Tax (Continued)

(i) 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 1 January 2024 to 31 December 2024, according to Caishui [2023] No. 7 (財稅 [2023]7號), an extra 100% of the actual amount of research and development expenses can be deducted before tax. As a result, Xuan Wu was subject to an extra 100% deduction of the actual amount of research and development expenses before tax from 1 January 2024 to 31 December 2024 (2023: 100%).

For those companies which were granted the qualification as "Small and Medium-sized Sci-tech Enterprise", they could claim additional 100% deduction of their research and development expenses before tax during the years ended 31 December 2024 and 2023.

13 EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

The basic earnings/(losses) per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
Earnings/(losses) attributable to owners of the Company (RMB'000)	**6,914**	(72,364)
Weighted average number of ordinary shares (in thousands)	**553,484**	559,973
Basic earnings/(losses) per share attributable to the owners of the Company during the year (expressed in RMB per share)	**0.012**	(0.129)

13 EARNINGS/(LOSSES) PER SHARE (Continued)

(b) Diluted earnings/(losses) per share

The share schemes granted by the Company have potential dilutive effect on the EPS. Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted earnings/(losses) per share). For the year ended 31 December 2024, the Stock Option Incentive Plans granted by the Company had insignificant dilutive effect to the Group's diluted earnings per share. There were no potential diluted ordinary shares outstanding during the years ended 31 December 2023.

	Year ended 31 December	
	2024	2023
Gains attributable to owners of the Company (RMB'000)	**6,914**	(72,364)
Weighted average number of ordinary shares (in thousands)	**553,484**	559,973
Adjustments for potential shares arising from share schemes (thousand shares)	**548**	—
Weighted average number of ordinary shares used in calculating diluted earnings/(losses) per share (in thousands)	**554,032**	559,973
Diluted earnings per share attributable to the owners of the Company during the year (expressed in RMB per share)	**0.012**	(0.129)

14 PROPERTY, PLANT AND EQUIPMENT

	Computer and electronic equipment RMB'000	Office furniture and equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Year ended 31 December 2023				
Opening net book amount	3,724	515	3,532	7,771
Additions	634	3	—	637
Disposals	(38)	—	(171)	(209)
Depreciation charge	(1,178)	(243)	(855)	(2,276)
Closing net book amount	3,142	275	2,506	5,923
At 31 December 2023				
Cost	12,668	770	4,306	17,744
Accumulated depreciation	(9,526)	(495)	(1,800)	(11,821)
Net book amount	3,142	275	2,506	5,923
Year ended 31 December 2024				
Opening net book amount	**3,142**	**275**	**2,506**	**5,923**
Additions	**55**	**—**	**—**	**55**
Disposals	**(4)**	**—**	**—**	**(4)**
Depreciation charge	**(967)**	**(227)**	**(886)**	**(2,080)**
Closing net book amount	**2,226**	**48**	**1,620**	**3,894**
At 31 December 2024				
Cost	**12,679**	**770**	**3,095**	**16,544**
Accumulated depreciation	**(10,453)**	**(722)**	**(1,475)**	**(12,650)**
Net book amount	**2,226**	**48**	**1,620**	**3,894**

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**165**	240
Selling and distribution expenses	**299**	348
Administrative expenses	**693**	652
Research and development expenses	**923**	1,036
	2,080	2,276

No property, plant and equipment was restricted or pledged as security for liabilities as at 31 December 2024 and 2023.

15 RIGHT-OF-USE ASSETS

	Offices RMB'000
Year ended 31 December 2023	
Opening net book amount	24,707
Additions	2,074
Depreciation charge	(8,138)
Closing net book amount	18,643
At 31 December 2023	
Cost	34,194
Accumulated depreciation	(15,551)
Net book amount	18,643
Year ended 31 December 2024	
Opening net book amount	**18,643**
Additions	**1,642**
Disposals	**(101)**
Depreciation charge	**(8,091)**
Closing net book amount	**12,093**
At 31 December 2024	
Cost	**34,604**
Accumulated depreciation	**(22,511)**
Net book amount	**12,093**

15 RIGHT-OF-USE ASSETS (Continued)

Depreciation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**761**	705
Selling and distribution expenses	**2,380**	2,849
Administrative expenses	**3,103**	2,874
Research and development expenses	**1,847**	1,710
	8,091	8,138

No right-of-use assets was restricted or pledged as security for liabilities as at 31 December 2024 and 2023.

16 INTANGIBLE ASSETS

	Software And Platform RMB'000	Goodwill (Note(a)) RMB'000	Total RMB'000
Year ended 31 December 2023			
Opening net book amount	2,232	10,490	12,722
Additions	155	—	155
Amortisation charge	(941)	—	(941)
Closing net book amount	1,446	10,490	11,936
At 31 December 2023			
Cost	5,474	10,490	15,964
Accumulated amortisation	(4,028)	—	(4,028)
Net book amount	1,446	10,490	11,936
Year ended 31 December 2024			
Opening net book amount	**1,446**	**10,490**	**11,936**
Additions	**3,033**	**—**	**3,033**
Amortisation charge	**(854)**	**—**	**(854)**
Closing net book amount	**3,625**	**10,490**	**14,115**
At 31 December 2024			
Cost	**8,485**	**10,490**	**18,975**
Accumulated amortisation	**(4,860)**	**—**	**(4,860)**
Net book amount	**3,625**	**10,490**	**14,115**

16 INTANGIBLE ASSETS (Continued)

Amortisation expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of sales	**40**	39
Selling and distribution expenses	**115**	191
Administrative expenses	**491**	321
Research and development expenses	**208**	390
	854	941

No intangible assets was restricted or pledged as security for liabilities as at 31 December 2024 and 2023.

(a) Impairment test for goodwill

The goodwill of RMB10,490,000 represents the excess of the acquisition consideration transferred and amount of non-controlling interests in Guangzhou Dejiu Information Technology Co., Ltd. ("Dejiu") over the fair value of the net identifiable assets acquired as at the acquisition date. Goodwill is monitored by the management at the level of voice and video communication capabilities business CGU related to Dejiu. Goodwill has been assessed based on the related CGU for impairment testing.

The following table sets forth each key assumption on which management has based its 5 years cash flow projections to undertake impairment testing of goodwill as at 31 December 2024 and 2023:

	As at 31 December	
	2024	2023
Annual growth rate of revenue during the projection period	**15%**	15%
Gross margin during the projection period (% of revenue)	**24%–28%**	41%–45%
Long term growth rate	**1.6%**	2%
Pre-tax discount rate	**20%**	21%

As at 31 December 2024, the recoverable amount of the CGU in Dejiu, which is estimated to exceed the carrying amount of the CGU, is approximately RMB45,287,000 (31 December 2023: RMB38,567,000). Such recoverable amount of the CGU is determined based on cash flows discount calculations. The calculation requires the Group to estimate the future cash flows expected to arise from CGU and a suitable discount rate in order to calculate the present value.

16 INTANGIBLE ASSETS (Continued)

(a) Impairment test for goodwill (Continued)

As at 31 December 2024, the percentage of headroom to the recoverable amount of the CGU in the goodwill impairment test is 42% (31 December 2023: 33%).

There is no reasonably possible change in key parameters that would cause the carrying amount of the CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed as at 31 December 2024 and 2023, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2024 and 2023.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets at amortised cost		
Trade, bill and other receivables (excluding prepayments and prepaid taxes) (Note 19)	**303,797**	267,070
Cash and cash equivalents (Note 20)	**71,413**	192,278
	375,210	459,348
Financial assets at fair value through profit or loss	**—**	501
	375,210	459,849
Financial liabilities at amortised cost		
Borrowings (Note 24)	**144,040**	157,244
Trade, bill and other payables (excluding accrued payroll and other taxes payables) (Note 25)	**91,469**	77,563
Lease liabilities (Note 26)	**15,224**	22,483
	250,733	257,290

18 CONTRACT FULFILMENT COSTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract fulfilment costs	**9,418**	14,706

Contract fulfilment costs mainly comprise the implementation cost directly related to existing contracts that will be used to satisfy performance obligations in the future.

19 TRADE, BILL AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables		
— Third parties (Note (d))	**319,333**	279,483
Less: allowance for impairment of trade receivables	**(32,937)**	(26,834)
	286,396	252,649
Bill receivable		
— Third parties	**1,514**	80
Other receivables		
— Third parties (Note (b))	**16,104**	14,502
Less: allowance for impairment of other receivables	**(217)**	(161)
	15,887	14,341
Prepayments		
— Third parties (Note (c))	**207,966**	167,156
Prepaid taxes	**1,344**	2,899
Total	**513,107**	437,125
Less: non-current portion of prepayments	**(73)**	(257)
Current portion of trade, bill and other receivables and prepayments	**513,034**	436,868

19 TRADE, BILL AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) As at 31 December 2024, the bill and other receivables and prepayment were denominated in RMB, and the trade receivables were denominated in RMB and US$ (Note 3.1.1) (2023: same).

(b) Other receivables due from third parties mainly represent deposits and tender deposits.

(c) Prepayments mainly represents prepaid telecommunication expenses to suppliers and other prepaid expenses.

(d) The Group normally allows credit terms to its customers ranging from 30 to 90 days. Ageing analysis of the trade receivables as at 31 December 2024 and 2023, based on recognition date were as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Ageing		
Up to 3 months	**196,448**	204,897
3 to 6 months	**45,098**	24,744
6 months to 1 year	**44,011**	19,642
1 to 2 years	**10,716**	15,934
Over 2 years	**23,060**	14,266
	319,333	279,483

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2024, a provision of RMB 32,937,000 (31 December 2023: RMB 26,834,000) was made against the gross amounts of trade receivables (Note 3.1.2).

20 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash at bank	**71,413**	192,278
Denominated in:		
— RMB	**63,560**	176,293
— HK$	**3,094**	15,977
— US$	**4,759**	8
	71,413	192,278

21 SHARE CAPITAL AND SHARE PREMIUM

(a) Share capital

	Number of ordinary shares	Share capital
		US$'000
Authorised		
As at 1 January 2023 and 31 December 2023	1,000,000,000	100
As at 1 January 2024 and 31 December 2024	1,000,000,000	100

21 SHARE CAPITAL AND SHARE PREMIUM (Continued)

(a) Share capital (Continued)

	Number of ordinary shares	Share capital US$'000	Equivalent share capital RMB'000
Issued			
As at 1 January 2023 and 31 December 2023	560,320,500	55	360
As at 1 January 2024 and 31 December 2024	560,320,500	55	360

(b) Share premium

	Share premium RMB'000
As at 1 January 2023 and 31 December 2023	439,569
As at 1 January 2024	439,569
Share-based compensation	1,047
At 31 December 2024	440,616

22 OTHER RESERVES

	Shares held for employee share scheme RMB'000	Treasury shares RMB'000	Share-based compensation reserve RMB'000	Merger reserves RMB'000	Statutory reserves RMB'000	Total reserves RMB'000
As at 1 January 2023	—	—	—	(26,720)	7,044	(19,676)
Appropriation of statutory reserves	—	—	—	—	201	201
Share-based compensation expenses	—	—	5,081	—	—	5,081
Purchase of shares in connection with employee share scheme	(17,080)	—	—	—	—	(17,080)
As at 31 December 2023	(17,080)	—	5,081	(26,720)	7,245	(31,474)
As at 1 January 2024	**(17,080)**	**—**	**5,081**	**(26,720)**	**7,245**	**(31,474)**
Appropriation of statutory reserves	**—**	**—**	**—**	**—**	**3,368**	**3,368**
Share-based compensation expenses (Note 23)	**—**	**—**	**2,417**	**—**	**—**	**2,417**
Purchase of shares in connection with employee share scheme (Note (a))	**(12,007)**	**—**	**—**	**—**	**—**	**(12,007)**
Exercise of shares in connection with employee share scheme (Note 23)	**2,371**	**—**	**(2,613)**	**—**	**—**	**(242)**
Repurchase of Shares(Note (b))	**—**	**(2,473)**	**—**	**—**	**—**	**(2,473)**
As at 31 December 2024	**(26,716)**	**(2,473)**	**4,885**	**(26,720)**	**10,613**	**(40,411)**

(a) For the year ended 31 December 2024, the trustee purchased 12,774,000 shares of the Company which unit price at HK$0.48 to HK$2.42, totalling HK$13,202,000 (equivalent to approximately RMB12,007,000). The purchase was made for the purpose of the employee share scheme (Note 23).

(b) For the year ended 31 December 2024, the Group repurchased 3,076,000 shares of the Company which unit price at HK$0.80 to HK$1.03, totalling HK$2,715,000 (equivalent to approximately RMB2,473,000).

23 SHARE-BASED COMPENSATION

(a) Share-based compensation plans of the Company

On 1 December 2022, a share scheme was approved by the board of directors and adopted by the Group ("the Scheme"), the Scheme is designed to incentivize employees for their contribution to the Group.

The Group has delegated a trust company to set up one structured entity ("Scheme Trust"), namely Xuan Wu Fighter Trust, which has been appointed as the trustee pursuant to the trust deed to administrate the Scheme. Xuan Wu Fighter Trust was consolidated by the Group as to the Group is able to execute power over the control and management over Xuan Wu Fighter Trust.

(i) Stock Option Incentive Plans

On 6 January 2023, the Group granted 4,985,000 share options under the Scheme to certain eligible employees. Pursuant to the Scheme, subject to grantee's employment or service to the Group through the applicable vesting date, and performance condition are met, the share options shall become vested with respect to 30%, 30% and 40% of the share options after 12, 24 and 36 months from the grant date.

Movements in the number of share options granted to employees were as follows:

	Average exercise price per share option	Number of share options (in thousands)
As at 1 January 2024	**HK$0.63**	**4,690**
Exercised	**HK$0.63**	**(1,407)**
Forfeited	**HK$0.63**	**(175)**
As at 31 December 2024	**HK$0.63**	**3,108**

The share-based compensation expenses recognised in the consolidated statement of comprehensive income for the year ended 31 December 2024 was RMB2,283,000 (year ended 31 December 2023: RMB5,081,000) (Note 8).

23 SHARE-BASED COMPENSATION(Continued)

(a) Share-based compensation plans of the Company (Continued)

(ii) Restricted Share Incentive Schemes

On 27 September 2024, the Group granted 3,438,000 restricted shares under the Scheme to certain eligible employees. Pursuant to the Scheme, subject to grantee's employment or service to the Group through the applicable vesting date, and performance condition are met, the restricted shares shall become vested after 12 months from the grant date.

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price. The fair value of granted shares was HK$0.66.

Movements in the number of share options granted to employees were as follows:

	Average exercise price per share option	Number of share options (in thousands)
As at 1 January 2024	—	—
Granted	HK$0.00	3,438
Forfeited	HK$0.00	(20)
As at 31 December 2024	HK$0.00	3,418

The share-based compensation expenses recognised in the consolidated statement of comprehensive income for the year ended 31 December 2024 was RMB134,000 (year ended 31 December 2023: nil) (Note 8).

24 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current		
Bank borrowings	**144,040**	157,244

(a) As at 31 December 2024, all the bank borrowings were guaranteed by the subsidiaries of the Company.

(b) As at 31 December 2024 and 2023, the borrowings were repayable as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within 1 year	**144,040**	157,244

(c) The weighted average effective interest rates per annum of borrowings were as follows:

	As at 31 December	
	2024	2023
Bank borrowings	**2.53%**	2.78%

(d) As at 31 December 2024, all borrowings were denominated in RMB. Due to the short-term maturities, their carrying amount is considered to be the same as their fair value (2023: same).

25 TRADE, BILL AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables		
— Third parties (Note (a))	**85,772**	64,438
Other payables		
— Third parties	**5,697**	13,125
Accrued payroll	**10,582**	35,355
Other tax payables	**6,713**	7,919
	17,295	43,274
	108,764	120,837

(a) Trade payable due to third parties mainly represents telecommunication expenses payables and server rental fees payables.

As at 31 December 2024 and 2023, the ageing analysis of the trade payables based on recognition date are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Ageing		
Up to 3 months	**56,789**	52,122
3 to 6 months	**11,818**	3,462
Over 6 months	**17,165**	8,854
	85,772	64,438

26 LEASES

(a) Amounts recognised in the consolidated statement of financial position

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Properties (Note 15)	**12,093**	18,643
Lease liabilities		
Current	**7,198**	10,595
Non-current	**8,026**	11,888
	15,224	22,483

(b) Amounts recognised in the consolidated statement of comprehensive income

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation charge		
Properties (Note 15)	**8,091**	8,138
Interest expenses (included in finance costs) (Note 11)	**414**	1,072
Expenses relating to short-term leases (included in selling and distribution expense and administrative expenses) (Note 7)	**572**	594
Cash outflows for lease payments	**9,887**	9,340

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

The Group leases certain offices. Rental contracts for offices are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

27 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority.

The amounts are shown on the consolidated statement of financial position as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	**6,392**	6,527
— to be recovered within 12 months	**3,250**	3,281
— Set-off of deferred income tax liabilities pursuant to set-off provisions	**(52)**	(68)
	9,590	9,740
Deferred income tax liabilities:		
— to be recovered within 12 months	**(52)**	(68)
— Set-off of deferred income tax liabilities pursuant to set-off provisions	**52**	68
	—	—
	9,590	9,740

27 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax assets during the years ended 31 December 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Allowance on doubtful debts RMB'000	Tax losses RMB'000	Lease RMB'000	Total RMB'000
As at 1 January 2023	3,193	6,416	2,593	12,202
(Charged)/credited to profit or loss	(5)	111	(2,500)	(2,394)
As at 31 December 2023	3,188	6,527	93	9,808
As at 1 January 2024	**3,188**	**6,527**	**93**	**9,808**
(Charged)/credited to profit or loss	**10**	**(135)**	**(41)**	**(166)**
As at 31 December 2024	**3,198**	**6,392**	**52**	**9,642**

As at 31 December 2024, in accordance with the accounting policy set out in Note 36.17(b), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB300,192,000 (31 December 2023: RMB242,500,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Unrecognized tax losses in mainland China will expire from 2025 to 2034 and unrecognized tax losses in Cayman Islands, British Virgin Islands and Hong Kong can be carried forward indefinitely.

27 DEFERRED INCOME TAX (Continued)

The movement in deferred income tax liabilities during the years ended 31 December 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Lease RMB'000
As at 1 January 2023	(2,435)
Credited to profit or loss	2,367
As at 31 December 2023	(68)
As at 1 January 2024	**(68)**
Credited to profit or loss	**16**
As at 31 December 2024	**(52)**

28 DIVIDEND

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Dividends paid to NCI	**1,623**	—

No dividend for the year ended 31 December 2024 has been proposed by the board of directors (2023: nil).

29 CASH FLOW INFORMATION

(a) Cash used in operations

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	**(920)**	(71,709)
Adjustments for:		
— Depreciation of property, plant and equipment (Note 14)	**2,080**	2,276
— Depreciation of right-of-use assets (Note 15)	**8,091**	8,138
— Amortisation of intangible assets (Note 16)	**854**	941
— Net impairment losses on financial assets (Note 3.1.2)	**6,417**	7,871
— Losses on disposal of property, plant and equipment (Note 10)	**4**	35
— Net foreign exchange loss (Note 10)	**252**	709
— Net fair value gains on investment in financial assets at fair value through profit or loss (Note 10)	**(565)**	(48)
— Finance costs — net (Note 11)	**3,792**	2,808
— Share-based compensation expenses (Note 8)	**2,417**	5,081
	22,422	(43,898)
Changes in working capital:		
— Contract fulfilment cost	**5,288**	(4,389)
— Contract assets	**16**	167
— Trade, bill and other receivables and prepayments	**(81,644)**	(395)
— Contract liabilities	**(13,740)**	20,189
— Trade, bill and other payables	**(11,971)**	16,982
— Restricted Cash	**—**	3,589
Cash used in operations	**(79,629)**	(7,755)

29 CASH FLOW INFORMATION (Continued)

(b) Reconciliation of liabilities generated from financing activities

	Borrowings RMB'000	Leases liabilities RMB'000	Total RMB'000
As at 1 January 2023	88,481	28,083	116,564
Cash flows			
— Inflow from financing activities	178,200	—	178,200
— Outflow from financing activities	(113,118)	(8,746)	(121,864)
Non-cash changes			
— Acquisition — leases	—	2,074	2,074
— Finance expense recognised	—	1,072	1,072
— Accrued interest	3,681	—	3,681
As at 31 December 2023	157,244	22,483	179,727
As at 1 January 2024	**157,244**	**22,483**	**179,727**
Cash flows			
— Inflow from financing activities	**169,590**	—	**169,590**
— Outflow from financing activities	**(186,945)**	**(9,315)**	**(196,260)**
Non-cash changes			
— Acquisition — leases	—	**1,642**	**1,642**
— Finance expense recognised	—	**414**	**414**
— Accrued interest	**4,151**	—	**4,151**
As at 31 December 2024	**144,040**	**15,224**	**159,264**

30 COMMITMENTS

(a) The Group did not have any material capital commitments or operating leases commitments as at 31 December 2024 and 2023.

(b) Contingencies

The Group did not have any material contingent liabilities as at 31 December 2024 and 2023.

31 RELATED PARTY TRANSACTIONS

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

(a) Name and relationship with related parties

Name	Relationship with the Group
Mr. Chen 陳永輝	Controlling shareholder of the Company
Mr. Huang 黃仿傑	Controlling shareholder of the Company
Mr. Li 李海榮	Controlling shareholder of the Company

(b) Key management compensation

Compensations for key management other than those for directors and as disclosed in Note 32 is set out below.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**1,337**	2,517

None of the above related party transactions falls under the definition of connected transaction as defined in Chapter 14A of the Listing Rules.

32 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The directors received emoluments from the Group for the year ended 31 December 2024 as follows:

Name	Fees RMB'000	Salaries and bouns RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive Directors				
— Mr. Chen	—	475	37	512
— Mr. Huang	—	504	15	519
— Mr. Li	—	747	15	762
— Mr. Guo Haiqiu	—	621	37	658
Independent Non-executive Directors				
— Mr. Du Jianqing (Note (ii))	100	—	—	100
— Ms. Wu Ruifeng (Note (ii))	100	—	—	100
— Prof. Wu Jintao (Note (ii))	100	—	—	100
	300	2,347	104	2,751

32 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The directors received emoluments from the Group for the year ended 31 December 2023 as follows:

Name	Fees RMB'000	Salaries and bouns RMB'000	Housing allowance and contributions to a retirement benefit scheme RMB'000	Total RMB'000
Executive Directors				
— Mr. Chen	—	682	36	718
— Mr. Huang	—	687	15	702
— Mr. Li	—	903	15	918
— Mr. Guo Haiqiu	—	789	36	825
Independent Non-executive Directors				
— Mr. Du Jianqing (Note (ii))	100	—	—	100
— Ms. Wu Ruifeng (Note (ii))	100	—	—	100
— Prof. Wu Jintao (Note (ii))	100	—	—	100
	300	3,061	102	3,463

32 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

(i) Mr. Xu Xin ("Mr. Xu") has tendered his resignation as a non-executive Director from August 2023. For the eight months ended 31 August 2023, Mr. Xu Xin received emoluments from Shanghai Fosun Weishi Fund ("Shanghai Fosun"), one shareholder of the Company, in relation to his service rendered for Shanghai Fosun. The emoluments were not allocated to the Group as the management considers there is no reasonable basis of allocation (2023: nil).

(ii) Mr. Du Jianqing, Ms. Wu Ruifeng and Prof. Wu Jintao, the independent non-executive directors were appointed on 15 June 2022.

(iii) During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(iv) During the years ended 31 December 2024 and 2023, none of the directors of the Company waived their emoluments nor has agreed to waive their emoluments.

(b) Directors' retirement benefits and termination benefits

During the years ended 31 December 2024 and 2023, there were no termination benefit nor no additional retirement benefit received by the directors except for the attributions to a retirement benefit scheme in accordance with the rules and regulations in the PRC.

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

During the years ended 31 December 2024 and 2023, the Group did not pay consideration to any third parties for making available directors' services.

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

During the years ended 31 December 2024 and 2023, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favor of director.

(e) Directors' material interest in transactions, arrangements or contracts

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 as at 31 December 2024 and 2023 or at any time during the years ended 31 December 2024 and 2023.

33 THE COMPANY'S STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT

(a) The Company's statement of financial position is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Assets		
Non-current assets		
Investment in subsidiaries	**276,789**	274,373
Amount due from subsidiaries	**106,412**	77,889
	383,201	352,262
Current assets		
Amount due from subsidiaries	**31,110**	60,878
Cash and cash equivalents	**3,275**	13,118
	34,385	73,996
Total assets	**417,586**	426,258
Equity		
Share capital	**360**	360
Share premium	**440,616**	439,569
Other reserves	**(24,304)**	(11,999)
Accumulated losses	**(39,373)**	(40,203)
Total equity	**377,299**	387,727
Liabilities		
Current liabilities		
Other payables	**40,287**	38,531
Total liabilities	**40,287**	38,531
Total equity and liabilities	**417,586**	426,258

The statement of financial position of the Company was approved by the board of directors on 26 March 2025 and was signed on its behalf.

Mr. CHEN Yonghui
Director

Mr. HUANG Fangjie
Director

33 THE COMPANY'S STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT (Continued)

(b) Movement of the Company's equity is as follows:

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1 2023	360	439,569	—	(42,128)	397,801
Profit for the year	—	—	—	1,925	1,925
Share-based compensation expenses	—	—	(11,999)	—	(11,999)
Balance at 31 December 2023	360	439,569	(11,999)	(40,203)	387,727
Balance at January 1 2024	**360**	**439,569**	**(11,999)**	**(40,203)**	**387,727**
Profit for the year	**—**	**—**	**—**	**830**	**830**
Share-based compensation expenses	**—**	**1,047**	**(9,832)**	**—**	**(8,785)**
Repurchase of shares	**—**	**—**	**(2,473)**	**—**	**(2,473)**
Balance at 31 December 2024	**360**	**440,616**	**(24,304)**	**(39,373)**	**377,299**

(All amounts expressed in RMB unless otherwise stated)

34 PRINCIPAL SUBSIDIARIES

The Group had direct or indirect interests in the following subsidiaries as at 31 December 2024 and 2023:

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-in capital	Attributable equity interest of the Group As at 31 December 2024	2023	Principal activities and place of operation
Directly owned:					
Xuan Wu Cloud (BVI) Limited	BVI, 28 May 2021	US$50,000/Nil	100%	100%	Investment holding in BVI
Indirectly owned:					
Xuan Wu Cloud HK Limited	Hong Kong, 17 June 2021	HKD10,000/Nil	100%	100%	Investment holding in Hong Kong
Xuantao 廣州市玄韜智慧雲科技有限公司	The PRC, 6 August 2021	US$11,000,000/ US$11,000,000	100%	100%	Investment holding in Guangzhou
Xuan Wu 廣州市玄武無線科技股份有限公司	The PRC, 2 November 2010	RMB52,593,000/ RMB52,593,000	100%	100%	Intelligent CRM services in Guangzhou
Guangzhou Jixin Communication Technology Co., Ltd. 廣州市即信通信科技有限公司	The PRC, 5 May 2017	RMB10,000,000/ Nil	100%	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Guangzhou Xuanxun Information Technology Co., Ltd. 廣州市玄訊信息技術有限公司	The PRC, 20 May 2014	RMB10,000,000/ RMB10,000,000	100%	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Guangzhou Xuxin Information Technology Co., Ltd. 廣州市煦鑫信息科技有限公司	The PRC, 18 February 2013	RMB10,000,000/ RMB10,000,000	100%	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Guangzhou Zhengjun Information Technology Co., Ltd. 廣州市正君信息科技有限公司	The PRC, 28 January 2013	RMB10,000,000/ RMB10,000,000	100%	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Guangzhou Zhongmai Guangwei Information Technology Co., Ltd. 廣州中邁廣維信息科技有限公司	The PRC, 26 September 2012	RMB10,000,000/ RMB10,000,000	100%	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Guangzhou Guanghan Information Technology Co., Ltd. 廣州市廣瀚信息科技有限公司	The PRC, 21 October 2011	RMB10,000,000/ RMB10,000,000	100%	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Guangzhou Shangyu Wireless Technology Co., Ltd. 廣州市商域無線科技有限公司	The PRC, 4 June 2007	RMB10,000,000/ RMB10,000,000	100%	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Beijing Xiuwu Wenyu Technology Co., Ltd. 北京秀武文昱科技有限公司	The PRC, 9 May 2008	RMB10,000,000/ RMB10,000,000	100%	100%	Undertaking the product sales business, code numbers and procurement of channel resources from operators in Beijing

(All amounts expressed in RMB unless otherwise stated)

34 PRINCIPAL SUBSIDIARIES (Continued)

Company name	Country/place and date of incorporation/ establishment	Registered/ issued and paid-in capital	Attributable equity interest of the Group As at 31 December 2024	2023	Principal activities and place of operation
Henan Shangfang Communication Technology Co., Ltd. 河南上方通信技術有限公司	The PRC, 14 June 2011	RMB10,010,000/ RMB10,010,000	**100%**	100%	Undertaking code numbers and procurement of channel resources from operators in Henan
Dejiu 廣州德久信息科技有限公司	The PRC, 4 January 2017	RMB10,000,000/ RMB10,000,000	**70%**	70%	Provision of voice and video communication capabilities in Guangzhou
Tianjin Xingjian Xintong Technology Co., Ltd. 天津行健信通科技有限公司	The PRC, 9 May 2017	RMB10,000,000/ Nil	**70%**	70%	Undertaking code numbers in Tianjin
Guangzhou Xingjian Xintong Technology Co., Ltd. 廣州行健信通科技有限公司	The PRC, 10 March 2020	RMB1,000,000/ Nil	**70%**	70%	Undertaking code numbers in Guangzhou
Guangzhou Xuanke Technology Co., Ltd. 廣州市玄氪科技有限公司	The PRC, 19 August 2022	RMB10,000,000/ Nil	**100%**	100%	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Dongguan Boxun Information Technology Co., Ltd. 東莞市博訊信息科技有限公司	The PRC, 9 May 2023	RMB10,000,000/ Nil	**100%**	100%	Undertaking code numbers and procurement of channel resources from operators in Dongguan
Shang Yu International Communications (HK) Co., Limited 商域國際通信(香港)有限公司	Hong Kong, 31 March 2023	HKD10,000/ Nil	**100%**	100%	Undertaking the product sales business and procurement of channel resources from operators overseas
Guangzhou Xuantong Technology Co., Ltd. 廣州市玄曈科技有限公司	The PRC, 30 January 2024	RMB30,000,000/ RMB21,000,000	**70%**	N/A	Undertaking code numbers and procurement of channel resources from operators in Guangzhou
Guangzhou Xuanji Technology Co., Ltd. 廣州玄璣科技有限責任公司	The PRC, 10 October 2024	RMB10,000,000/ Nil	**51%**	N/A	Undertaking code numbers and procurement of channel resources from operators in Guangzhou

35 EVENT AFTER THE BALANCE SHEET DATE

There was no material subsequent events undertaken by the Company or by the Group up to 26 March 2025.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of the Company and its subsidiaries.

36.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where 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 over 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. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity respectively.

Subsidiaries controlled through Contractual Arrangements

In order to comply with the PRC laws and regulations which prohibit or restrict foreign control of companies involved in provision of certain restricted businesses, in particular, intelligent CRM services. The Group operates its restricted businesses in the PRC through certain PRC operating entities, whose equity interests are held by shareholders ("Nominee Shareholders"). The Group obtained control over certain PRC operating entities via a series of the Contractual Arrangements signed between certain directly or indirectly held subsidiaries of the Company in the PRC, PRC operating entities operating the restricted businesses (the "Controlled Structured Entities") and their respective Nominee Shareholders. The Contractual Arrangements, includes exclusive business cooperation agreement, exclusive option agreement, equity pledge agreement, proxy agreements and powers of attorney, and spouse undertakings which enables those directly or indirectly held subsidiaries of the Company and the Group to:

(i) Govern the financial and operating policies of the Controlled Structured Entities;

(ii) Exercise Nominee Shareholders' voting rights of the Controlled Structured Entities;

(iii) Exercise effective financial and operational control over of Controlled Structured Entities;

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.1 Subsidiaries (Continued)

Subsidiaries controlled through Contractual Arrangements (Continued)

(iv) Receive substantially all of the economic interests and returns generated by the Controlled Structured Entities in consideration for the business support, technical and consulting services provided by Guangzhou Xuantao Intelligent Cloud Technology Co., Ltd. ("Xuantao"), at Xuantao's discretion;

(v) Obtain an irrevocable and exclusive right to purchase all equity interests in the Controlled Structured Entities from its Nominee 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 Nominee Shareholders of the Controlled Structured Entities shall return the amount of purchase consideration they have received to Xuantao. At Xuantao's request, the Nominee Shareholders of the Controlled Structured Entities will promptly and unconditionally transfer their respective equity interests in the Controlled Structured Entities to Xuantao (or its designee within the Group) after Xuantao exercises its purchase right; and

(vi) Obtain pledges over the entire equity interests in the Controlled Structured Entities from its Nominee Shareholders to secure, among others, performance of their obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Controlled Structured Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the Controlled Structured Entities and has the ability to affect those returns through its power over the Controlled Structured Entities and is considered to control the Controlled Structured Entities. Consequently, the Company regards the Controlled Structured Entities as indirect subsidiaries under HKFRSs.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Controlled Structured Entities and their respective subsidiaries and such uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Controlled Structured Entities and their respective subsidiaries. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.2 Investment in subsidiaries

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 a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is 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.

36.3 Segment reporting

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

36.4 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"). Consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within "Other gains — net" in the consolidated statement of comprehensive income.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

— Office Furniture and equipment	3–5 years
— Computers and electronic equipment	3–5 years
— Leasehold improvements	the shorter of the lease term or the useful life

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains — net" in the consolidated statement of comprehensive income.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.6 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 16. 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 ("CGUs") for the purpose of impairment testing. The allocation is made to those CGU or groups of CGU 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, being the operating segments.

(b) Software

Separately acquired computer softwares were shown at historical cost less accumulated amortisations and accumulated impairment losses. Cost represents consideration paid for the rights to use the computer software for 1–3 years or with no expiry date. For the computer software with no expiry date, as the computer softwares are well-developed off the shelf software used for financial reporting and the Group can use the software as long as it can meet the Group's financial reporting needs, based on the current functionalities equipped by this software and the daily operation needs, the Group considers a useful life of 10 years is the best estimation under current financial reporting needs. Amortisation of computer software are calculated on the straight-line method.

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 were recognised as intangible assets when the following criteria are met:

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

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.6 Intangible assets (Continued)

(b) Software (Continued)

Directly attributable costs that are capitalised as part of the software 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. The development costs meeting these criteria and capitalised as intangible assets for the year ended 31 December 2024 is approximately RMB2,483,000. (year ended 31 December 2023: nil).

(c) Platform

Platform acquired in a business combination is recognised at fair value at the acquisition date. platform has a finite useful life and is carried at cost less accumulated amortisations.

(d) Research and development expenditures

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

(e) Amortisation method and period

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

• Software	1–10 years
• Platform	5 years

36.7 Impairment of non-financial assets

Goodwill and 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 purposes 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.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.8 Investments and other 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 other comprehensive income, 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 other comprehensive income ("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 fair value through other comprehensive income ("FVOCI").

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.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

36.8 Investments and other financial assets (Continued)

(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 fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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. 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 — net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement 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 — 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 — net" and impairment expenses are presented as separate line item in the statement of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or 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 — net" in the period in which it arises.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

36.10 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables are 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.

36.11 Trade and other receivables

Trade receivables are amounts due from customers for products sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade receivables and Note 3.1.2 for a description of the Group's impairment policies.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.12 Cash and cash equivalents and restricted cash

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes 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. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated statement of financial position.

36.13 Share capital

Ordinary shares are classified as equity.

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.

36.14 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. 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.

36.15 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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance cost.

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

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.16 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.

36.17 Current and deferred income tax

The income tax expenses 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 tax assets and liabilities attributable to temporary differences and to unused tax losses.

(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 the reporting period in the countries where the Company and its subsidiaries 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 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 the 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 tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.17 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred 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 tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

36.18 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(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.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.18 Employee benefits (Continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

36.19 Share-based payments

Share-based compensation benefits are provided to employees via an employee share scheme. The fair value of equity-settled share-based payments for the services received from employees was measured at the grant date of the equity instruments. It was recognised as share-based compensation expenses in the profit or loss and as share-based payment reserve respectively. The total amount to be expensed is determined by reference to the fair value of the shares granted as at grant date, including any market performance conditions, excluding the impacts of any service and non-market performance vesting conditions as well as including any non-vesting conditions, when applicable.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.20 Leases

The Group leases certain offices. Rental contracts are typically made for fixed periods of 1 to 5 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, 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. Each lease payment is allocated between the liability 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 period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 of 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 Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group.

36 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

36.20 Leases (Continued)

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.

Payments associate with short-term leases terms of 12 months or less and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss.

36.21 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

36.22 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 the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

	Year ended 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	796,762	991,941	1,043,378	1,281,276	**1,151,277**
Gross profit	193,793	232,392	225,647	204,649	**209,777**
Operating gains/(losses)	29,663	14,307	(33,352)	(68,901)	**2,872**
Profit/(losses) before income tax	27,358	12,480	(36,302)	(71,709)	**(920)**
Profit/losses attributable to equity owners of the Company	27,748	14,513	(35,676)	(72,364)	**6,914**
Adjusted net profit/(losses)	29,307	30,968	(11,997)	(71,770)	**(1,070)**

	As at 31 December				
	2020	2021	2022	2023	**2024**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
ASSETS					
Non-current assets	33,636	63,240	55,215	46,499	**39,765**
Current assets	434,603	484,727	619,436	644,517	**594,043**
Total assets	468,239	547,967	674,651	691,016	**633,808**
LIABILITIES					
Non-current liabilities	382	24,268	18,165	11,888	**8,026**
Current liabilities	196,088	236,545	233,697	340,108	**297,713**
Total liabilities	196,470	260,813	251,862	351,996	**305,739**
EQUITY					
Equity attributable to owners of the Company	270,854	285,401	420,328	335,965	**331,621**
Non-controlling interests	915	1,753	2,461	3,055	**(3,552)**
Total equity	271,769	287,154	422,789	339,020	**328,069**
Total equity and liabilities	468,239	547,967	674,651	691,016	**633,808**

DEFINITIONS

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise:

"Administration Committee"	a sub-committee of the Board, members of which shall be determined by the chairman of the Board from time to time, with consultation with the chairman of the remuneration committee of the Board, delegated with the power and authority by the Board to administer the 2022 Restricted Share Award Scheme;
"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AGM"	the forthcoming annual general meeting of the Company to be held on 26 June 2025
"AI"	artificial intelligence
"ARPU"	Average Revenue Per User
"all-channel"	the online and offline channels between enterprises and their customers for the purpose of products and services distribution or delivery
"aPaaS"	application platform as a service
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Award Shares"	Shares granted pursuant to terms and conditions of the 2022 Restricted Share Award Scheme
"Board"	the board of Directors
"BVI"	British Virgin Islands
"CEO"	the chief executive officer of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

"cloud-based"	applications, services or resources made available to users on demand via the internet from a cloud computing provider's server with access to shared pools of configurable resources
"Company" or "Xuan Wu Cloud"	Xuan Wu Cloud Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange under stock code 2392
"Consolidated Affiliated Entities"	the entities the Company control through the contractual arrangements, namely, Guangzhou Xuan Wu and its subsidiaries (each a "Consolidated Affiliated Entity"), the financial results of which have been consolidated and accounted for as the subsidiaries of the Group by virtue of the contractual arrangements
"Contractual Arrangements"	the series of contractual arrangements entered into between Xuantao, Guangzhou Xuan Wu and its subsidiaries and the Registered Shareholders
"cPaaS"	communication platform as a service
"CRM"	customer relationship management
"DI"	data intelligence, all the analytical tools and methods a company employs to form a better understanding of and get insights from the information
"Director(s)"	the director(s) of the Company
"ESG"	environmental, social and governance
"ESOP Platforms"	Guangzhou Xuandong Investment Co., Ltd. (Limited Partnership) (廣州玄東投資有限合夥企業(有限合夥)), Guangzhou Xuanxi Investment Co., Ltd. (Limited Partnership) (廣州玄西投資有限合夥企業(有限合夥)), Guangzhou Xuannan Investment Co., Ltd. (Limited Partnership) (廣州玄南投資有限合夥企業(有限合夥)) and Guangzhou Xuanbei Investment Co., Ltd. (Limited Partnership) (廣州玄北投資有限合夥企業(有限合夥)) or any one or more of them as the context requires
"Foreign Investment Negative List"	the Special Administrative Measures on Access to Foreign Investment (Negative List) (2021 Edition) (外商投資准入特別管理措施(負面清單) (2021年版)) which was promulgated jointly by the MOFCOM and the NDRC on 27 December 2021 and became effective on 1 January 2022

"Global Offering"	the Hong Kong public offering and the international offering of the offer shares
"grant"	individually or collectively, a grant of Award Shares under the Restricted Share Award Scheme
"Group"	the Company, its subsidiaries and consolidated affiliated entities or any of them
"Guangzhou Xuan Wu"	Guangzhou Xuan Wu Wireless Technology Co., Ltd. (廣州市玄武無線科技股份有限公司), a joint stock limited company incorporated in the PRC on 2 November 2010, which is one of our Consolidated Affiliated Entities
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"ICC"	integrated communication centre
"Latest Practicable Date"	17 April 2025, being the latest practicable date for ascertaining certain information in this annual report
"Listing Date"	8 July 2022, being the date on which the Shares became listed and commenced trading on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"PaaS"	platform as a Service

"Participant"	(i) directors and employees of the Company or any of its consolidated affiliated entities (including persons who are granted Award Shares under the Restricted Share Award Scheme as an inducement to enter into employment contracts with these companies); (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) Service Providers
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this annual report only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated 24 June 2022
"PwC"	PricewaterhouseCoopers, the independent auditor of the Company
"Registered Shareholders"	the registered shareholders of Guangzhou Xuan Wu, collectively, Mr. Chen Yonghui (陳永輝), Mr. Song Xiaohu (宋小虎), Mr. Huang Fangjie (黃仿傑), Mr. Li Hairong (李海榮), the ESOP Platforms, Shanghai Fosun Weishi Fund (上海復星惟實一期股權投資基金合夥企業(有限合夥)), Mr. Xie Lejun (謝樂軍), GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司), Mr. Guo Haiqiu (郭海球), Guangzhou Zhengxin Investment Partnership (Limited Partnership) (廣州正信投資合夥企業(有限合夥)), Gongqing City Blue Stone Investment Partnership (Limited Partnership) (共青城蘭石創業投資合夥企業(有限合夥)), Shenzhen Zhongou Runlong Investment Management Co., Ltd. (深圳市中歐潤隆投資管理有限公司), Mr. Chen Zhengxu (陳正旭), Mr. Wu Fugui (吳富貴), GF Securities Co., Ltd. (廣發證券股份有限公司), Chengda Coastal Industry (Dalian) Fund Phase I (Limited Partnership) (成大沿海產業(大連)基金壹期(有限合夥)), Mr. Zhang Wei (張煒), CITIC Securities Company Limited (中信証券股份有限公司), Zhuhai Qingshi Investment Partnership (Limited Partnership) (珠海擎石投資合夥企業(有限合夥)), Mr. Zhang Boxiao (張博曉), Mr. Tang Bin (唐斌) and Mr. Sun Junwen (孫軍文)
"Remuneration Committee"	the remuneration committee of the Company
"Reporting Period"	the year ended 31 December 2024
"R&D"	research and development
"RMB"	Renminbi yuan, the lawful currency of the PRC
"SaaS"	software as a service
"Selected Participant(s)"	any Participant selected by the Administration Committee in accordance with the terms of and entitled to receive a grant under the 2022 Restricted Share Award Scheme

"SFO"	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of the Company with nominal value of US$0.0001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"SMS"	short message service
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"TMT"	technology, media and telecom
"US"	the United States of America
"US$"	US dollars, the lawful currency of US
"Xuantao"	Guangzhou Xuantao Intelligent Cloud Technology Co., Ltd. (廣州市玄韜智慧雲科技有限公司), a limited liability company incorporated in the PRC on 6 August 2021, which is our indirect wholly-owned subsidiary
"2022 Restricted Share Award Scheme"	the restricted share award scheme approved and adopted by the Board on 1 December 2022, as amended from time to time
"%"	per cent

Note: The English transliteration of the Chinese name(s) in this annual report, where indicated by an asterisk (*), is included for identification purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

玄武雲科技控股有限公司
Xuan Wu Cloud Technology Holdings Limited

Stock Code 股份代號：2392