Ming Yuan Cloud Group Holdings Limited
明源雲集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 909)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board hereby announces the consolidated annual results of the Group for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022. The consolidated annual results of the Group for the Reporting Period have been audited by the Company's auditor and reviewed by the Audit Committee.

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2023	2022	Change %
	(RMB'000, unless otherwise specified)		
Revenues	**1,639,644**	1,816,357	(9.7)
Gross profit	**1,303,227**	1,479,328	(11.9)
Operating loss	**(763,220)**	(1,265,677)	(39.7)
Loss before income tax	**(589,423)**	(1,168,666)	(49.6)
Loss for the year	**(587,043)**	(1,159,212)	(49.4)
Adjusted net loss	**(169,721)**	(626,954)	(72.9)

Overall financial data

Revenue was RMB1,639.6 million in 2023, representing a year-on-year decrease of 9.7%.

Total expenses were RMB2,084.2 million in 2023, representing a year-on-year decrease of 16.8%.

Adjusted net loss was RMB169.7 million in 2023, representing a year-on-year decrease of 72.9%.

BUSINESS REVIEW AND OUTLOOK

I. Industry Review

1. Residential Market

In 2023, China's annual sales area of commercial housing was 1.12 billion square meters, representing a year-on-year decrease of 8.5%, and China's annual sales of commercial housing were RMB11,700 billion, representing a year-on-year decrease of 6.5%. In 2023, China's annual newly started area of houses was approximately 960 million square meters, representing a year-on-year decrease of 20.4%. In terms of policies, a meeting of the Political Bureau of the CPC Central Committee in July 2023 set the tone that major changes have taken place in the relationship between supply and demand in China's real estate market, so that local governments have gradually loosened restrictive policies on commercial housing. However, due to the influence of macro factors such as residents' income expectations and confidence in home-buying, the residential market remained in an adjustment stage.

2. Commercial, Industrial and Infrastructure Market

In 2023, China's investment in infrastructure construction increased by 8.2% year-on-year, and localities actively promoted the construction of major projects. In terms of policies, the meetings of the Political Bureau of CPC Central Committee and the central financial work conferences in 2023 have repeatedly proposed to accelerate the construction of "three major projects", namely affordable housing projects, recreational facilities that can be easily converted into emergency structure, and renovation of urban villages. Local governments have been improving relevant supporting policies. In terms of funds, the People's Bank of China issued additional government bonds of RMB1,000 billion in the fourth quarter of 2023, which will be mainly utilized in urban drainage, waterlogging prevention and control, and other infrastructure projects to support the rebuilding of disaster-hit areas.

In 2023, Shanghai, Suzhou, Qingdao, Wuhan, Chengdu and other cities in China have successively introduced policies related to "Industry's Going Upstairs" to address regional economic development problems caused by insufficient industrial land. Therefore, first-tier and second-tier cities still exhibit a strong demand for industrial carriers. Meantime, Jiangsu, Shanghai and other regions have launched guiding policies under the theme of building "green and low-carbon parks", which prioritize the sound operation and management as well as the green and low-carbon benefits and ecological costs of industrial park projects.

II. Business Review

1. Products and Services

We specialize in providing enterprise-grade Cloud Services and On-premise Software and Services for major participants in the real estate ecological chain, helping customers to better achieve their strategic goals through digital upgrades.

1.1 Cloud Services

Our Cloud Services consist of four product lines, namely Customer Relationship Management SaaS (CRM SaaS), Construction Management SaaS, Property Management & Operation SaaS and Skyline PaaS Platform, which fully cover real estate development, construction, operation, services and other core business areas.

As China's residential market remained in an adjustment stage as well as the impact of carry-forward cycle of newly signed contracts in 2023, the revenue from some product lines of Cloud Services declined. In 2023, the revenue from Cloud Services was RMB1,338.7 million, representing a year-on-year decrease of 6.2% (same period in 2022: RMB1,426.6 million), accounting for 81.6% of the total revenue of the Group.

(1) CRM SaaS

The product line of CRM SaaS mainly helps participants along the real estate ecological chain digitalize their marketing business, which can enhance the overall marketing efficiency of customers and save marketing expenses. This product line mainly comprises CRM Cloud and other products involving real estate digital marketing scenarios.

In terms of the digital marketing of residential property developers, improving customer acquisition capabilities has become a core demand of residential property developers due to the declining market demand for housing purchases. Leveraging the rapid development of short video platforms and the extensive application of AI large model capabilities, CRM Cloud has introduced "Video Marketing Assistant (視頻營銷助手)", "AI Creative Factory (AI創意工廠)", "AI Digital Human (AI數字人)" and other products to assist residential property developers in achieving full-link digital management covering generation of marketing content, live-streaming operation, promotion channels and task management. In 2023, customers increased the purchases of "Video Marketing Assistant", which enhanced the overall revenue per user in newly signed projects under CRM Cloud.

In terms of the digital marketing of suppliers, the decline in investment and procurement demand from residential property developers prompted suppliers to revamp their traditional marketing models and proactively tap into customer resources. Relying on AI technology, the Company has developed supply-side engineering marketing solutions for supplier customers group, and provided Market Insight (市場洞察), Leads Radar (線索雷達), AI Smart Outbound Calls (AI智慧外呼) and other digital tools, so as to achieve targeted marketing. During the Reporting Period, the Group obtained more than 130 new contracted supplier customers, and was recognized by leading customers including Oriental Yuhong (東方雨虹), BNBM Waterproof (北新防水), Haier Smart Home (海爾智家), Nippon Paint (立邦), Dulux (多樂士) and MICOE (四季沐歌).

In 2023, the product line of CRM SaaS recorded a total revenue of RMB945.9 million, representing a year-on-year decrease of 9.2% (same period in 2022: RMB1,041.5 million). In particular, the products of CRM Cloud recorded a total revenue of RMB868.7 million, representing a year-on-year decrease of 4.9% (same period in 2022: RMB913.3 million). Due to the impact of the overall sales environment of the residential market, the number of property sales offices covered by CRM Cloud in China was reduced to 11,601 in 2023, representing a year-on-year decrease of 5.5% (same period in 2022: 12,278). Due to the cash flow pressure experienced by few private residential property developers, the renewal prices of some existing projects declined. As a result, the average revenue per user for CRM Cloud in a single property sales office in 2023 was RMB75,000, representing a year-on-year increase of 1.4% (same period in 2022: RMB74,000). The annual customer account retention rate of CRM Cloud was 80% (same period in 2022: 82%).

(2) Construction Management SaaS

The product line of Construction Management SaaS mainly helps residential, industrial and infrastructure real estate developers achieve digital management of all processes and scenarios of project construction, achieve efficient management of construction projects in terms of schedule, cost, quality, safety, etc., and enhance the operational efficiency of major upstream and downstream participants through multi-party collaboration to achieve win-win results.

In 2023, "Project Construction Management (項目建設管理)", a self-developed product of the Company, continued to expand its penetration into local urban investment companies, which enables their digital transformation in key business scenarios such as progress coordination, contract collaboration and safety supervision, and supports data-based decision-making to help customer companies in achieving their management objectives. Meantime, the Company helped customers in building comprehensive digital exhibition halls featuring "remote 360° panorama + BIM display + interactive large screen", offering an intuitive view of the value of project management and control. In 2023, our products were recognized by authoritative organizations such as the China Software Industry Association, the Department of Housing and Urban-Rural Development of Hubei Province and the General Office of the State-owned Assets Supervision and Administration Commission of the State Council. During the Reporting Period, this product line obtained a number of newly contracted benchmark customers including China Xiongan Group (中國雄安集團), Shanghai Pudong Development (Group) Co., Ltd. (上海浦東開發(集團)有限公司), Shanghai Lujiazui (Group) Company Limited (上海陸家嘴(集團)有限公司), and Shenzhen Qianhai Construction Investment Holding Group Co., Ltd. (深圳市前海建設投資控股集團有限公司), significantly increasing the number of industrial and infrastructure construction site projects.

In 2023, the product line of Construction Management SaaS recorded a total revenue of RMB156.5 million, representing a year-on-year increase of 32.7% (same period in 2022: RMB118.0 million). In 2023, due to the impact of the investment environment in the residential market, the total number of construction sites covered by Construction Management SaaS in China was 6,876, representing a year-on-year decrease of 3.8% (same period in 2022: approximately 7,150). In particular, the number of industrial and infrastructure construction sites was 1,456, representing a year-on-year increase of 70.7% (same period in 2022: 853). The average revenue per user in a single construction site was RMB23,000, representing a year-on-year increase of 35.3% (same period in 2022: RMB17,000). The annual customer account retention rate of Construction Management SaaS was 80% (same period in 2022: 84%).

(3) Property Management & Operation SaaS

The product line of Property Management & Operation SaaS mainly helps holders and operators of existing real estate achieve digital management on their asset and multi-business space operations & services, with products covering business areas of asset management, investment attraction, leasing, space operations, property services, etc., so as to enhance the asset operation efficiency, and promote the value preservation and appreciation of assets.

In 2023, in response to China's policy of inspecting the "assets, resources and funds" of state-owned enterprises, state-owned enterprises nationwide have intensified their efforts to count and revitalize properties. Therefore, "Asset Management Cloud (雲資管)", a self-developed product of the Company, recorded a significant increase in the number of contracted orders. Meantime, catering to the rapid development industrial parks and affordable housing projects across China, the Company has launched products such as the "Digital Investment and Operation Center for Industrial Parks (產業園區數智招商及運營中心)" and the "Operation Management Platform for Affordable Housing (保障房運營管理平台)" in alignment with the specific characteristics of such properties, and has successfully expanded its state-owned enterprise customer group represented by industrial park operation companies and local affordable housing construction companies. During the Reporting Period, this product line obtained a number of newly contracted benchmark customers, including GIIHG Technology Industry Development Group Co., Ltd. (廣州工控科技產業發展集團有限公司), Guangzhou Pearl River Commercial Management Co., Ltd. (廣州珠江商業經營管理有限公司) and Hefei Haiheng Holdings Group Co., Ltd. (合肥海恒控股集團有限公司).

In 2023, the product line of Property Management & Operation SaaS recorded a total revenue of RMB87.4 million, representing a year-on-year increase of 42.0% (same period in 2022: RMB61.5 million). The total area of properties under management was approximately 470.69 million square meters, representing a year-on-year increase of 5.3% (same period in 2022: approximately 447 million square meters). The annual customer account retention rate of Property Management & Operation SaaS was 88% (same period in 2022: 85%).

(4) Skyline PaaS Platform

Since Skyline PaaS Platform was launched in November 2020, it has been focusing on developing five major independent capacities of "aPaaS Capacity, iPaaS Capacity, bpmPaaS Capacity, DaaS Capacity and Technology Innovation", covering five suite products namely aPaaS, iPaaS, bpmPaaS, BI&Big Data and BPA&Portal.

In 2023, Skyline PaaS Platform has completed the adaptation with China-made servers, operating systems, databases and middleware, obtained the mutual compatibility certification from Huawei (華為), China Electronics (中國電子), Dameng (達夢) and TongTech (東方通), and signed a number of strategic cooperation agreements with Huawei Cloud (華為雲), China Electronics (中國電子), Kylinsoft (麒麟軟件), Phytium (飛騰公司) and Dameng Database (達夢數據庫). Its architecture supports enterprise-grade cloud-native architectures such as public cloud, state-owned assets cloud and private cloud.

In July 2023, Skyline PaaS Platform officially signed a strategic cooperation agreement on Pangu Large Model with Huawei Cloud, which aims to build an AI model tailored for the real estate industry based on Huawei Cloud platform and promote the highly intelligent development of applications and services in the real estate industry. With focus on productivity sectors such as "AIGC + Zero Code", "AIGC + Low Code" and "AIGC + BI", Skyline PaaS Platform has promoted the extensive applications across scenarios including code generation, code comments, code walk-through, unit testing and data analysis, which improves the development productivity, with development efficiency in certain scenarios up by 30%.

As some residential property developers reduced the procurement of Skyline products and services due to cash flow problems in 2023, the product line of Skyline PaaS Platform recorded a total revenue of RMB148.9 million, representing a year-on-year decrease of 27.6% (same period in 2022: RMB205.6 million). As of 31 December 2023, Skyline PaaS Platform has established cooperation with a total of 2,300 customers, empowered approximately 4,833 certified zero-code/low-code/data developers, and accumulated over 80 connectors from technology partners in the real estate industry.

1.2 On-premise Software and Services

Our on-premise ERP software and services mainly provide residential property developers with real estate products covering sales, cost, procurement, planning, expenses and budgeting. In addition to the sales of software licensing, we also offer related implementation services, product support services and value-added services.

In 2023, the total revenue from On-premise Software and Services was RMB301.0 million, representing a year-on-year decrease of 22.8% (same period in 2022: RMB398.8 million). Since 2023, this business line has focused more on high-quality state-owned residential property developers with clear digital transformation objectives and sufficient IT budget, which contributed to a gradual improvement in the number of contracted orders under On-premise Software and Services in the second half of 2023 and a significant increase in the revenue of the business line in the second half of 2023 as compared with that in the first half of 2023.

2. Sales and Distribution Network

We sell and deliver Cloud Services and On-premise Software and Services through our direct sales force and a nationwide network of regional channel partners. Our sales team is organized by geographic region and divided into different teams targeting different types of customers and offerings, which results in a higher level understanding of customers' varying needs. We conduct direct sales through our sales teams in Beijing, Shanghai, Guangzhou and Shenzhen, and closely work with our regional channel partners to market our Cloud Services and On-premise Software and Services to customers in the rest of China for greater cost efficiency.

As at 31 December 2023, our direct sales force consisted of more than 300 employees with good knowledge about our products, technology and the real estate industry and extensive professional experience. The Company organizes the direct sales force by geographic locations and customer types to maximize sales efficiency.

3. Management and Operation

In 2023, the Company continued to promote its organizational optimization and established a flat management structure, so as to make decision-making more flexible and enable all business lines to quickly respond to market changes. Meantime, the Company actively optimized the configuration of middle and back offices to enhance the efficiency of organizational collaboration. In 2023, the Company's per capita output was RMB557,000, representing a year-on-year increase of 15.8% (same period in 2022: RMB481,000).

III. Industry Prospect

1. Residential Market

1.1 Local regulatory policies on commercial housing have been gradually relaxed, and the People's Bank of China and the National Financial Regulatory Administration has extended the validity period of the Notice on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market (《關於做好當前金融支持房地產市場平穩健康發展工作的通知》). China will continue to provide financial support for troubled residential property developers to ensure the completion and delivery of projects in the future. It is expected that the development and sales scales of commercial housing in China will not experience another sharp decline, and the market will regain stable growth. As housing returns to being seen as a commodity, consumers will have higher expectations for the quality of products and services from residential property developers, leading to changes in digital demand and creating new market opportunities.

1.2 China will actively promote the construction of an affordable housing system. In August 2023, the Standing Committee of the State Council considered and approved the Guiding Opinion on the Planning and Construction of Affordable Housing (《關於規劃建設保障性住房的指導意見》), which emphasized affordable housing as a core component of the new round of housing reform. Currently, 90 cities in China have issued financing targets for affordable rental housing during the "14th Five-Year Plan" period, with a total of approximately 8 million houses. With these planned affordable rental housing entering the construction phase, there will be a significant increase in demand for digital business management solutions.

1.3 The competitive landscape among residential property developers will continue to diverge. In 2023, 31 of the top 100 property developers experienced year-on-year sales declines of above 30%, including 27 private enterprises. State-owned enterprises performed significantly better than private enterprises. In the future, state-owned property developers are expected to gradually dominate China's residential market.

Overall, the profound adjustments of China's residential market will reshape the competitive landscape for digital service providers. Leveraging its competitive position, customer group structure and product innovation capabilities in the residential market, the residential product lines of the Company are expected to maintain strong growth resilience.

2. Commercial, Industrial and Infrastructure Market

2.1 In face of complex external environment and insufficient domestic demand, infrastructure construction remains a vital driver for the Chinese economy. The additional government bonds of RMB1,000 billion issued by the Chinese government in 2023 are expected to be put into use in 2024, which will provide a crucial investment impetus for local infrastructure construction. As the main development and operation entities of infrastructure construction projects in China, local urban investment companies will have long-term needs for the digital upgrades pertaining to the management and asset operation of infrastructure construction projects.

2.2 In order to enhance the efficiency of land resource utilization, first-tier and second-tier cities in China have successively introduced policies related to "Industry's Going Upstairs", so that industrial park operators will usher in new growth opportunities. It is expected that there will be more intelligent, intensive, and green and low-carbon industrial parks, catering to the needs of existing industrial cluster companies. In particular, digital tools will serve as an essential technical means for building intelligent and low-carbon industrial parks.

2.3 Super large cities and megacities will actively promote the renovation of urban villages, so as to optimize existing land and real estate resources, better address residents' housing demand through new construction after demolition and comprehensive improvement, and increase urban public infrastructure.

Overall, the commercial, industrial and infrastructure market will have more niche markets in place. Customers in this market both develop and operate, whose digitalization of business management is still in the early stage. The competitive landscape of digital service providers is relatively fragmented. Therefore, the Company will continue to prioritize its expansion in this direction in the future.

IV. Business Outlook

Since its establishment over 20 years ago, the Company has maintained a steadfast focus on the digitalization of the real estate industry, and has constantly adjusted its strategies in response to market changes to guide the healthy development of the Company. In light of the current status of the real estate market in China, the Company has formulated its core development strategies for 2024, details of which are as follows:

1. Deeply penetrating into the customer base of high-quality state-owned enterprises and ensuring growing income from customers

1.1 We will focus on high-quality state-owned residential property developers, and select state-owned enterprises with resilient performance among the top 100 residential property developers as the core customer base for our expansion efforts. To cope with the requirements of state-owned residential property developers for independent and controllable software, we will help customers to upgrade or replace existing products relying on information technology application innovation, thus enhancing the average revenue per user of existing customers.

1.2 We will focus on local state-owned platform companies, including urban investment companies, affordable housing construction companies, asset management companies, industrial park operation companies and other segmented customer groups. We will pay more attention to "Double Hundred" state-owned enterprises recognized by the State Council, and select state-owned platform companies with AA+ and above ratings by mainstream rating agencies. We will provide such customer groups with integrated solutions covering investment, construction and operation, so as to meet their digital management needs across all business scenarios including investment, construction, sales and operation of properties. We will provide services for large customers with lighthouse effect and constantly increase the customer income from state-owned platform companies.

1.3 We will explore the cooperation with state-owned digital technology companies, and work with ecological partners to promote the combined model of "management consultancy + technology platform + digital products". Through strategic cooperation with state-owned digital technology companies, we will promote the deployment and application of our products on "State-owned Enterprise Cloud" and "State-owned Assets Cloud", thereby expanding business opportunities.

2. Upgrading products by integrating AI technology and exploring more business growth opportunities

2.1 Accelerating the in-depth integration of large AI models with the Company's various product lines. As an important ecological partner of leading language model manufacturers such as Huawei Pangu NLP and Baidu ERNIE Bot, we have integrated generative AI technology and launched "AI Creative Factory (AI創意工廠)", "AI Digital Human (AI數字人)" and other AI property marketing applications to enhance the marketing productivity of our customers and demonstrated the commercial value of AI. With the emergence of more capabilities of generative AI in supporting multiple business formats, we will work with our partners to further explore the potential of large AI models, and accelerate the launch of products with greater application value and commercial potentials to promote more business growth opportunities.

2.2 Utilizing large AI models to boost the platform's productivity, Skyline PaaS Platform has integrated with domestic and foreign mainstream large AI models, which can quickly generate data models, pages/forms, business processes and other objects based on natural semantics, and support zero/low code correction requirements to help customers quickly build and expand their own applications. The Company will continue to explore the combination of generative AI with development and data PaaS services to create more productive technology tools to help customers realize business success.

3. Launching internationalization strategy and actively expanding overseas markets

3.1 The Company has established an international business department in Singapore to actively expand its presence in the real estate digitalization market in Southeast Asia and related Middle East countries. The Company will launch joint marketing with public cloud vendors such as Huawei Cloud and local software integrators, and verify the value of its products by creating benchmark projects to realize a comprehensive breakthrough in its overseas business.

3.2 The Company has completed market research with benchmark real estate customers in Southeast Asia and has identified the development prospects of its core product lines in the local market. In the future, the Company will accelerate the localization of its products to better adapt to the differentiated needs of local real estate customers. Subject to the compliance requirements of overseas markets, the Company will fully utilize the agile development capability of the PaaS platform, combined with the support of AI technology, to create a number of digital solutions that meet the business needs of overseas real estate customers.

4. Continuing to increase revenue and reduce expenditure, cut costs and improve efficiency, and enhance operation quality

4.1 We will maintain a steadfast focus on high-quality customer groups and their rigid needs, constantly enhance the quality of contracts, and mitigate operational risks. Through our national delivery resource sharing and extensive outsourcing partnership, we can reduce project delivery and service costs and improve the overall operation quality.

4.2 Building upon the improvement in human efficiency achieved in 2023, we will comprehensively bolster the budget management mechanism, constantly improve our team structure, establish a differentiated incentive mechanism, and reinforce the leadership and professional capabilities, so as to further enhance human efficiency.

4.3 We will intensify the application of AI across the Company. "Skyline GPT-Application Development Assistant (天際GPT－應用開發助手)", "Data Analysis Assistant (數據分析助手)" and other development tools under Skyline PaaS Platform substantially enhanced our research and development efficiency in development/testing through assisted code generation, code review and other methods. Going forward, we will apply AI capabilities in delivery, customer services and other businesses in the value chain, so as to continuously enhance our business and human efficiency.

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenues	**1,639,644**	1,816,357
Cost of sales	**(336,417)**	(337,029)
Gross profit	**1,303,227**	1,479,328
Selling and marketing expenses	**(921,689)**	(1,006,908)
General and administrative expenses	**(519,506)**	(682,342)
Research and development expenses	**(643,033)**	(816,934)
Net impairment losses on financial assets and contract assets	**(46,091)**	(58,329)
Other income	**66,250**	69,533
Other losses, net	**(2,378)**	(250,025)
Operating loss	**(763,220)**	(1,265,677)
Finance income	**182,592**	108,693
Finance costs	**(7,104)**	(10,321)
Finance income, net	**175,488**	98,372
Share of losses of investments accounted for using the equity method	**(1,691)**	(1,361)
Loss before income tax	**(589,423)**	(1,168,666)
Income tax credit	**2,380**	9,454
Loss for the year	**(587,043)**	(1,159,212)
Loss attributable to:		
Owners of the Company	**(585,634)**	(1,154,070)
Non-controlling interests	**(1,409)**	(5,142)
	(587,043)	(1,159,212)

Revenues

During the Reporting Period, our total revenue was RMB1,639.6 million, representing a year-on-year decrease of 9.7% (same period in 2022: RMB1,816.4 million). The following table sets forth a breakdown of our revenue by business segment for the years indicated.

	Year ended 31 December		
	2023	2022	Change
	RMB	*RMB*	*%*
	(RMB in thousand, except percentage)		
Cloud Services	**1,338,663**	1,426,592	(6.2)
– CRM SaaS	**945,904**	1,041,461	(9.2)
– Construction Management SaaS	**156,506**	117,973	32.7
– Property Management & Operation SaaS	**87,385**	61,518	42.0
– Skyline PaaS Platform	**148,868**	205,640	(27.6)
On-premise Software and Services	**300,981**	389,765	(22.8)
Total	**1,639,644**	1,816,357	(9.7)

For the year ended 31 December 2023, the revenue from Cloud Services was RMB1,338.7 million, representing a year-on-year decrease of 6.2%, accounting for 81.6% of the total revenue (same period in 2022: 78.5%). The decrease in the revenue from Cloud Services was mainly due to that China's residential market remained in an adjustment stage as well as the impact of carry-forward cycle of newly signed contracts in 2023. In terms of the segmented product lines of Cloud Services, as affected by the overall sales environment of the residential market, the revenue from CRM SaaS was RMB945.9 million, representing a year-on-year decrease of 9.2% during the Reporting Period. Despite numerous unfavorable factors in the external environment, we have adhered to the strategy of upgrading our target markets and focused on expanding the two real estate markets of industry and infrastructure. During the Reporting Period, the revenue from Construction Management SaaS was RMB156.5 million, representing a year-on-year increase of 32.7%; the revenue from Property Management & Operation SaaS was RMB87.4 million, representing a year-on-year increase of 42.0%. As at 31 December 2023, the amount of unperformed contracts for Cloud Services (tax exclusive) was RMB818.8 million, representing an increase of 5.5% as compared with that as at 31 December 2022.

For the year ended 31 December 2023, the revenue from On-premise Software and Services was RMB301.0 million, representing a year-on-year decrease of 22.8%. In particular, the revenue in the second half of 2023 was RMB173.8 million, representing an increase of 36.6% compared to the first half of 2023. Mainly affected by the market environment, some private residential property developers still faced financial difficulties, which caused them to remain prudent about investment in digitalization. Since 2023, we have focused more on high-quality state-owned residential property developers with clear digital transformation objectives and sufficient IT budget, which contributed to a gradual improvement in the number of contracted orders under On-premise Software and Services in the second half of 2023.

Gross Profit

During the Reporting Period, the Group's overall gross profit was RMB1,303.2 million, representing a year-on-year decrease of 11.9% (same period in 2022: RMB1,479.3 million). Gross profit from our Cloud Services was RMB1,181.1 million, representing a year-on-year decrease of 10.3% (same period in 2022: RMB1,316.5 million). The gross profit margin of Cloud Services decreased from 92.3% in 2022 to 88.2% in 2023, mainly due to the increase in the purchase costs from third parties in respect of Cloud Services. Gross profit from On-premise Software and Services was RMB122.1 million, representing a year-on-year decrease of 25.0% (same period in 2022: RMB162.9 million). The gross profit margin of On-premise Software and Services basically remained stable at 40.6%.

Selling and Marketing Expenses

During the Reporting Period, our selling and marketing expenses were RMB921.7 million, representing a year-on-year decrease of 8.5% (same period in 2022: RMB1,006.9 million). Our selling and marketing expenses after excluding the share-based compensation were RMB874.3 million, representing a year-on-year decrease of 11.7% (same period in 2022: RMB989.6 million).

General and Administrative Expenses

During the Reporting Period, our general and administrative expenses were RMB519.5 million, representing a year-on-year decrease of 23.9% (same period in 2022: RMB682.3 million). Our general and administrative expenses after excluding the share-based compensation were RMB167.0 million, representing a year-on-year decrease of 20.6% (same period in 2022: RMB210.4 million).

Research and Development Expenses

During the Reporting Period, our research and development expenses were RMB643.0 million, representing a year-on-year decrease of 21.3% (same period in 2022: RMB816.9 million). Our research and development expenses after excluding the share-based compensation were RMB625.6 million, representing a year-on-year decrease of 22.4% (same period in 2022: RMB806.7 million).

Net Impairment Losses on Financial Assets and Contract Assets

During the Reporting Period, our net impairment losses were RMB46.1 million, representing a year-on-year decrease of 20.9% (same period in 2022: RMB58.3 million).

Other Income

During the Reporting Period, our other income was RMB66.3 million, representing a year-on-year decrease of 4.6% (same period in 2022: RMB69.5 million).

Other Losses, Net

During the Reporting Period, our other losses, net amounted to RMB2.4 million, representing a year-on-year decrease of 99.0% (other losses, net for the same period in 2022: RMB250.0 million), primarily because we made a series of fund allocation in 2023, which effectively reduced foreign exchange risks. During the Reporting Period, our foreign exchange gains amounted to RMB14.1 million (foreign exchange losses for the same period in 2022: RMB199.5 million).

Operating Loss

During the Reporting Period, our operating loss amounted to RMB763.2 million, representing a year-on-year decrease of 39.7% (operating loss for the same period in 2022: RMB1,265.7 million).

Finance Income

During the Reporting Period, our finance income amounted to RMB182.6 million, representing a year-on-year increase of 68.0% (same period in 2022: RMB108.7 million), primarily due to an increase in interest income from bank deposits.

Finance Costs

During the Reporting Period, our finance costs amounted to RMB7.1 million, representing a year-on-year decrease of 31.1% (same period in 2022: RMB10.3 million).

Loss Before Income Tax

As a result of the foregoing, we had a loss before income tax of RMB589.4 million for the year ended 31 December 2023, representing a year-on-year decrease of 49.6% (loss before income tax for the same period in 2022: RMB1,168.7 million).

Income Tax Credit

During the Reporting Period, our income tax credit amounted to RMB2.4 million, representing a year-on-year decrease of 74.7% (income tax credit for the same period in 2022: RMB9.5 million).

Loss for the Year

As a result of the foregoing, during the Reporting Period, we recorded a loss for the year of approximately RMB587.0 million, representing a year-on-year decrease of 49.4% (loss for the same period in 2022: RMB1,159.2 million).

Non-IFRS Measures

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

Adjusted Net Loss

We define adjusted net loss as net loss for the year adjusted by adding back share-based compensation expenses and goodwill impairment.

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

	Year ended 31 December		
	2023	2022	Change
	RMB'000	*RMB'000*	*%*
Reconciliation of net loss and adjusted net loss			
Net loss for the year	**(587,043)**	(1,159,212)	(49.4)
Goodwill impairment	**–**	32,808	(100.0)
Share-based compensation expenses	**417,322**	499,450	(16.4)
Adjusted net loss	**(169,721)**	(626,954)	(72.9)

Liquidity and capital resources

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

Cash and Cash Equivalents and Term Deposits

As at 31 December 2023, cash and cash equivalents and term deposits of the Group recorded a total of approximately RMB4,392.0 million (31 December 2022: RMB4,636.2 million), and the Group did not have any banking facilities. Most of the cash and cash equivalents of the Group were denominated in RMB and USD. The term deposits of the Group were denominated in RMB and USD.

Current Ratio

As at 31 December 2023, net current assets of the Group were approximately RMB3,947.2 million (31 December 2022: RMB4,290.1 million). As at 31 December 2023, the current ratio of current assets to current liabilities was approximately 5.96, up from 5.87 as at 31 December 2022.

Capital management and gearing ratio

In order to maintain or adjust the capital structure, we may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. We monitor capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as liquid liabilities, which are lease liabilities, less cash and cash equivalents, restricted cash, term deposits and liquid investments which are investments in wealth management products and investments in debt instruments included in financial assets at fair value through profit or loss. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts. As at 31 December 2023 and 2022, the Group has a net cash position.

Capital commitments

As at 31 December 2023, we did not have any capital commitments with respect to assets under construction (31 December 2022: RMB11.8 million).

Contingent liabilities

As at 31 December 2023, we did not have any material contingent liabilities.

Foreign exchange risk management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars and the HK dollars in exchange of Renminbi. During the Reporting Period, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure. The Group made a series of capital arrangements adjustments in response to the significant exchange rate fluctuations in 2023, which was expected to effectively reduce the foreign exchange risk.

Credit risk

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

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

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

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

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

Fund and working capital management

Our funds and liquidity management are centrally carried out by our finance department. Our finance department is generally responsible for overall management and implementation of funds, including formulating the capital management policy for our Group, guiding, coordinating and standardizing the fund management of regional companies, making annual funding plans, reviewing and summarizing annual capital budget, overseeing and assessing fund management of each regional company. We have also adopted sophisticated fund management policies and implemented a set of rules and guidelines on fund management to enhance the effectiveness and efficiency of fund management, thereby ensuring our financial security and reducing cost of capital.

To manage our idle cash on hand, we purchase and redeem wealth management products using them as our "cash pool" from which we could readily access cash as needed and generate higher yield than bank deposits. The underlying financial assets of the wealth management products in which we invested primarily consist of the low-risk wealth management products issued by financial institutions. The amount of the purchase will be determined based on our surplus funds. We consistently comply with our treasury policy during the procedures of purchasing the wealth management products and managing the relevant departments, as well as in conducting business, accounting and filing.

We are committed to safeguarding overall financial security and maintaining strong cash position and a healthy debt profile with strong repayment ability. By adopting a full, reasonable and professional assessment mechanism, preparing annual and monthly funding plans, we have established prudent fund management principle, which allows us to efficiently manage market risks.

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

Pledge of assets

As at 31 December 2023, we did not pledge any of our assets.

Material acquisitions, disposals and significant investments

As at 31 December 2023, we did not hold any significant investments.

The financial assets that we invested mainly include investments in wealth management products. The Board confirmed that the transactions in these financial assets on standalone and aggregate basis during the Reporting Period did not constitute notifiable transactions under Chapter 14 of the Listing Rules.

During the year ended 31 December 2023, there were no material acquisitions, disposals of subsidiaries, associates and joint ventures.

Future plans for material investments and capital assets

During the year ended and as of 31 December 2023, the Group did not have plans for material investments and capital assets.

Subsequent event

Since 31 December 2023 and up to the date of this announcement, there were no other significant events affecting the Group.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December	
	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenues	*4*	**1,639,644**	1,816,357
Cost of sales	*5*	**(336,417)**	(337,029)
Gross profit		**1,303,227**	1,479,328
Selling and marketing expenses	*5*	**(921,689)**	(1,006,908)
General and administrative expenses	*5*	**(519,506)**	(682,342)
Research and development expenses	*5*	**(643,033)**	(816,934)
Net impairment losses on financial assets and contract assets		**(46,091)**	(58,329)
Other income	*6*	**66,250**	69,533
Other losses, net	*7*	**(2,378)**	(250,025)
Operating loss		**(763,220)**	(1,265,677)
Finance income	*8*	**182,592**	108,693
Finance costs	*8*	**(7,104)**	(10,321)
Finance income, net		**175,488**	98,372
Share of losses of investments accounted for using the equity method		**(1,691)**	(1,361)
Loss before income tax		**(589,423)**	(1,168,666)
Income tax credit	*9*	**2,380**	9,454
Loss for the year		**(587,043)**	(1,159,212)
Loss attributable to:			
Owners of the Company		**(585,634)**	(1,154,070)
Non-controlling interests		**(1,409)**	(5,142)
		(587,043)	(1,159,212)
Losses per share for loss attributable to owners of the Company (expressed in RMB per share)			
Basic	*10*	**(0.32)**	(0.62)
Diluted	*10*	**(0.32)**	(0.62)

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(587,043)**	(1,159,212)
Other comprehensive loss, net of tax		
Items that may be reclassified to profit or loss		
Currency translation differences from foreign operations	**(42,772)**	(33,022)
Items that will not be reclassified to profit or loss		
Currency translation differences from the Company	**59,408**	382,375
Changes in fair value of financial assets at fair value through other comprehensive loss, net of tax	**(5,259)**	(3,021)
Total comprehensive loss for the year	**(575,666)**	(812,880)
Total comprehensive loss attributable to:		
Owners of the Company	**(574,257)**	(807,738)
Non-controlling interests	**(1,409)**	(5,142)
	(575,666)	(812,880)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**224,713**	253,799
Investment properties		**178,646**	182,361
Right-of-use assets		**304,981**	404,301
Intangible assets		**1,996**	19,682
Financial assets at fair value through profit or loss		**77,222**	53,387
Financial assets at fair value through other comprehensive income		**360**	6,547
Contract acquisition costs	*4*	**7,639**	5,412
Prepayments and other receivables	*12*	**32,477**	46,514
Deferred income tax assets		**23,033**	19,942
Investments accounted for using the equity method		**19,184**	20,875
Term deposit with original maturity over three months		**237,792**	–
Restricted cash		**745**	500
Total non-current assets		**1,108,788**	1,013,320
Current assets			
Inventories		**9,536**	6,723
Contract assets	*4*	**80,663**	56,582
Contract acquisition costs	*4*	**255,337**	266,898
Trade receivables	*12*	**66,168**	73,506
Prepayments and other receivables	*12*	**55,767**	98,606
Financial assets at fair value through profit or loss		**111,257**	29,702
Term deposit with original maturity over three months		**181,290**	2,994,122
Restricted cash		**260**	2,630
Cash and cash equivalents		**3,972,900**	1,642,078
		4,733,178	5,170,847
Assets classified as held for sale		**10,252**	–
Total current assets		**4,743,430**	5,170,847
Total assets		**5,852,218**	6,184,167
EQUITY			
Share capital		**170**	172
Treasury shares		**(4,492)**	(219,501)
Reserves		**7,408,985**	7,207,104
Accumulated losses		**(2,470,706)**	(1,885,025)
		4,933,957	5,102,750
Non-controlling interests		**–**	(8,297)
Total equity		**4,933,957**	5,094,453

	Note	As at 31 December 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Contract liabilities	*4*	**32,013**	33,225
Lease liabilities		**89,919**	174,983
Deferred income tax liabilities		**102**	776
Total non-current liabilities		**122,034**	208,984
Current liabilities			
Trade payables	*13*	**23,762**	37,874
Other payables and accruals	*14*	**214,970**	225,505
Contract liabilities	*4*	**514,861**	567,778
Lease liabilities		**42,634**	49,573
Total current liabilities		**796,227**	880,730
Total liabilities		**918,261**	1,089,714
Total equity and liabilities		**5,852,218**	6,184,167

NOTES

1 GENERAL INFORMATION

Ming Yuan Cloud Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 July 2019 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing") on 25 September 2020 (the "Listing Date").

The Company is an investment holding company. The Company and its subsidiaries (collectively, the "Group") are principally engaged in the provision of cloud services, on-premise software and services for property developers and other industry participants along the real estate value chain in the People's Republic of China (the "PRC"), which enable property developers and other real estate industry participants to streamline and digitalise their business operations (collectively, the "Business").

The financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 BASIS OF PREPARATION

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

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

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied new and amended standards effective for the financial period beginning on 1 January 2023. The adoption of these new and revised standards does not have any significant impact on the consolidated financial statements of the Group.

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

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

		Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 7 and IAS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025

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

3 SEGMENT INFORMATION

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

Cloud services	Including software as a service and platform as a service.
On-premise software and services	On-premise software and services, a business process management software and related services that allow an organisation to use a system of integrated applications to manage the business and automate back-office functions relating to technology, services, and human resources.

Since 1 January 2023, considering the changes that took place in the industry, and to allow the relevant stakeholders to better understand the businesses of the Group in relative terms to other companies of similar industries, the directors of the Company have re-named and re-defined the original operating segments formerly known as "SaaS products" and "ERP solutions" to "Cloud services" and "On-premise software and services" respectively. The CODM assesses the performance of the operating segments mainly based on segment revenues and segment gross profit. The re-naming and redefining of the operating segments have no impact on the comparative figures.

There were no information by segment about total assets, total liabilities, inter-segment revenue, interest revenue, interest expense and other profit and loss items, such as depreciation, amortisation and income tax provided to the CODM, as CODM does not use this information to allocate resources or to evaluate the performance of the operating segments. Substantially all of the businesses of the Group are carried out in the PRC.

The segment information for the year ended 31 December 2023 is as follows:

	Cloud services *RMB'000*	**On-premise software and services** *RMB'000*	**Total** *RMB'000*
Revenues	**1,338,663**	**300,981**	**1,639,644**
Cost of sales	**(157,551)**	**(178,866)**	**(336,417)**
Gross profit	**1,181,112**	**122,115**	**1,303,227**

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

	Cloud services *RMB'000*	On-premise software and services *RMB'000*	Total *RMB'000*
Revenues	1,426,592	389,765	1,816,357
Cost of sales	(110,133)	(226,896)	(337,029)
Gross profit	1,316,459	162,869	1,479,328

4 REVENUES

The Group's revenues include revenues from cloud services and on-premise software and services. The Group acts as the principal to end customers for sales of cloud services. In respect of on-premise software and services, the Group acts as the principal to end customers in the model of direct sales whereas the Group acts as the principal to regional channel partners in the model of sales through them. Revenue is stated net of value added tax ("VAT") in the PRC and comprises the following:

	Year ended 31 December	
	2023 *RMB'000*	2022 *RMB'000*
Cloud services	**1,338,663**	1,426,592
On-premise software and services	**300,981**	389,765
	1,639,644	1,816,357

	Year ended 31 December	
	2023 *RMB'000*	2022 *RMB'000*
Cloud services		
– Revenues over time	**1,268,087**	1,352,876
– Revenues at a point in time	**70,576**	73,716
On-premise software and services		
– Revenues over time	**239,010**	317,282
– Revenues at a point in time	**61,971**	72,483
	1,639,644	1,816,357

Revenue from each individual customer is lower than 10% of the Group's total revenue for the year ended 31 December 2023 and 2022.

(a) Assets and liabilities related to contracts with customers

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Contract assets	**120,152**	93,827
Less: Loss allowance	**(39,489)**	(37,245)
Total contract assets	**80,663**	56,582
Contract acquisition costs (iii)	**262,976**	272,310
Less: non-current portion	**(7,639)**	(5,412)
	255,337	266,898
Contract liabilities (ii)	**546,874**	601,003
Less: non-current portion	**(32,013)**	(33,225)
	514,861	567,778

(i) Significant changes in contract assets, contract acquisition costs and contract liabilities

Contract assets are the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. Such assets increased as a result of the increase of non-completed contracts.

Contract acquisition costs represent the differences between the gross amount billed to the end customers by the regional channel partners and the amount billed to regional channel partners by the Group, where the regional channel partners are the agents of the Group. Such assets decreased as a result of the decline of average commission rate.

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. Such liabilities decreased mainly as a result of the decline of the Group's revenues from on-premise software and services and decrease of advance payment from customers.

(ii) Revenue recognised in relation to contract liabilities

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue recognised in relation to contract liabilities	**478,170**	498,859

(iii) Assets recognised from costs to obtain a contract

Management expects the incremental costs, only including sale commissions, as a result of obtaining the contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised. For the year ended 31 December 2023, the amount of amortisation was RMB180,384,000 (2022: RMB177,264,000). There was no impairment loss in relation to the costs capitalised.

(iv) Unsatisfied long-term contracts

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

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Unsatisfied long-term contracts		
– On-premise software and services	**169,460**	201,136
– Cloud services	**818,827**	776,271
	988,287	977,407

The management expects that unsatisfied performance obligations of approximately RMB889,324,000 as at 31 December 2023 (2022: RMB879,695,000) will be recognised as revenue within 1 year. The remaining unsatisfied performance obligations of approximately RMB98,963,000 (2022: RMB97,712,000) will be recognised as revenue in 1 to 2 years.

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

5 EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Employee benefit expenses	**1,182,525**	1,401,969
Commission expenses	**418,047**	488,865
Share-based compensation expenses	**417,322**	499,450
Outsourcing expenses	**58,432**	92,036
Professional and technical service fees	**57,086**	54,663
Depreciation of right-of-use assets	**52,563**	68,223
IT and communication charges	**48,225**	38,968
Depreciation of property, plant and equipment	**38,077**	40,123
Costs of inventories sold	**35,835**	32,511
Traveling and entertainment expenses	**31,252**	28,525
Exhibition and promotion charges	**27,764**	24,765
Short-term rental and utilities expenses	**16,465**	27,630
Office expenses	**12,221**	16,233
Taxes and surcharges	**10,362**	11,199
Auditor's remuneration	**6,845**	11,270
– Audit services	**4,200**	4,380
– Non-audit services	**2,645**	6,890
Depreciation of investment properties	**3,715**	1,987
Amortisation of intangible assets	**2,599**	3,443
Others	**1,310**	1,353
	2,420,645	2,843,213

No research and development expenses had been capitalised during the years ended 31 December 2023 and 2022.

6 OTHER INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Government grants	**20,432**	27,228
Dividend and interest income from investments in unlisted equity securities and debt instruments included in financial assets at fair value through profit or loss	**46**	9,583
VAT refund (a)	**7,354**	8,488
Rental income	**13,172**	8,159
Income generated from offline activities and others	**4,391**	8,043
Income from wealth management products (b)	**20,855**	8,032
	66,250	69,533

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

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

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

7 OTHER LOSSES, NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Net (losses)/gains on disposal of property, plant and equipment and right of use asset	**(7,625)**	3,264
Fair value losses on investments in unlisted equity securities included in financial assets at FVPL	**(7,980)**	(7,564)
Fair value losses on investments in debt instruments	**–**	(12,836)
Goodwill impairment	**–**	(32,808)
Foreign exchange gains/(losses)	**14,141**	(199,523)
Disposal of a subsidiary	**124**	–
Others	**(1,038)**	(558)
	(2,378)	(250,025)

8 FINANCE INCOME, NET

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Finance income		
– Interest income from bank deposits	**182,592**	108,693
Finance costs		
– Interest expenses on lease liabilities	**(7,104)**	(10,321)
Finance income – net	**175,488**	98,372

9 INCOME TAX CREDIT

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current income tax	**–**	131
Deferred income tax	**(2,380)**	(9,585)
Income tax credit	**(2,380)**	(9,454)

10 LOSSES PER SHARE

(a) Basic losses per share

Basic losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue and outstanding during the years ended 31 December 2023 and 2022.

	Year ended 31 December	
	2023	2022
Loss attributable to owners of the Company (RMB'000)	**(585,634)**	(1,154,070)
Weighted average number of ordinary shares in issue and outstanding (thousand)	**1,837,277**	1,847,885
Basic losses per share (in RMB)	**(0.32)**	(0.62)

(b) Diluted losses per share

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

For the year ended 31 December 2023 and 2022, as the Group incurred losses, the potential ordinary shares of restricted share units were not included in the calculation of dilutive losses per share, as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the year ended 31 December 2023 and 2022 are the same as basic losses per share.

11 DIVIDENDS

The Board has recommended the declaration and payment of the special dividend of HK$0.1 (equivalent to RMB0.091) per share out of the share premium, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The special dividend proposed has not been recognised as liability in these consolidated financial statements.

The Board did not propose and pay any final dividend for the year ended 31 December 2023.

12 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables from contracts with customers (a)	**140,353**	147,829
Less: Loss allowance	**(74,185)**	(74,323)
Trade receivables – net	**66,168**	73,506
Prepayments to suppliers	**32,727**	53,790
Prepayments for property, plant and equipment	**12,161**	19,841
Prepayments for leasehold improvements	**–**	1,340
Prepayments for employee benefits	**5,231**	6,646
Total prepayments	**50,119**	81,617
Rental and other deposits	**21,814**	26,353
Others	**16,348**	37,179
Less: Loss allowance	**(37)**	(29)
Other receivables – net	**38,125**	63,503
Total trade receivables, prepayments and other receivables	**154,412**	218,626
Less: Non-current deposits and prepayments	**(32,477)**	(46,514)
Current portion	**121,935**	172,112

(a) Trade receivables

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**140,353**	147,829
Less: Loss allowance	**(74,185)**	(74,323)
	66,168	73,506

The Group normally allows 0 to 90 days credit period to its customers. Ageing analysis of the trade receivables as at 31 December 2023 and 2022, based on date of recognition, is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Ageing		
Up to 3 months	**37,344**	42,213
3 to 6 months	**16,356**	18,548
6 months to 1 year	**22,995**	32,409
1 to 2 years	**36,670**	43,790
Over 2 years	**26,988**	10,869
	140,353	147,829

13 TRADE PAYABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade payables to third parties	**23,762**	37,874

As at 31 December 2023 and 2022, the ageing analysis of the trade payables based on date of recognition are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Ageing:		
Up to 3 months	**15,509**	37,874
3 to 6 months	**473**	–
6 months to 1 year	**2,141**	–
Over 1 year	**5,639**	–
	23,762	37,874

14 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Accrued payroll and employee benefit expenses	**187,764**	197,489
VAT and surcharges payable	**5,487**	8,287
Commissions payable to regional channel partners	**7,144**	5,928
Accrued auditor's remuneration	**4,200**	4,982
Deposits from regional channel partners	**1,652**	1,672
Others	**8,723**	7,147
	214,970	225,505

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Shares

During the year ended 31 December 2023, the Company has repurchased a total of 1,373,000 Shares (the "**Share Repurchased**") on the Stock Exchange at an aggregate consideration of approximately HK$4.01 million before expenses. The Company cancelled a total of 44,131,000 Shares on 16 March 2023 and a total of 313,000 Shares on 30 November 2023, respectively. As at 31 December 2023, a total of 1,060,000 Shares Repurchased remained outstanding and had not been cancelled. Subsequent to the Reporting Period, the Company has repurchased a total of 6,371,000 Shares on the market at the aggregate consideration of approximately HK$13.14 million including expenses in January 2024 and February 2024. Details of the Shares Repurchased by the Company during the Reporting Period are as follows:

Month of repurchase in 2023	**Total number of Shares Repurchased**	**Purchase price paid per Share**		**Aggregate consideration paid**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
May	313,000	3.20	3.19	1,004,278.56
December	1,060,000	2.85	2.78	3,007,522.73
Total	1,373,000			4,011,801.29

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

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

Employees

As of 31 December 2023, we had 2,577 (31 December 2022: 3,310) employees in total, representing a decrease of 22.1% compared with 31 December 2022.

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

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

To maintain the quality, knowledge and skill levels of our employees, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional or management skills. We also provide trainings programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects.

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

Dividends

The Board has recommended the declaration and payment of the Special Dividend of HK$0.1 (equivalent to RMB0.091) per Share out of the Share Premium Account, subject to the approval of the Shareholders at the Forthcoming Annual General Meeting. The payment of the Special Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions:

(a) the passing of an ordinary resolution by the Shareholders at the Forthcoming Annual General Meeting approving the declaration and payment of the Special Dividend out of the Share Premium Account pursuant to Articles 133 and 134 of the Articles of Association;

(b) the Directors being satisfied that, immediately following the payment of the Special Dividend, the Company shall be able to pay its debts as they fall due in the ordinary course of business; and

(c) the Company having complied with all requirements under the laws of the Cayman Islands regarding the payment of the Special Dividend out of the Share Premium Account.

The conditions set out above cannot be waived. If the conditions set out above are not satisfied, the Special Dividend will not be paid. Subject to the fulfilment of the above conditions, it is expected that the Special Dividend will be paid in cash on or about Friday, 5 July 2024 to the qualifying Shareholders whose names appear on the register of members of the Company at close of business on Monday, 20 May 2024, being the record date for determination of entitlements of the Shareholders to the Special Dividend. Further details regarding the Special Dividend will be set forth in a circular (together with a notice of the Forthcoming Annual General Meeting) to be dispatched to the Shareholders and/or made electronically available on the respective websites of the Stock Exchange and the Company in due course.

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2023.

Closure of Register of Members

For determining the entitlement to attend and vote at the Forthcoming Annual General Meeting, the register of members of the Company will be closed from Tuesday, 7 May 2024 to Friday, 10 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Forthcoming Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 6 May 2024.

For determining the entitlement to the Special Dividend (subject to approval by the Shareholders at the Forthcoming Annual General Meeting), the register of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible for the above proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 17 May 2024.

Audit Committee

The Board has established the Audit Committee, which comprises three independent non-executive Directors, namely, Ms. TONG Naqiong (童娜瓊) (Chairperson), Mr. LI Hanhui (李漢輝) and Mr. ZHAO Liang (趙亮). The Audit Committee has also adopted written terms of reference, which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the senior management of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 December 2023. The Audit Committee considered that the annual financial information is in compliance with the applicable accounting standards, laws and regulations.

Scope of Work of Auditors

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary results announcement have been compared by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023 and the amounts were found to be in agreement. The work performed by the Company's auditor in this respect did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Company's auditor on this announcement.

Corporate Governance

The Board is committed to achieving good corporate governance standards.

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

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

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

Social Responsibilities

In 2023, the Group continued to explore the possibility of public welfare activities, pay attention to society's needs, and carry out community public welfare activities. Meanwhile, we strive to fulfill corporate social responsibility and consistently contribute to social development.

Up to now, the Group has cooperated with local public welfare organizations to help 8 rural primary and middle schools in Hunan and Guizhou, subsidizing a total of 61 students with a total amount of RMB200,000.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions since the Listing Date. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended 31 December 2023.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code. No incident of non-compliance of the Model Code by the employees was noted by the Company as at 31 December 2023.

Publication of the Annual Results and the Annual Report for the Reporting Period

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.mingyuanyun.com. The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and/or made electronically available on the respective websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules.

APPRECIATION

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"Articles of Association"	the second amended and restated articles of association of the Company adopted by a special resolution passed on 27 May 2022, as may be amended and/or restated from time to time
"Audit Committee"	the audit committee of the Board
"Board", "our Board" or "Board of Directors"	the board of directors of our Company
"Chairman"	the chairman of the Board
"China" or "PRC"	the People' s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Company", "our Company", or "the Company"	Ming Yuan Cloud Group Holdings Limited (明源雲集團控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 3 July 2019
"Consolidated Affiliated Entity"	the entity that we control through contractual arrangements
"Director(s)"	the director(s) of our Company
"Forthcoming Annual General Meeting"	the forthcoming annual general meeting of the Company which is scheduled to take place on 10 May 2024, further details of which will be included in a notice to be dispatched
"Group", "our Group", "the Group", "we", "us", or "our"	our Company and its subsidiaries and Consolidated Affiliated Entity from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries and Consolidated Affiliated Entity, such subsidiaries and Consolidated Affiliated Entity as if they were subsidiaries and Consolidated Affiliated Entity of our Company at the relevant time

"HKD" or "HK$" or "HK dollars"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	IFRS Accounting Standards
"Listing Date"	25 September 2020, being the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Reporting Period"	the year ended 31 December 2023
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of China
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of HK$0.0001 each
"Shareholder(s)"	holder(s) of our Shares
"Share Premium Account"	the share premium account of the Company, the amount standing to the credit of which was approximately RMB7,408,985,000 as at 31 December 2023 based in the audited consolidated financial statements of the Company for the Reporting Period
"Special Dividend"	the declaration and payment of HK$0.1 (equivalent to RMB0.091) per Share out of the Share Premium Account, subject to the approval by the Shareholders at the Forthcoming Annual General Meeting and the conditions set forth in the section headed "*Dividends*" in this announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S."	United States of America
"USD" or "US$" or "US dollars"	United States Dollars, the lawful currency of the U.S.
"%"	per cent.

GLOSSARY OF TECHNICAL TERMS

"app" or "application"	application software designed to run on smartphones and other mobile devices
"cloud-based"	applications, services or resources made available to users on demand via the Internet from a cloud computing provider's server with access to shared pools of configurable resources
"Customer Relationship Management"	customer relationship management, a strategy for managing an organization's relationships and interactions with customers and potential customers
"ERP"	enterprise resource planning, a business process management software that allows an organization to use a system of integrated applications to manage the business and digitalize back-office functions relating to technology, services, and human resources
"PaaS"	platform as a service, a category of cloud computing services that provides a platform and environment to allow property developers to build applications over the Internet
"SaaS"	software as a service, a cloud-based software licensing and delivery model in which software and associated data are centrally hosted
"Skyline PaaS Platform" or "Skyline"	a low-code PaaS platform launched by the Group for aPaaS Capacity, iPaaS Capacity, bpmPaaS Capacity, DaaS Capacity and Technology Innovation

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

Shenzhen, PRC, 19 March 2024

As of the date of this announcement, the Board comprises Mr. GAO Yu, Mr. JIANG Haiyang and Mr. CHEN Xiaohui as executive Directors, Mr. LIANG Guozhi as non-executive Director, and Ms. TONG Naqiong, Mr. LI Hanhui and Mr. ZHAO Liang as independent non-executive Directors.