



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 中期報告 INTERIM REPORT

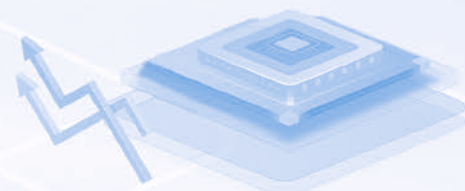


Contents

02	Corporate Information
04	Financial Highlights
05	Business Review and Prospect
10	Management Discussion and Analysis
16	Other Information
28	Interim Condensed Consolidated Statement of Comprehensive Income
29	Interim Condensed Consolidated Statement of Financial Position
31	Interim Condensed Consolidated Statement of Changes in Equity
32	Interim Condensed Consolidated Statement of Cash Flows
33	Notes to the Interim Condensed Consolidated Financial Information
58	Definitions



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

Legal Advisers to Hong Kong Law

Zhong Lun Law Firm LLP
4/F, Jardine House
1 Connaught Place
Central
Hong Kong

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

Company Website

<https://ir.wxchina.com/>

Registered Office

Harneys Fiduciary (Cayman) Limited
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Cayman Islands

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Guangzhou, Guangdong
PRC

Principal Place of Business in Hong Kong

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Principal Share Registrar and Transfer Office

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Grand Cayman KY1-1002
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
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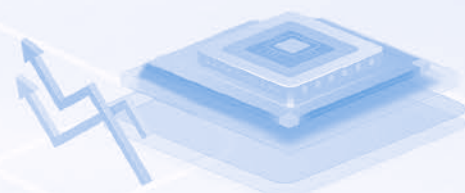
Auditor

PricewaterhouseCoopers
Registered Public Interest Entity Auditor
Certified Public Accountants
22/F, Prince's Building
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Principal Banker

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1/F, Tower A, Victoria Plaza
No. 101 Tiyu West Road
Tianhe District
Guangzhou, Guangdong
PRC

FINANCIAL HIGHLIGHTS



Condensed Consolidated Statement of Comprehensive Income

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

Condensed Consolidated Statement of Financial Position

	As at	As at
	30 June	31 December
	2024	2023
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Assets		
Non-current assets	41,341	46,499
Current assets	620,075	644,517
Total assets	661,416	691,016
Equity		
Equity attributable to owners of the Company	323,194	335,965
Non-controlling interests	3,359	3,055
Total equity	326,553	339,020
Liabilities		
Non-current liabilities	9,059	11,888
Current liabilities	325,804	340,108
Total liabilities	334,863	351,996
Total equity and liabilities	661,416	691,016

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 AI and 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 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, 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 (“**ARPU**”)⁽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, 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 centered 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 clients 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 of core clients 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%.

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).

Gearing Ratio

As at 30 June 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 53.5% (as at 31 December 2023: 53.0%).

Exposure to Fluctuations in Exchange Rates

The Group's businesses are principally conducted in RMB. As at 30 June 2024, there was no significant non-RMB assets and liabilities. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

Significant Investment

The Group did not have any significant investments during the Reporting Period.

Material Acquisitions and Disposal

The Group did not have any material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Pledge of Assets

As at 30 June 2024, the Group did not pledge any of its assets (31 December 2023: Nil).

Future Plans for Material Investments and Capital Assets

As at 30 June 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.

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

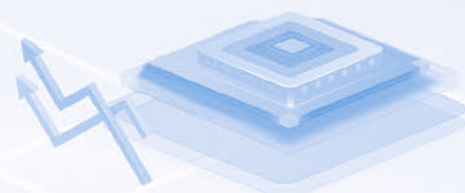
As at 30 June 2024, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company 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 30 June 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 30 June 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	78,921,670	14.09%
Mr. Song Xiaohu	Interest in a controlled corporation ⁽¹⁾	78,921,670	14.09%
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%

OTHER INFORMATION (CONTINUED)

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 78,921,670 Shares held by Baoya Group Holdings Limited, representing 14.09% 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.

OTHER INFORMATION (CONTINUED)

- (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 30 June 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.

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.

Update on the expected timeline for use of proceeds

As at the date of this report, 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 report, the net proceeds have been used in the manner consistent with that set out in the Prospectus and the 2022 Annual Report.

OTHER INFORMATION (CONTINUED)

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 (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 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
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 as a whole. Save as disclosed in this report, 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.

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 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 30 June 2024, the total number of Award Shares held by the trustee under the 2022 Restricted Share Award Scheme were 9,120,000 Shares and 16,064,000 Shares, respectively. The number of Award Shares available for grant under the 2022 Restricted Share Award Scheme as at 1 January 2024 and 30 June 2024 were 51,342,050 Shares and 51,482,050 Shares, 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. 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 eight (8) years and three (3) months as at the date of this 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.

OTHER INFORMATION (CONTINUED)

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

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)	During the Reporting Period				Unvested Award Shares as at 30 June 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\$)
				Granted	Vested (Note 1)	Lapsed	Cancelled			
Employees	6 January 2023	3.00	4,690,000	—	1,407,000	140,000	—	3,143,000	2.44	N/A
Total			4,690,000	—	1,407,000	140,000	—	3,143,000	2.44	N/A

Notes:

- 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.
- 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 21 to the interim condensed consolidated financial information.
- Under the 2022 Restricted Share Award Scheme, 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.

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 Reporting Period was RMB98.3 million (six months ended 30 June 2023: RMB100.4 million). The Group believes that 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. 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.

Change 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 2023 annual report up to the date of this report.

Compliance with the Model Code on Securities Transactions by Directors

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

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 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 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.

Contractual Arrangements

During the Reporting Period, the Board has reviewed the overall performance of the contractual arrangements and considered that the Group has complied with the contractual arrangements as disclosed in the section headed “Contractual Arrangements” in the Prospectus (the “**Contractual Arrangements**”) and the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (“**FIL**”) in all material respects.

According to the Provisions on the Administration of Foreign-invested Telecommunications Enterprises (2016 Revision) (《外商投資電信企業管理規定(2016修訂)》), foreign investors are not allowed to hold more than 50% of the equity interests in a company providing value-added telecommunications services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirement**”). For the Reporting Period, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement.

As at 30 June 2024, there was no update to the Contractual Arrangements, Qualification Requirement nor any other new Contractual Arrangements entered into, renewed or reproduced. The Group will continue to monitor the latest development of the FIL and will make further announcement(s) in respect thereof in accordance with the Listing Rules as and when appropriate.

For details of the major terms and the risks relating to the Contractual Arrangements and the relevant PRC laws and regulations of the Contractual Arrangements, please refer to the section headed “Contractual Arrangements” in the Prospectus.

Subsequent Events 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 report.

By order of the Board
Chairman, Chief Executive Officer and Executive Director
Mr. CHEN Yonghui

Hong Kong, 27 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June

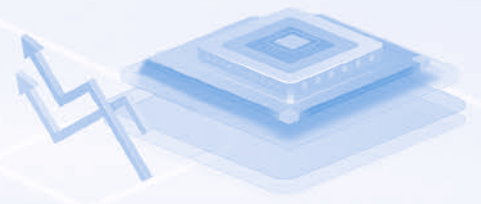
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	7	647,469	529,963
Cost of sales	8	(546,220)	(429,352)
Gross profit		101,249	100,611
Selling and distribution expenses	8	(49,854)	(54,796)
Administrative expenses	8	(23,353)	(26,606)
Research and development expenses	8	(32,790)	(41,222)
Net impairment losses on financial assets		(2,726)	(1,581)
Other income	10	2,867	3,988
Other gains/(losses) — net	11	501	(6)
Operating loss		(4,106)	(19,612)
Finance income	12	578	957
Finance costs	12	(2,384)	(2,060)
Finance costs — net	12	(1,806)	(1,103)
Loss before income tax		(5,912)	(20,715)
Income tax (expenses)/credit	13	(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	14	(0.012)	(0.037)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	15	4,883	5,923
Right-of-use assets	16	14,667	18,643
Intangible assets	17	12,164	11,936
Deferred income tax assets		9,525	9,740
Prepayments	18	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 and other receivables and prepayments	18	502,915	436,868
Cash and cash equivalents	19	94,074	192,278
		620,075	644,517
Total assets		661,416	691,016
Equity			
Equity attributable to owners of the Company			
Share capital	20	360	360
Share premium	20	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

**INTERIM CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION (CONTINUED)**



	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Lease liabilities	24	9,059	11,888
Current liabilities			
Borrowings	22	156,933	157,244
Contract liabilities	7	48,125	51,275
Trade, bill and other payables	23	111,826	120,837
Lease liabilities	24	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

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

The interim condensed consolidated financial information on pages 28 to 57 were approved by the board of directors on 27 August 2024 and were signed on its behalf:

Mr. Chen Yonghui
Director

Mr. Huang Fangjie
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Share premium	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 20)	(Note 20)					
Six months ended 30 June 2024 (Unaudited)							
Balance at 1 January 2024	360	439,569	(31,474)	(72,490)	335,965	3,055	339,020
Comprehensive loss							
Loss for the period	—	—	—	(6,444)	(6,444)	304	(6,140)
Transactions with owners of the Company							
Share-based compensation (Note 21)	—	—	1,176	—	1,176	—	1,176
Purchase of shares in connection with employee share scheme	—	—	(8,308)	—	(8,308)	—	(8,308)
Lapse of share options	—	—	(106)	106	—	—	—
Exercise of share options	—	—	805	—	805	—	805
Balance at 30 June 2024	360	439,569	(37,907)	(78,828)	323,194	3,359	326,553
Six months ended 30 June 2023 (Unaudited)							
Balance at 1 January 2023	360	439,569	(19,676)	75	420,328	2,461	422,789
Comprehensive income							
Loss for the period	—	—	—	(20,564)	(20,564)	409	(20,155)
Balance at 30 June 2023	360	439,569	(17,350)	(20,489)	402,090	2,870	404,960

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash used in operations	(74,675)	(87,189)
Interest received	578	957
Income tax paid	(13)	(1)
Net cash used in operating activities	(74,110)	(86,233)
Cash flows from investing activities		
Purchase of property, plant and equipment	(27)	(25)
Purchase of intangible assets	(461)	(155)
Acquisition of financial assets at fair value through profit or loss	(187,500)	(20,000)
Proceeds from disposal of financial assets at fair value through profit or loss	178,501	20,047
Proceeds from disposal of property, plant and equipment	—	171
Net cash (used in)/generated from investing activities	(9,487)	38
Cash flows from financing activities		
Repurchase of ordinary shares	(8,308)	—
Principal elements and interest elements of lease payments	(4,620)	(4,363)
Proceeds from borrowings	99,590	119,600
Repayments of borrowings	(99,270)	(49,880)
Interest paid for borrowings	(2,035)	(1,677)
Listing expenses paid	—	(233)
Net cash (used in)/generated from financing activities	(14,643)	63,447
Net decrease in cash and cash equivalents	(98,240)	(22,748)
Exchange gains/(losses) on cash and cash equivalent	36	(93)
Cash and cash equivalents at beginning of the period	192,278	160,972
Cash and cash equivalents at the end of the period	94,074	138,131

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

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.

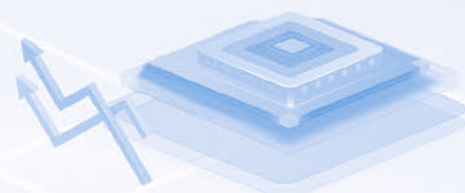
The interim condensed consolidated financial information for the six months ended 30 June 2024 are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) unless otherwise stated. This interim condensed consolidated financial information has been approved for issue 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 statement. 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 Critical Accounting Estimates and Judgements

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's financial statements for the years ended 31 December 2023.

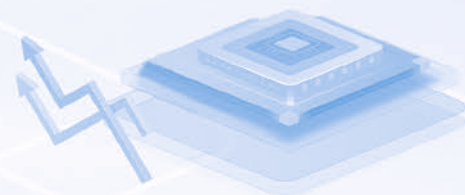
5 Financial Risk Management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the years ended 31 December 2023.

There have been no changes in the risk management department or in any risk management policies since year end.



6 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 provide 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 comprise of marketing cloud, sales cloud and 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.

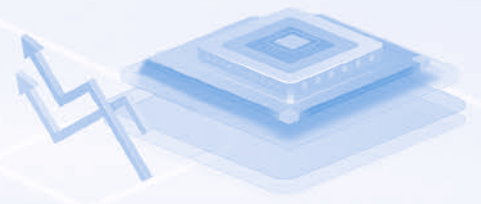
As at 30 June 2024 and 31 December 2023, majority of the assets were located in the PRC.

6 Segment Information (Continued)

(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)



6 Segment Information (Continued)

(b) Segment performance (Continued)

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 RMB'000 (Unaudited)	CRM SaaS services RMB'000 (Unaudited)	Total RMB'000 (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)

7 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 2023 was as follows:

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

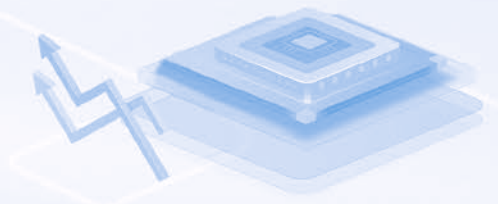
The analysis of revenue from contracts with customers by the timing of revenue recognition for the six months ended 30 June 2024 and 2023 was as follows:

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



8 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Costs of telecommunications resources	516,683	411,085
Employee benefit expenses (Note 9)	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 amortization 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

9 Employee Benefit Expenses

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages and bonuses	85,592	86,708
Social insurance expenses, housing benefits and other employee benefits (Note (a))	11,564	11,367
Share-based compensation (Note 21)	1,176	2,326
	98,332	100,401

- (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.

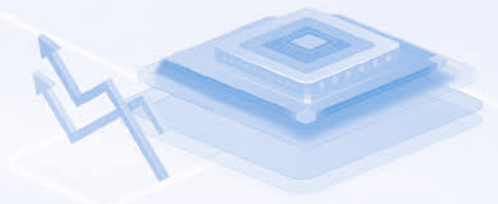
Other employee benefits mainly include team building expenses, meal and traveling allowances.

10 Other Income

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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) The policy of additional deduction of value-added input tax expired on 31 December 2023, therefore there is 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.



11 Other Gains/(Losses) — Net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net losses from disposal of property, plant and equipment	(1)	(22)
Net fair value gains on investments in financial assets at fair value through profit or loss	513	47
Net foreign exchange gains/(losses)	36	(93)
Others	(47)	62
	501	(6)

12 Finance Costs — Net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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)

13 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 British Virgin Islands income tax.

(b) Hong Kong Profits Tax

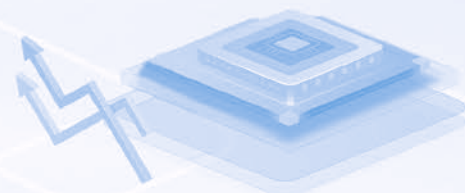
Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was provided as the Group did not have assessable profit in Hong Kong during six months ended 30 June 2024 and 2023.

(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 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.



13 Income Tax (Expenses)/Credit (Continued)

(c) PRC Enterprise Income Tax (Continued)

Certain subsidiaries 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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax	(13)	—
Deferred income tax	(215)	560
Income tax (expenses)/credit	(228)	560

14 Losses Per Share

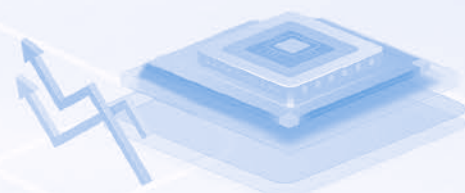
(a) Basic losses per share

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 2023.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (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 2023.



15 Property, Plant and Equipment

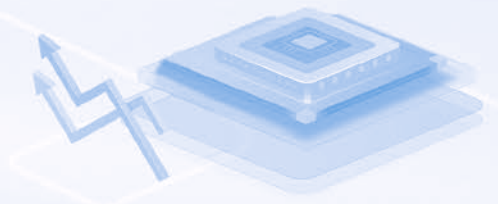
	Computer and electronic equipment RMB'000	Office furniture and equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
Six months ended 30 June 2024				
(Unaudited)				
Opening net book amount	3,142	275	2,506	5,923
Additions	27	—	—	27
Disposals	(1)	—	—	(1)
Depreciation charge	(501)	(123)	(442)	(1,066)
Closing net book amount	2,667	152	2,064	4,883
At 30 June 2024 (Unaudited)				
Cost	12,674	769	4,306	17,749
Accumulated depreciation	(10,007)	(617)	(2,242)	(12,866)
Net book amount	2,667	152	2,064	4,883
Six months ended 30 June 2023				
(Unaudited)				
Opening net book amount	3,724	515	3,532	7,771
Additions	24	1	—	25
Disposals	(22)	—	(171)	(193)
Depreciation charge	(614)	(121)	(414)	(1,149)
Closing net book amount	3,112	395	2,947	6,454
At 30 June 2023 (Unaudited)				
Cost	12,330	768	5,540	18,638
Accumulated depreciation	(9,218)	(373)	(2,593)	(12,184)
Net book amount	3,112	395	2,947	6,454

No property, plant and equipment were restricted or pledged as security for liabilities as at 30 June 2024 (31 December 2023: nil).

16 Right-of-use Assets

	Offices RMB'000
Six months ended 30 June 2024 (Unaudited)	
Opening net book amount	18,643
Additions	235
Disposals	(101)
Lease modification	(425)
Depreciation charge	(3,685)
Closing net book amount	14,667
At 30 June 2024 (Unaudited)	
Cost	33,903
Accumulated depreciation	(19,236)
Net book amount	14,667
Six months ended 30 June 2023 (Unaudited)	
Opening net book amount	24,707
Additions	2,290
Depreciation charge	(4,179)
Closing net book amount	22,818
At 30 June 2023 (Unaudited)	
Cost	35,585
Accumulated depreciation	(12,767)
Net book amount	22,818

No right-of-use assets were restricted or pledged as security for liabilities as at 30 June 2024 (31 December 2023: nil).



17 Intangible Assets

	Software RMB'000	Platform RMB'000	Goodwill RMB'000	Total RMB'000
Six months ended 30 June 2024 (Unaudited)				
Opening net book amount	1,446	—	10,490	11,936
Additions	461	—	—	461
Amortisation charge	(233)	—	—	(233)
Closing net book amount	1,674	—	10,490	12,164
At 30 June 2024 (Unaudited)				
Cost	3,091	2,844	10,490	16,425
Accumulated amortisation	(1,417)	(2,844)	—	(4,261)
Net book amount	1,674	—	10,490	12,164
Six months ended 30 June 2023 (Unaudited)				
Opening net book amount	2,232	—	10,490	12,722
Additions	155	—	—	155
Amortisation charge	(664)	—	—	(664)
Closing net book amount	1,723	—	10,490	12,213
At 30 June 2023 (Unaudited)				
Cost	5,796	2,844	10,490	19,130
Accumulated amortisation	(4,073)	(2,844)	—	(6,917)
Net book amount	1,723	—	10,490	12,213

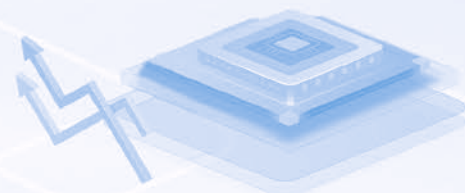
No intangible assets were restricted or pledged as security for liabilities as at 30 June 2024 (31 December 2023: nil).

18 Trade, Bill and 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 and other receivables and prepayments	502,915	436,868

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

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



18 Trade, Bill and Other Receivables and Prepayments (Continued)

- (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 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (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.

19 Cash and Cash Equivalents

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Denominated in RMB		
Cash at bank	94,074	192,278

20 Share Capital and Share Premium

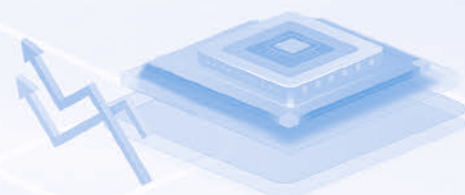
(a) Share capital

	Number of ordinary shares	Share capital US\$'000
Authorised		
As at 30 June 2024 (Unaudited) and 31 December 2023 (Audited)	1,000,000,000	100

	Number of ordinary shares	Share capital US\$'000	Equivalent share capital RMB'000
Issued			
As at 30 June 2024 (Unaudited) and 31 December 2023 (Audited)	560,320,500	55	360

(b) Share premium

	Share premium RMB'000
At 30 June 2024 (Unaudited) and 31 December 2023 (Audited)	439,569



21 Share-based Compensation

(a) Share-based compensation plans of the Company

On 1 December 2022, the restricted share award scheme (“RSA Scheme”) was approved and adopted by the Group, the RSA Scheme is designed to incentivize employees for their contribution to the Group.

The Group delegated a trust company to set up one structured entity, namely Xuan Wu Fighter Trust, which has been appointed as the trustee pursuant to the trust deed to administrate the RSA 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.

On 6 January 2023, the Group granted 4,985,000 share options under the RSA Scheme to certain eligible employees. Pursuant to the RSA 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 are as follows:

	Average exercise price per share option	Number of share options (in thousands)
As at 1 January 2024 (Unaudited)	HK\$0.63	4,690
Granted	—	—
Vested	HK\$0.63	(1,407)
Lapsed	HK\$0.63	(140)
As at 30 June 2024	HK\$0.63	3,143

No options expired during the period covered by the above tables.

21 Share-based Compensation (Continued)

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

The Group has used Black-Scholes model to determine the fair value of the share option as of the grant date. Key assumptions are set as below:

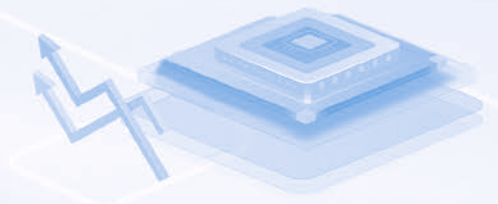
	Six months ended 30 June 2024
Fair value per ordinary share	HK\$3.00
Exercise price	HK\$0.63
Risk-free interest rates	3.82% – 4.11%
Dividend yield	—
Expected term — years	1.02 – 3.02
Expected volatility	63.64% – 66.29%
Fair value of share options	HK\$2.44

The share-based compensation expenses recognised in the condensed consolidated statements of comprehensive income for the six months ended 30 June 2024 was RMB1,176,000 (six months ended 30 June 2023: RMB2,326,000).

22 Borrowings

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (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).



22 Borrowings (Continued)

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

	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
Bank borrowings	2.60%	2.78%

(c) As at 30 June 2024 and 31 December 2023, 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.

23 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

23 Trade, Bill and Other Payables (Continued)

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

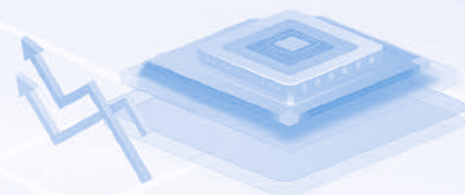
As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables based on recognition date are as follows:

	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

24 Leases

Amounts recognised in the consolidated statements of financial position

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Right-of-use assets		
— Properties (Note 16)	14,667	18,643
Lease liabilities		
— Current	8,763	10,595
— Non-current	9,059	11,888
	17,822	22,483



25 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).

26 Commitments

(a) The Group did not have any material capital commitments or operating leases commitments as at 30 June 2024 (31 December 2023: nil).

(b) Contingencies

The Group did not have any material contingent liabilities as at 30 June 2024 (31 December 2023: nil).

27 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*	Controlling shareholder of the Company
Mr. Huang*	Controlling shareholder of the Company
Mr. Li*	Controlling shareholder of the Company

* The English name of the related parties represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

27 Related Party Transactions (Continued)

(b) Key management compensation

Compensations for key management other than those for directors is set out below.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries and other short-term employee benefits	1,451	1,243

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

28 Event After the Balance Sheet Date

There are no material subsequent events undertaken by the Group after 30 June 2024.

DEFINITIONS

In this 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
“AI”	artificial intelligence
“AIoT”	AI and internet of things
“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
“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
“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
“FMCG”	Fast Moving Consumer Goods
“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 2022 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

DEFINITIONS (CONTINUED)

“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
“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
“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 six months ended 30 June 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
“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



DEFINITIONS (CONTINUED)

“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 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