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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2392)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND EXTENTION OF THE EXPECTED TIMELINE FOR USE OF PROCEEDS

The board (the "**Board**") of directors (the "**Director(s)**") of Xuan Wu Cloud Technology Holdings Limited (the "**Company**" together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures of the six months ended 30 June 2023.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2024	2023	
	RMB'000	*RMB'000*	*(%)*
	(Unaudited)	(Unaudited)	
Revenue	**647,469**	529,963	22.2
Gross profit	**101,249**	100,611	0.6
Operating loss	**(4,106)**	(19,612)	(79.1)
Loss before income tax	**(5,912)**	(20,715)	(71.5)
Loss and total comprehensive loss for the period	**(6,140)**	(20,155)	(69.5)
Loss per share (expressed in RMB per share)	**(0.012)**	(0.037)	(67.9)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**647,469**	529,963
Cost of sales	*6*	**(546,220)**	(429,352)
Gross profit		**101,249**	100,611
Selling and distribution expenses	*6*	**(49,854)**	(54,796)
Administrative expenses	*6*	**(23,353)**	(26,606)
Research and development expenses	*6*	**(32,790)**	(41,222)
Net impairment losses on financial assets		**(2,726)**	(1,581)
Other income	*7*	**2,867**	3,988
Other gains/(losses) – net		**501**	(6)
Operating loss		**(4,106)**	(19,612)
Finance income	*8*	**578**	957
Finance costs	*8*	**(2,384)**	(2,060)
Finance costs – net	*8*	**(1,806)**	(1,103)
Loss before income tax		**(5,912)**	(20,715)
Income tax (expenses)/credit	*9*	**(228)**	560
Loss and total comprehensive loss for the period		**(6,140)**	(20,155)
Loss and total comprehensive loss for the period is attributable to:			
– Owners of the Company		**(6,444)**	(20,564)
– Non-controlling interests		**304**	409
		(6,140)	(20,155)
Loss per share (expressed in RMB per share)			
– Basic and diluted loss per share	*10*	**(0.012)**	(0.037)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2024** *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Assets			
Non-current assets			
Property, plant and equipment		**4,883**	5,923
Right-of-use assets		**14,667**	18,643
Intangible assets		**12,164**	11,936
Deferred income tax assets		**9,525**	9,740
Prepayments	*11*	**102**	257
		41,341	46,499
Current assets			
Contract fulfilment costs		**12,786**	14,706
Contract assets		**287**	164
Financial assets at fair value through profit or loss		**10,013**	501
Trade, bill, other receivables and prepayments	*11*	**502,915**	436,868
Cash and cash equivalents		**94,074**	192,278
		620,075	644,517
Total assets		**661,416**	691,016
Equity			
Equity attributable to owners of the Company			
Share capital		**360**	360
Share premium		**439,569**	439,569
Other reserves		**(37,907)**	(31,474)
Accumulated losses		**(78,828)**	(72,490)
		323,194	335,965
Non-controlling interests		**3,359**	3,055
Total equity		**326,553**	339,020

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Lease liabilities		**9,059**	11,888
Current liabilities			
Borrowings	*12*	**156,933**	157,244
Contract liabilities	*5*	**48,125**	51,275
Trade, bill and other payables	*13*	**111,826**	120,837
Lease liabilities		**8,763**	10,595
Current income tax liabilities		**157**	157
		325,804	340,108
Total liabilities		**334,863**	351,996
Total equity and liabilities		**661,416**	691,016

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 interim condensed consolidated financial information for the six months ended 30 June 2024 are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) unless otherwise stated. This interim condensed consolidated financial information has been approved for issue by the board of directors on 27 August 2024.

This interim condensed consolidated financial information has not been audited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial statements. Accordingly, this information is to be read in conjunction with the financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those applied in preparation of the Group's financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

Amendments to HKAS 1	Classification of Liabilities as current or non-current
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKFRS 16	Lease liability in sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these new and amended standards disclosed did not have any significant impact on the Group's interim condensed consolidated financial information.

(b) New standards and amendments not yet effective for the financial period beginning on 1 January 2024 and not early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025

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 interim condensed consolidated financial information is expected when they become effective.

4 SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

(i) ***CRM PaaS services***

CRM PaaS services mainly provides 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 communication capabilities as a service.

(ii) ***CRM SaaS services***

CRM SaaS services comprises of Marketing Cloud, Sales Cloud, Service Cloud, which enable the Group to provide the customer 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 30 June 2024 and 31 December 2023, majority of the assets were located in the PRC.

(b) **Segment performance**

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2024 is as follows:

	Six months ended 30 June 2024		
	CRM PaaS services *RMB'000* (Unaudited)	**CRM SaaS services** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Revenue	**282,411**	**365,058**	**647,469**
Cost of sales	**(265,456)**	**(280,764)**	**(546,220)**
Gross profit	**16,955**	**84,294**	**101,249**
Selling and distribution expenses			**(49,854)**
Administrative expenses			**(23,353)**
Research and development expenses			**(32,790)**
Net impairment losses on financial assets			**(2,726)**
Other income			**2,867**
Other gains – net			**501**
Operating loss			**(4,106)**
Finance income			**578**
Finance costs			**(2,384)**
Finance costs – net			**(1,806)**
Loss before income tax			**(5,912)**

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2023 is as follows:

	Six months ended 30 June 2023		
	CRM PaaS services	CRM SaaS services	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	268,397	261,566	529,963
Cost of sales	(248,119)	(181,233)	(429,352)
Gross profit	20,278	80,333	100,611
Selling and distribution expenses			(54,796)
Administrative expenses			(26,606)
Research and development expenses			(41,222)
Net impairment losses on financial assets			(1,581)
Other income			3,988
Other losses – net			(6)
Operating loss			(19,612)
Finance income			957
Finance costs			(2,060)
Finance costs – net			(1,103)
Loss before income tax			(20,715)

5 REVENUE

(a) Revenue mainly comprises of proceeds from providing CRM PaaS services and CRM SaaS services. The analysis of the Group's revenue by category for the six months ended 30 June 2024 and 30 June 2023 was as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
CRM PaaS services	**282,411**	268,397
CRM SaaS services	**365,058**	261,566
	647,469	529,963

The analysis of revenue from contracts with customers by the timing of revenue recognition for the six months ended 30 June 2024 and 30 June 2023 was as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At a point in time	**629,875**	503,543
Over time	**17,594**	26,420
	647,469	529,963

(b) Contract liabilities

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

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract liabilities	**48,125**	51,275

6 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Costs of telecommunications resources	**516,683**	411,085
Employee benefit expenses	**98,332**	100,401
Travel and entertainment expenses	**8,284**	10,753
Outsourcing implementation costs	**5,751**	2,781
Outsourcing customer service expenses	**5,590**	6,691
Depreciation and amortisation expenses	**4,984**	5,992
Infrastructure and equipment costs	**3,542**	3,808
Professional service fees	**2,711**	2,927
Marketing and promotion expenses	**1,383**	2,305
Taxes and other levies	**1,219**	768
Conference and office expenses	**914**	1,200
Lease payments on short term leases	**246**	249
Auditors' remuneration	**9**	400
Others	**2,569**	2,616
	652,217	551,976

7 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Value-added tax refund	**1,505**	1,779
Additional deduction of value-added input tax *(Note (a))*	**—**	1,680
Government grants *(Note (b))*	**1,123**	313
Others	**239**	216
	2,867	3,988

(a) As the policy of additional deduction of value-added input tax was expired on 31 December 2023, there was no such income for the six months ended 30 June 2024.

(b) Government grants represented various subsidies received from relevant government authorities, mainly including Guangzhou intellectual property work special fund, special subsidy on software industry in Guangzhou Tianhe, and subsidy on promotion of high quality development of commerce service industry in Guangzhou.

8 FINANCE COSTS – NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	**578**	957
Finance costs		
Interest expenses of lease liabilities	**(250)**	(590)
Interest expenses of borrowings	**(2,134)**	(1,470)
	(2,384)	(2,060)
Finance costs – net	**(1,806)**	(1,103)

9 INCOME TAX (EXPENSES)/CREDIT

(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 BVI 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 six months ended 30 June 2024 and 30 June 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 period, 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 and it has renewed the qualification of HNTE in 2021, which will expire in December 2024. 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 operations of the Group in the PRC were qualified as Small Low-Profit Enterprise and taxed at reduced tax rate of 20% from 1 January 2008. During the period ended 30 June 2024 the Small Low-Profit Enterprise whose taxable income less than RMB3 million can enjoy the preferential income tax treatment with the income tax rate of 20% and is eligible to have their tax calculated based on 25% of their taxable income.

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.

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**(13)**	—
Deferred income tax	**(215)**	560
Income tax (expenses)/credit	**(228)**	560

10 LOSSES PER SHARE

(a) Basic losses per share

The basic 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 six months ended 30 June 2024 and 30 June 2023.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB'000)	**(6,444)**	(20,564)
Weighted average number of ordinary shares deemed to be in issue (in thousands)	**547,162**	560,321
Basic losses per share attributable to the owners of the Company during the period (expressed in RMB per share)	**(0.012)**	(0.037)

(b) Diluted losses per share

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Diluted losses per share is equal to basic losses per share as there were no potential diluted ordinary shares outstanding during six months ended 30 June 2024 and 30 June 2023.

11 TRADE, BILL, OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables		
– Third parties *(Note (d))*	**318,630**	279,483
Less: allowance for impairment of trade receivables	**(29,548)**	(26,834)
	289,082	252,649
Bill receivables		
– Third parties	**—**	80
Other receivables		
– Third parties *(Note (b))*	**13,835**	14,502
Less: allowance for impairment of other receivables	**(196)**	(161)
	13,639	14,341
Prepayments to suppliers		
– Third parties *(Note (c))*	**199,273**	167,156
Prepaid taxes	**1,023**	2,899
Total	**503,017**	437,125
Less: non-current portion of prepayments	**(102)**	(257)
Current portion of trade, bill, other receivables and prepayments	**502,915**	436,868

(a) As at 30 June 2024 and 31 December 2023, the trade, bill, other receivables and prepayment were denominated in RMB.

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

(c) Prepayments to suppliers mainly represents prepaid telecommunication expenses 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 30 June 2024 and 31 December 2023, based on recognition date were as follows:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Ageing		
Up to 3 months	**220,588**	204,897
3 to 6 months	**43,996**	24,744
6 months to 1 year	**20,649**	19,642
1 to 2 years	**15,397**	15,934
Over 2 years	**18,000**	14,266
	318,630	279,483

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2024, a provision of RMB29,548,000 (31 December 2023: RMB26,834,000) was made against the gross amounts of trade receivables.

12 BORROWINGS

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current		
Bank borrowings	**156,933**	157,244

(a) As at 30 June 2024, the bank borrowing amounting to RMB33,000,000 was secured by certain patents of the Group and the other bank borrowings were guaranteed by the Company (As at 31 December 2023, the bank borrowing amounting to RMB30,000,000 was secured by certain patents of the Group and the remaining borrowings were guaranteed by the Company).

13 TRADE, BILL AND OTHER PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– Third parties *(Note (a))*	**86,231**	64,438
Other payables		
– Third parties	**6,534**	13,125
Accrued payroll	**13,643**	35,355
Other tax payables	**5,418**	7,919
	19,061	43,274
Total	**111,826**	120,837

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

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables based on recognition date are as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Ageing		
Up to 3 months	**64,415**	52,122
3 to 6 months	**1,399**	3,462
Over 6 months	**20,417**	8,854
	86,231	64,438

14 DIVIDEND

No interim dividend for the six months ended 30 June 2024 has been proposed by the board of directors (six months ended 30 June 2023: nil).

BUSINESS REVIEW

In the first half of 2024, the digital economy emerged as a leading force, accelerating the cultivation of new productive forces and contributing to high-quality economic development, which became the dominant theme in the market. As a leading domestic provider of the intelligent CRM services, we adhere to a dual-driven strategy of both technology and business, closely tracking the trends in the digital economy. During the Reporting Period, we maintained our leading position in technologies such as artificial intelligence ("**AI**") and data intelligence ("**DI**") within the industry. By the end of the Reporting Period, we had obtained 172 authorised patents and 196 computer software copyrights, with an additional 36 patents and software copyrights granted in the first half of the year. Simultaneously, we continued to focus on the digital and intelligent needs of the four major industries: mass consumption, finance, government organisations ("**Government-related enterprises**"), and technology, media, and Telecom ("**TMT**"), and empowered our clients with digital and intelligent upgrades across various business scenarios, thereby facilitating intelligent growth in their operations. During the Reporting Period, we adhered to the principle of making progress while maintaining stability, continuously expanding our client base by attracting new clients while retaining our existing ones. As a result, we achieved a total revenue of RMB647.5 million, representing a steady growth of 22.2% compared to the same period last year.

Furthermore, during the first half of the year, the Company consistently adhered to the principle of prudent expense management and, at the end of last year, updated its human resource organisational structure. This has enabled the Company to achieve a substantial reduction in net losses while maintaining a continuous increase in revenue during the first half of the year, demonstrating significant results in cost reduction and efficiency enhancement. During the Reporting Period, our operating expenses decreased by 13.6% compared to the same period last year. In light of this, our loss for the first half of the year narrowed significantly by 69.5% to RMB6.1 million.

We adhered to our mission of helping enterprises to achieve digital and intelligent transformation. Through the CRM SaaS "Three Clouds" (Marketing Cloud, Sales Cloud and Service Cloud) products and aPaaS, cPaaS platforms, we have served a cumulative total of 2,406 clients in the four major industries: finance, Fast Moving Consumer Goods ("**FMCG**"), public utility entities and Government-related enterprises, and TMT. Benefited from the long-standing commitment to excellent service and product enhancement of the Company, our Average Revenue Per User ("**APRU**")(1) contributed by core clients(2) during the Reporting Period reached RMB1.9 million, with total revenue of core clients accounting for 95.3% of the total revenue. In the meantime, our core clients' net revenue retention rate reached 98.4%.

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 RMB150,000 or above of revenue during the Reporting Period.

Furthermore, it is heartening to note that our SaaS revenue accounted for over 50% of our total revenue, reaching 56.4%, and the revenue maintained a strong growth momentum, increasing by 39.6% year-over-year in the first half of the year. This is closely aligned with our steadfast long-term strategic focus on the CRM SaaS. In the meantime, the number of our CRM SaaS clients has reached 1,705, representing an increase of 9.9% compared to the same period last year. The APRU contributed by our SaaS core clients reached RMB1.5 million, representing a year-on-year growth of 14.2%. In addition, our SaaS core clients' net revenue retention rate reached 106.1%.

As a business segment dedicated to the digital and intelligent upgrade of marketing strategies for our clients in industries such as finance and Government-related enterprises, the Marketing Cloud has closely tracked the policy trends in the financial industry during the Reporting Period and has persistently delved into the understanding of clients' needs. Especially the flagship product, integrated communication centre ("**ICC**"), on the basis of comprehensive compatibility with domestic localisation, has released version 5.3.0, which further enriches the product modules by introducing features such as, among others, multiple legal entity mode/international SMS/contract signing copies to cater to the diverse and emerging business requirements of an increasing number of financial clients, while also addressing the repurchase and additional purchase needs of existing customers. Meanwhile, the ICC has conducted specialised optimisation for the iPush functionality, launching a version tailored for the securities industry, thereby accelerating breakthroughs into more niche sectors. On the basis of continuously enhanced product capabilities, the Marketing Cloud has secured new agreements with several leading banks in the East China, West China, and Northwest China regions, achieving a revenue of RMB306.5 million, representing a year-on-year increase of 41.1%.

The Sales Cloud represents our business segment focused on the second growth trajectory, dedicated to facilitating the digital and intelligent transformation of the entire marketing chain for consumer goods enterprises through the empowerment of AI and DI, thereby supporting the enterprises in achieving intelligent growth. During the Reporting Period, the Sales Cloud concentrated on a comprehensive upgrade of customer product usage, which has been beneficial in enhancing the customer experience and increasing customer stickiness. Meanwhile, we continued to intensify the development of standardised products in the first half of the year, optimising the operational foundation of standard products. Through the "Mass Innovation Products (萬眾創產品)" initiative, we have promoted the release of over 20 project components. Leveraging the foundational capabilities of Xuantao (玄韜), a multi-modal large model for the mass consumption industry of the Company, and in alignment with the needs of customer business scenarios, our AI standardised product matrix has been further expanded, with the addition of new projects such as image stitching models and historical database duplication checks to our AI standardised products.

Additionally, as a standardised product facilitating FMCG clients in achieving digital marketing for intelligent retail stores, our AIoT intelligent fridge experienced smooth market expansion in the first half of the year, with several major dairy and beverage clients signing on. In terms of collaboration models, we have introduced an independent AI model cooperation solution to cater to the personalised needs of our clients. Based on the above-mentioned business, during the Reporting Period, our Sales

Cloud achieved revenue of RMB43.1 million, representing a year-on-year increase of 34.9%. Meanwhile, our annual recurring revenue (ARR) of Sales Cloud reached RMB21.7 million, representing a year-on-year increase of 22.4%.

Based on multi-channel customer communication and full process business management, the Service Cloud provides intelligent customer services with human-machine coupling throughout the entire industry chain. During the Reporting Period, the Service Cloud introduced distinctive features specific to the consumer finance industry, such as intelligent case initiation, voice message, and industry statements, which enhanced customer willingness to pay and product competitiveness. In the meantime, the number of paid seats in the contact centre increased by 42.8% year-on-year.

Furthermore, the PaaS business contributed to the accelerated expansion of our various business lines in the first half of the year. Within this context, aPaaS assisted in initiating a comprehensive architecture upgrade for our existing customers in the Sales Cloud during the first half of the year. The upgraded architecture supported seamless product upgrades, thereby enhancing customer stickiness. Additionally, the underlying layer of the aPaaS platform was enhanced with debugging capabilities during low-code development, further improving work efficiency and the quality of deliverables. In terms of cPaaS, during the Reporting Period, we constructed a business-level communication risk control capability platform cantered around AI technology, and implemented flexible and highly customised risk prevention and control strategies, comprehensively enhancing business operation security and risk management capabilities. In the meantime, the cPaaS platform also established a unified communication data underlying capability platform, integrating various communication data resources and combining with intelligent technology to support refined and intelligent operational decision-making.

In terms of overseas business, we primarily focused on assisting domestic clients in their marketing efforts in regions such as Southeast Asia, South Asia, and Latin America. In the meantime, we have been actively exploring overseas ecosystem collaborations, establishing core resources, enhancing risk control capabilities, and improving operational support for our business. In terms of domestic ecological cooperation, we continued to strengthen cooperation with cloud vendors such as Huawei Cloud. During the Reporting Period, we have signed a HarmonyOS cooperation agreement with Huawei, our "Smart Sales 100 (智慧100)" and "iPush" products will start developing the native application in HarmonyOS. This move will also provide more diversified choices and more intelligent and convenient product service experiences for our clients.

BUSINESS PROSPECT

In 2024, China's economy has entered into a new cycle of vigorously cultivating new quality productive forces, moving towards high-quality developments. The digital economy, as the primary battlefield for the development of new quality productive forces, will continue to maintain rapid growth. Against this backdrop, enterprises across various industries will leverage digital intelligence as a key strategy to continuously explore new business growth models, which in turn will result in an expanding market space for digital and intelligence. In 2024, we will closely seize the opportunity presented by the digital economy era. Supported by our AI and DI technologies, our intelligent CRM products will assist more enterprises in achieving high-quality digital and intelligence transformation. In the second half of 2024, we will focus our efforts on the following strategic directions:

1. CONTINUOUS FOCUSING ON THE TOP 100 CUSTOMERS IN THE INDUSTRY AND DRIVING THE ITERATION UPGRADE OF EXISTING CUSTOMER BUSINESSES IN THE CONSUMER GOODS INDUSTRY WITH SAAS+AI PRODUCTS

We have upgraded the brand of our Sales Cloud from "Xuanxun (玄訊)" to "Xuantong (玄瞳)". "Tong (瞳)" represents AI visual recognition and AI data insight which is precisely relevant to numerous scenarios in the consumer goods industry involving visual AI and data applications. The transition from "Xun (訊)" to "Tong (瞳)" signifies the empowerment of intelligence as wings and the value enhancement from "connection" to "intelligent recognition, data insight, intelligent operation and industrial interconnection".

In the future, AI will also be a core driving force for the business development of Xuantong, helping us build a moat of technology and products. This will also help us continue to focus on the top 100 customers in the consumer goods industry, drive the iterative upgrade of existing customer businesses through SaaS+AI products (Sales Cloud + AI + DI + AIOT), and build a standardised product system to enhance our average revenue per consumer.

2. ACCELERATING THE LAUNCH OF MORE STANDARDISED PRODUCTS, DEEPLY CULTIVATING CUSTOMER GROUPS, AND COVERING MID-TIER CUSTOMERS IN THE CONSUMER GOODS INDUSTRY

In the second half of the year, we will continue to leverage our large-scale models and in-depth industry experience to further integrate AI and DI technologies into our intelligent CRM products. We will focus on addressing our customers' real business needs and create more standardised products that can be quickly launched. Meanwhile, we will invest in our distribution channels to accelerate the coverage of our standardised products among mid-tier customers. This strategy will also become a new growth engine for the Company's future development and can further enhance our market share.

3. MARKETING CLOUD HELPING CUSTOMERS DELVE INTO THE VALUE OF DATA MARKETING AND KEEPING UP WITH THE DEVELOPMENT OPPORTUNITIES OF THE 5G INDUSTRY

In the second half of 2024, our Marketing Cloud business segment will continue to investigate the needs of financial and Government-related clients for the digital and intelligent transformation of their business processes and assist clients in deeply mining their data value through products such as ICC and DMP, helping customers in the construction of comprehensive user personas and enhancing their operational management capabilities, thereby ensuring precise marketing reach and conversion capabilities. Regarding 5G technology, we will enhance the underlying communication capabilities of 5G messaging on our cPaaS platform, opening it up for efficient integration with a wider range of communication products.

4. ACTIVELY EXPANDING OVERSEAS CLOUD COMMUNICATION BUSINESS RESOURCES AND ASSISTING DOMESTIC CLIENTS IN GOING GLOBAL

Overseas operations will serve as one of our new growth engines. We will focus on specific countries in Southeast Asia, Latin America and other regions, prioritising the development of core resources to ensure the stability of our business operation. In terms of clients, while actively expanding our market presence, we will also assess the overseas marketing needs of our domestic clients, aiming to achieve cross-selling and further enhance client stickiness.

In 2024, we are committed to maintaining the steady development of our business while continuously enhancing the Company’s self-sustaining capabilities, improving profitability, and strengthening shareholders’ returns, striving to achieve a break-even position in our annual performance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Revenue

The Group generated revenue from two operating segments: CRM PaaS services and CRM SaaS services. CRM SaaS services is the slightly larger segment, which accounted for over 50% of the Group's overall revenue during the Reporting Period for the first time, and reached 56.4% (the corresponding period in 2023: 49.4%), while CRM PaaS services accounted for 43.6% of the Group's revenue (the corresponding period in 2023: 50.6%).

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 six months ended 30 June 2024, the Group's total revenue had an increase of 22.2% to RMB647.5 million (the corresponding period in 2023: RMB530.0 million). This increase was due to the strong growth in the Group's CRM SaaS services.

	Six months ended			
	30 June 2024		30 June 2023	
	RMB'000	*%*	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
CRM PaaS services	**282,411**	**43.6**	268,397	50.6
CRM SaaS services	**365,058**	**56.4**	261,566	49.4
	647,469	**100.0**	529,963	100.0

CRM PaaS services

The Group's revenue from CRM PaaS services increased by 5.2% to RMB282.4 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB268.4 million), primarily due to the increase in its ARPU of core client for its CRM PaaS services.

CRM SaaS services

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

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Marketing Cloud	**306,495**	217,196
Sales Cloud	**43,061**	31,930
Service Cloud	**15,502**	12,440
	365,058	261,566

The Group's revenue from CRM SaaS services increased by 39.6% to RMB365.1 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB261.6 million), such increase was primarily attributable to the (i) growth in clients' demand for its CRM SaaS services; (ii) functionality enhanced in its solutions; and (iii) increase in the number of its core clients and the ARPU for its CRM SaaS services.

Cost of Sales

The Group's cost of sales increased by 27.2% to RMB546.2 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB429.4 million). The increase was primarily due to the higher revenue contributions from both CRM PaaS services and CRM SaaS services, which aligned with the Group's business expansion for the six months ended 30 June 2024.

CRM PaaS services: The cost of sales from CRM PaaS services increased by 7.0% to RMB265.5 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB248.1 million), primarily attributable to the increase in costs of telecommunication resources in relation to CRM PaaS services, which generally corresponded with the increase in revenue generated from CRM PaaS services.

CRM SaaS services: The cost of sales from CRM SaaS services increased by 54.9% to RMB280.8 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB181.2 million), primarily caused by the increase in (i) costs of telecommunication resources in relation to CRM SaaS services; and (ii) outsourcing implementation costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's overall gross profit increased by 0.6% to RMB101.2 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB100.6 million), while its overall gross profit margin decreased from 19.0% to 15.6%, respectively.

CRM PaaS services: The gross profit margin in CRM PaaS services decreased to 6.0% for the six months ended 30 June 2024 (the corresponding period in 2023: 7.6%), due to reasons, among others, growth in products' unit procurement price resulting from the competitive market environment.

CRM SaaS services: The gross profit margin in CRM SaaS services decreased to 23.1% for the six months ended 30 June 2024 (the corresponding period in 2023: 30.7%), primarily attributable to the increase in the implementation and delivery costs as compared to the corresponding period.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 9.0% to RMB49.9 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB54.8 million), primarily attributable to the decrease in (i) business entertainment expenses and travelling expenses for sales and marketing personnels; (ii) advertising and promotional expenses; (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 customer refined management, controlled labour costs, and exercised efficient expense management, striving to enhance profitability.

Administrative Expenses

The Group's administrative expenses decreased by 12.2% to RMB23.4 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB26.6 million), primarily attributable to the decrease in (i) employee welfare expenses; (ii) auditors' remuneration; and (iii) office expenses. The Group has managed to control labour costs and improve efficiency through adjustments in its staff structure.

Research and Development Expenses

The Group's R&D expenses decreased by 20.5% to RMB32.8 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB41.2 million), primarily resulting from the decrease in (i) employee welfare expenses; and (ii) server hosting fees. The Group has refined its R&D management, improving R&D output efficiency while maintaining its original R&D capabilities.

Net Impairment Losses on Financial Assets

The Group's net impairment losses on financial assets increased by 72.4% to RMB2.7 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB1.6 million), mainly due to the increase in accounts receivable with the expansion of revenue scale.

Other Income

The Group's other income decreased by 28.1% to RMB2.9 million for the six months ended 30 June 2024 (the corresponding period in 2023: RMB4.0 million), primarily due to (i) 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: RMB1.7 million); and (ii) partially offset by the increase in government grants.

Finance Costs – Net

The Group's finance costs – net comprise finance income, interest expenses of lease liabilities and interest expenses of borrowings. The Group's finance costs – net amounted to RMB1.8 million and RMB1.1 million for the six months ended 30 June 2024 and 30 June 2023, respectively.

Income Tax (Expenses)/Credit

The Group had income tax (expenses)/credit of RMB0.2 million and RMB0.6 million for the six months ended 30 June 2024 and 30 June 2023, respectively.

Loss for the Period

As a result of the foregoing, the Group recorded a net loss of RMB6.1 million for the six months ended 30 June 2024, compared with a net loss of RMB20.2 million for corresponding period in 2023, which was mainly attributable to the strict cost control measures being implemented across the operating segments, resulting in significant cost reduction and efficiency improvements.

Trade, Bill and Other Receivables and Prepayments

As at 30 June 2024, the Group's trade, bill and other receivables and prepayments amounted to RMB503.0 million, representing an increase of 15.1% as compared with RMB437.1 million as at 31 December 2023. Such increase was primarily due to (i) the increase in prepayments to suppliers from RMB167.2 million as at 31 December 2023 to RMB199.3 million as at 30 June 2024; and (ii) the increase in trade receivables from RMB252.6 million as at 31 December 2023 to RMB289.1 million as at 30 June 2024, which were attributable to the increase in the Group's revenue.

Trade, Bill and Other Payables

As at 30 June 2024, the Group's trade, bill and other payables amounted to RMB111.8 million, representing a decrease of 7.5% as compared with RMB120.8 million as at 31 December 2023. Such decrease was mainly attributable to the (i) decrease in accrued payroll from RMB35.4 million as at 31 December 2023 to RMB13.6 million as at 30 June 2024; (ii) decrease in other payables from RMB13.1 million as at 31 December 2023 to RMB6.5 million as at 30 June 2024; and (iii) increase in accounts payable from RMB64.4 million as at 31 December 2023 to RMB86.2 million as at 30 June 2024, with the trend of change consistent with the growth trend of sales costs.

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 30 June 2024, the Group's cash and cash equivalents were RMB94.1 million, representing a decrease of 51.1% from RMB192.3 million as at 31 December 2023.

Indebtedness

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Borrowings	**156,933**	157,244
Lease liabilities	**17,822**	22,483
	174,755	179,727

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: nil).

CAPITAL COMMITMENT

As at 30 June 2024, the Group did not have any capital commitment (31 December 2023: nil).

OTHER INFORMATION

EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2024, the Group had a total of 737 employees. The Group's total employee costs (including directors' emoluments) for the six months ended 30 June 2024 was RMB98.3 million (six months ended 30 June 2023: RMB100.4 million). Remuneration packages for employees and directors are structured according to market terms as well as individual performance and experience. The Group has also 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.

COMPLIANCE WITH THE MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by the Directors. The Company has made specific enquiries to all Directors regarding any non-compliance with the Model Code. All Directors have confirmed that they had complied with the required standard set out in the Model Code for the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company had applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**CG Code**"), save and except the deviation below:

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer ("**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.

USE OF PROCEEDS FROM THE GLOBAL OFFERING AND UPDATE ON THE EXPECTED TIMELINE FOR USE OF PROCEEDS

The Company was listed on the Stock Exchange on 8 July 2022. The net proceeds from the Global Offering (as defined in the prospectus of the Company dated 24 June 2022 (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.

Update on the expected timeline for use of proceeds

As at the date of this announcement, the Company has not yet utilised the net proceeds of approximately HK$42.9 million representing approximately 26.3% of the net proceeds. The Board, having considered the reasons set out in "Reasons for extending the expected timeline for use of proceeds" below, resolved to further extend the expected timeline of the use of the unutilised net proceeds. As at the date of this announcement, the net proceeds have been used in the manner consistent with that set out in the Prospectus and the 2022 Annual Report.

The following table sets forth a summary of the utilisation of the net proceeds and the updated expected timeline of the use of the net proceeds:

Item	**Net proceeds**	**Utilised during the Reporting Period**	**Utilised up to 30 June 2024**	**Unutilised as at 30 June 2024**	**Expected timeline for utilisation (as disclosed in the 2023 Annual Report)**	**Updated timeline of full utilisation of the unutilised net proceeds[(1)(2)]**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*		
Improving CRM PaaS services						
Enhancing aPaaS and cPaaS platforms	13.2	2.2	11.1	2.1	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Developing DI capacity	5.6	0.9	4.9	0.7	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Fostering AI capacity	5.6	0.9	4.9	0.7	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Strengthening CRM SaaS services						
Providing all-channel Marketing Cloud Solutions	25.4	4.7	20.8	4.6	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Enhancing Sales Cloud solutions	28.5	5.6	23.1	5.4	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Reinforcing Service Cloud solutions	11.4	2.2	9.2	2.2	From 8 July 2022 to 31 December 2024	On or before 31 December 2026

Item	Net proceeds *(HK$ million)*	Utilised during the Reporting Period *(HK$ million)*	Utilised up to 30 June 2024 *(HK$ million)*	Unutilised as at 30 June 2024 *(HK$ million)*	Expected timeline for utilisation (as disclosed in the 2023 Annual Report)	Updated timeline of full utilisation of the unutilised net proceeds[(1)(2)]
Improving sales and marketing abilities						
Strengthening our brand in the financial, governmental and Internet industries	24.5	5.7	20.4	4.1	From 8 July 2022 to 31 December 2024	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	0.9	3.4	1.5	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Enlarging our sales team and post-sales service team	19.6	4.9	14.7	4.9	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Strategic investment and acquisitions	16.4	0.0	0.0	16.4	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Working capital and general corporate use	8.2	0.4	7.9	0.3	From 8 July 2022 to 31 December 2024	On or before 31 December 2026
Total	**163.3**	**28.4**	**120.4**	**42.9**		

Notes:

(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.

(2) The Board considers that the extension of the expected timeline for full utilisation of the proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders of the Company (the "**Shareholders**") as a whole. Save as disclosed in this announcement, there are no other changes to the plan for utilising the net proceeds.

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.

Reasons for extending the expected timeline for use of proceeds

The slow economic growth have curtailed the progress of the Group's business scale expansion including but not limited to the strengthening and improving our CRM services. The Board believes that the extension of the expected timeline for the use of net proceeds will provide higher level of flexibility for the Group to manage its capital against the current unstable business environment and enable the Group to capture other business opportunities for the Group's revenue growth.

Further, the Group has been actively exploring various investment and/or acquisition opportunities that maximise the expected return for the Shareholders and minimise the risks and exposures associated with the investments and/or acquisitions since the date of listing, however, due to, among other things, the change of market conditions and the lack of suitable targets, the timeline for the use of net proceeds had been delayed from the original timeline planned.

Bearing uncertainty of business environment and adaptability of business under the current market condition, the Company expects that additional time is required to explore the suitable potential projects and utilise the net proceeds for the abovementioned expansion and development plan. Accordingly, the Board resolved to extend the expected timeline for the use of the unutilised net proceeds from the Global Offering.

The Group will continue to explore different acquisition opportunities bringing values to the Group. In the event that there are suitable investments and/or acquisitions in the future, the Company shall still use the designated net proceeds and its own funds for the investments and/or acquisitions, and the Company's investments and/or acquisitions strategy will not be affected as a result of the extended timeline for full utilisation of the net proceeds.

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

During the Reporting Period, save for the purchase of a total of 8,351,000 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.

INTERIM DIVIDENDS

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

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited condensed consolidated interim results of the Group for the Reporting Period and discussed with the management of the Company on the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that the unaudited condensed consolidated interim results of the Group have been prepared in compliance with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made and does not have any disagreement with the accounting treatment adopted by the Company.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

No major subsequent events affecting the Group have occurred since the end of the Reporting Period and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (https://ir.wxchina.com) and the interim report for the Reporting Period containing all the information required by the Listing Rules will be published on the aforementioned websites and despatched to the Shareholders who elected to receive printed version(s) of corporate communication(s)[1] in due course.

By order of the Board
Xuan Wu Cloud Technology Holdings Limited
Mr. Chen Yonghui
Chairman, Chief Executive Officer and Executive Director

Hong Kong, Tuesday, 27 August 2024

As at the date of this announcement, the Board comprises Mr. Chen Yonghui, Mr. Huang Fangjie, Mr. Li Hairong and Mr. Guo Haiqiu as executive Directors; and Mr. Du Jianqing, Ms. Wu Ruifeng and Prof. Wu Jintao as independent non-executive Directors.

Note:

(1) Corporate communications mean any documents issued or to be issued by the Company, including but not limited to (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular and (f) a proxy form.