



玄武雲科技控股有限公司

Xuan Wu Cloud Technology Holdings Limited

Stock Code: 2392

2024

Environmental, Social and Governance Report



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ABOUT THE REPORT

This report is the third Environmental, Social and Governance Report (the “Report” or “this Report”) issued by Xuan Wu Cloud Technology Holdings Limited (the “Company”) and its subsidiaries and related consolidated entities (collectively, “Xuan Wu Cloud”, the “Group”, “we”, “us” or “our”). The purpose of the Report is to disclose to our stakeholders the management initiatives, key performance and material progress made by the Group in the area of environmental, social and governance (“ESG”) in 2024.

Reporting Standards

The Report has been prepared in accordance with the provisions of Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with reference to the Sustainable Development Goals of the United Nations (SDGs).

Reporting Principles of the Report

Materiality The Group has identified material ESG issues through communication with relevant stakeholders and assessment on materiality, both of which are fully disclosed in the Report	Quantitative The Group has made quantitative disclosure of its ESG policies and key performance indicators (“KPIs”) information with written explanations
Balance This Report has reflected objective facts in all aspects and has sought to present the performance of Xuan Wu Cloud in an unbiased manner	Consistency The Group has adopted consistent methodology of disclosures so as to allow relevant stakeholders to analyse and assess the Group’s performance during different period

Reporting Scope and Currency Unit

Unless otherwise stated, the policies, statements and information set out in the Report cover the actual business operation of the Group. The Report covers the period from 1 January 2024 to 31 December 2024 (the “Reporting Period”). The currency used in the Report is Renminbi (“RMB”).

Data Source and Reliability Assurance

All data and information used in the Report derives from the official records, statistical reports and relevant published information of the Group. The board (the “Board”) of directors (the “Director(s)”) of the Group takes responsibility for the truthfulness, accuracy and completeness of the Report.

Accessibility of the Report and Contact Information

The Chinese and English versions of this Report are available for viewing and downloading on the website of the Stock Exchange (www.hkexnews.hk) and the investor relations website of Xuan Wu Cloud (<https://ir.wxchina.com>).

At the same time, we attach great importance to the views of our stakeholders and welcome readers to email us at ir@wxchina.com. Your feedback will help us further refine this Report and improve our ESG performance.

Statement from the Board

The Group has established a sound and effective ESG governance structure. Among them, the Board of the Group is the highest responsible and decision-making body for ESG-related work, responsible for the strategy and reporting of ESG work, and will also fulfill the responsibility of continuously monitoring the progress of ESG-related practices to ensure that the Group achieves its sustainable development goals.

During the Reporting Period, the Board assessed and reviewed the materiality of the Group’s ESG issues in 2024 based on the views and suggestions of various stakeholders. In 2024, the Group continued to strengthen its work on material issues such as compliance management of information disclosure, security and privacy protection, customer service satisfaction, and product R&D and innovation. At the same time, the Group also attaches great importance to the significant impact that ESG-related risks and opportunities may have, and based on this, the Group has also incorporated ESG risks into the Company’s risk management system and continuously monitored the implementation of ESG risk management policies, so as to effectively reduce or avoid the impact of ESG risks on the Group.

The Board undertakes that there are no false records, misleading statements or material omissions in the contents of this Report, and assumes responsibility for the truthfulness, accuracy and completeness of this Report. This Report provides detailed information on the progress and effectiveness of the Group’s ESG work in 2024, which was deliberated and approved by the Board on 26 March 2025.

CHAIRMAN'S STATEMENT



In 2024, a new round of AI-led technological revolution has deepened, and “AI+” has also begun to be commercially applied in many industry scenarios. As a pioneer of intelligent CRM industry in China, Xuan Wu Cloud has always adhered to the two-wheel drive development strategy of “technology + business”, and has continuously explored in the field of AI + vertical industry scenarios, in order to empower more enterprises to achieve high-quality digital and intelligent transformation in the AI era.

While keeping up with the opportunities of the times and striving achieve the steady development of our business, we also integrate the concept of sustainability into all aspects of our daily operations, so that we can achieve long-term sustainable development and create greater value for all stakeholders.

We focus on risk and compliance management and continue to improve our corporate governance

On the basis of a sound ESG governance structure, we continue to improve the quality and effectiveness of our ESG management system and practices. In terms of compliance management, we continue to focus on enhancing the compliance awareness and professional competence of our Board members. At the same time, we have also conducted compliance training for all employees, including intellectual property rights, anti-unfair competition, etc., so as to enhance the overall compliance awareness. In terms of risk management, we continue to strengthen the management of business ethics and information security through training, case publicity and other forms, and we always maintain a “zero-tolerance” attitude towards fraud, bribery, conflict of interest and other violations of business ethics. In addition, we are aware of the risks posed by climate change and have developed a series of measures to address them. Based on these initiatives, we have continuously improved our corporate governance so that our sustainability model can be implemented in an orderly manner.

We take technological innovation as the driving force and adhere to the service concept of “client-first”

Xuan Wu Cloud adheres to the corporate values of “client-first” and is committed to providing clients with long-term high-quality digital and intelligent products and services. During the Reporting Period, we adhered to the two-wheel drive development strategy of “technology + business”, deeply integrated the innovation of AI and other technologies with clients’ business scenarios, and created a variety of innovative products such as Smart Store Expansion and DMP Smart Marketing Cloud Platform. At the same time, we continue to pay attention to the client experience, and strive to achieve the ultimate goal of 100% client satisfaction through the “Client Satisfaction 100” program.

We actively embrace the ecosystem and contribute to the digital and intelligent transformation of the real economy

Xuan Wu Cloud has always carried out business cooperation with upstream and downstream partners in the industry with an open, mutually beneficial and win-win mentality. During the Reporting Period, we carried out strategic cooperation with Huawei Cloud and other partners in terms of technology, products, and channels, thereby further enhancing the market influence and coverage of our products. On the market side, we are also a practitioner of empowering the digital and intelligent transformation of the real economy. In 2024, we actively cooperated with local industry associations and third-party industry platforms in the fields of mass consumption, finance, government-related enterprises and TMT to carry out exchange activities to jointly promote the development of the industry and contribute to the transformation of the real economy with digital and intelligent power.

We work together to create a diversified growth platform

Mutual achievement is also one of the corporate values of Xuan Wu Cloud, and we are committed to caring for the growth and development of every employee in the Company. In terms of compensation and benefits, we strictly abide by relevant national laws and regulations to ensure the welfare of employees. At the same time, we also regularly organise caring activities for employees with different themes. In terms of career development, we ensure the attractiveness of our platform to talents with a continuously optimised compensation and performance management system, professionally focused training courses, and scientific, open and fair promotion channels. In addition, as a responsible corporate entity, we will actively guide all employees to participate in social welfare activities, enhance employees’ sense of social responsibility, and earnestly fulfill our social responsibility.

We advocate green operation and take multiple measures to save energy and reduce emissions

We actively respond to the call of the national “dual carbon (雙碳)” goal and integrate the concept of green and low-carbon into our daily business activities. During the Reporting Period, we encouraged paperless office, implemented smart lighting, unified management of refrigeration equipment, garbage sorting and disposal, and advocated water conservation to comprehensively promote our environmental protection concept of green development and low-carbon operation.

Success belongs to every striver who stands up and takes responsibility. Looking forward to the future, we will be driven by innovation, adhering to the mission of “empowering enterprises to achieve digital and intelligent transformation and achieve business success through our intelligent CRM products and services”, seizing the opportunities in the era of vigorously developing the digital economy and new quality productivity, to achieve high-quality and sustainable development.

ABOUT XUAN WU CLOUD

Founded in 2010, Xuan Wu Cloud is a leading local intelligent CRM service provider in China, and its domestic operating entity is Guangzhou Xuan Wu Wireless Technology Co., Ltd., which has two major business brands: Xuan Wu Cloud • Jixin and Xuan Wu Cloud • Xuantong. As a pioneer in intelligent CRM industry, Xuan Wu Cloud has built its intelligent CRM products and services with aPaaS (a low code development platform), cPaaS (a cloud-based communication platform), AI (artificial intelligence) and DI (data intelligence) platforms as the technical base, and Marketing Cloud, Sales Cloud and Service Cloud as the core SaaS product applications, providing clients in high-growth industries such as FMCG, finance, government-related enterprises, and the Internet with intelligent CRM products and services with full touchpoint, omni-channel and full-lifecycle management.



Corporate Vision
To become a leading intelligent CRM service provider in China



Corporate Mission
Empowering enterprises to achieve digital and intelligent transformation and achieve business success through our intelligent CRM products and services



Corporate Values
Client-first, forge ahead, mutual achievement



Financial Highlights

Solid Sales Performance

RMB1.15 billion
Revenue

RMB210 million
Gross Profit

23.8%
Year-on-year Growth of SaaS Revenue

Strong Customer Base

3,056
Total Number of Clients

2,282
Total Number of Clients of SaaS Business

Over **60%**
Percentage of SaaS Business Revenue

Excellent Product Stickiness

RMB3.0 million
ARPU² Contributed by Core Clients¹

93.7%
Percentage of Revenue Contributed by Core Clients

10.7%
Year-on-year subscription growth of ARR³ of Sales Cloud

Turning a Loss into a Profit on a Year-on-year Basis

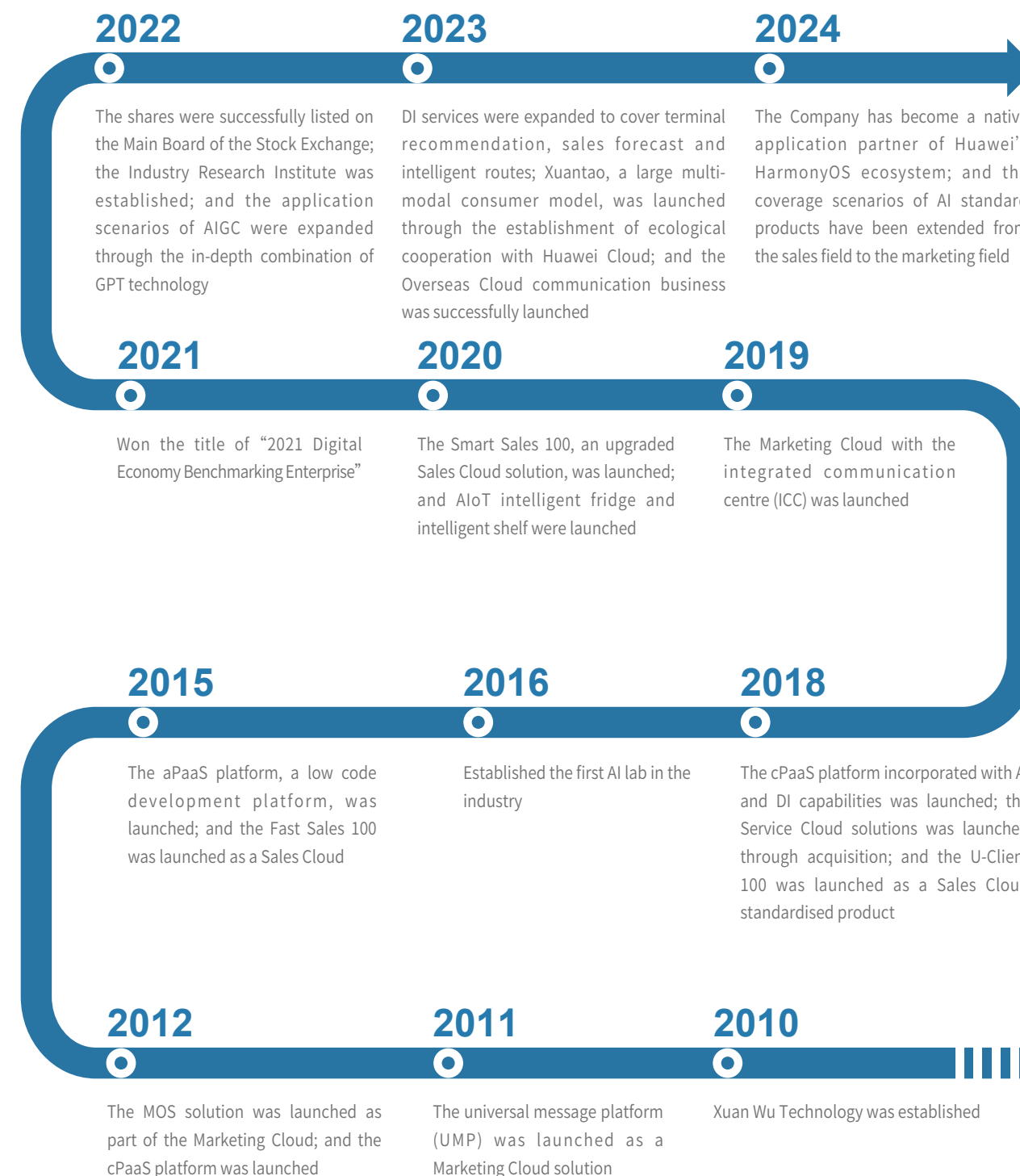
RMB6.914 million
Profit Attributable to Equity Owners of the Company

17.9%
Operating Expense Ratio

3.6 percentage points
Year-on-year Decline of Operating Expense Ratio

1. Core clients refer to the clients contributing RMB150,000 or above of revenue during the Reporting Period as at 31 December 2024
2. The average revenue per user (ARPU) contributed by core clients refers to the average revenue generated by each core client during the Reporting Period, and denominated in RMB
3. Year-on-year subscription growth of annual recurring revenue (ARR) refers to the year-on-year increase in the sum of all recurring revenue from paying clients for the year compared to that in the same period last year

Development Milestones



MAJOR EVENTS IN 2024

January

- Awarded as the “Most Influential Artificial Intelligence Enterprise” by Guangzhou Science and Technology Bureau
- Participated in the Huawei Cloud Ecosystem Conference 2024 and won three awards, including “Huawei Cloud Excellent Software Partner”
- The ICC (integrated communication centre) was fully implemented in a listed city commercial bank in Fujian, and successfully connected to the international SMS channel



March

- Released 2023 annual results
- Won the bid for the international SMS and ICC project of a leading city commercial bank (Phase III)
- DMP Smart Marketing Cloud Platform won the bid for a metro group in Guangdong Province
- “AIoT intelligent fridge” has entered into a contract with a beverage brand



May

- Won the “2024 Best Digital Solution in China” award at the “2024 China CIO Digital Strategy Conference”
- The ICC won the bid for the unified message center capacity building project of a listed city commercial bank (Phase VI)
- Reached CRM cooperation with Zhijing Technology
- Participated in the executive council meeting of Hunan Food Industry Federation



February

- Won the “Best ESG Newcomer” award from Excellent IR
- The ICC won the bid for a leading city commercial bank in southwest China
- The Company’s 2024 annual meeting with the theme of “crossing the inflection point” was held

April

- Established a partnership with Huawei to begin developing HarmonyOS native applications for Smart 100 and iPush products
- The 2024 CIO Seminar of the FMCG Billion Club was successfully held in Xiamen
- Released unaudited operating summaries for the first quarter of 2024
- Won the “Top 10 Outstanding Enterprises Going Overseas” award at the Greater Bay Area Win Global Summit

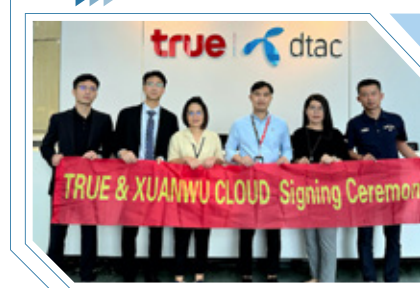


June

- Won the “ESG Sustainability Excellence Enterprise” award from GuruClub
- Cooperated with Milkground to officially launch the digital marketing platform construction project
- Cooperated with a rural credit cooperative in a northwest province to build ICC
- Selected as one of the “Pilot Digital Service Providers for the Digital Transformation of Small and Medium-sized Enterprises” in Shenzhen

July

- Xuan Wu Cloud obtained a “BBB” rating from Wind ESG Ratings
- The brand of Xuan Wu Cloud · Xuanxun was officially upgraded to Xuan Wu Cloud · Xuantong
- Jointly held the new SFA Project Summary Meeting with Hengan Group
- Awarded “Certificate of Excellence” by the Hong Kong Investor Relations Association
- Won the title of the “Best Channel Digital Supplier” from Shede Liquor



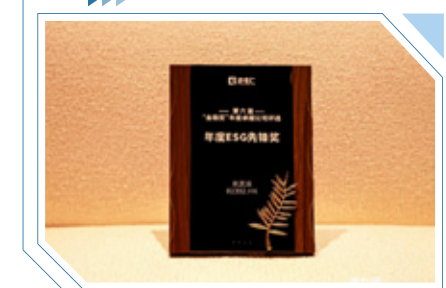
September

- The Company repurchased 8,351,000 shares under the restricted share award scheme in the first half of the year
- Selected as one of the “Top 50 AI SaaS Influential Enterprises”
- Reached cooperation with Guangdong Tianyu Semiconductor, a leading enterprise in the field of silicon carbide in China
- Reached cooperation with Jirfine Intelligent, a mainstream CNC machine tool manufacturer in China



November

- Selected as the “China CRM Market Research Report”, ranking in the first echelon in China
- Selected as the “2024 China Enterprise Service Research Report” of iResearch in two major graphs of “Marketing Customer Acquisition · CRM” and “Cloud Communication · SMS”
- Cooperated with Huawei Cloud to launch the Consumer Goods Industry Baseline Solution



August

- Released 2024 interim results
- Jointly launched the 3rd 828 B2B Enterprise Festival with Huawei Cloud and other enterprises
- Signed a cooperation agreement with TrueMove H, a Thai telecommunications operator
- Selected into the “2024 China Information and Innovation Industry Research Report”

October

- Successfully entered the first batch of “Data Element Enterprises in Guangzhou”
- Awarded as the “2024 Guangdong Artificial Intelligence Billboard Technology Enterprise” by Guangdong Artificial Intelligence Industry Association
- Nominated for the “2024 China CIO Digital Product Selection White Paper”
- Signed a contract with a municipal power supply bureau to jointly build an independently controllable SMS platform project

December

- Won the “Outstanding Award for Ecological Prosperity of the Year” at the Huawei Cloud Retail Innovation Summit 2024
- Launched the Xuan Wu Cloud FMCG SKU super model
- Fully opened and launched advanced aPaaS (application platform as a service) platform
- Won the “Best Small and Mid-Cap Company” from Zhitong Finance
- Won the “Jin Ge Award · ESG Pioneer of the Year” from GuruClub

Corporate Honors



Huawei Cloud
2024 Excellence Solution
Partner Award
(2024年度優秀解決方案夥伴獎)



2024 Guangdong Artificial Intelligence
Billboard Technology Enterprise
(2024年度廣東人工智能風雲榜
科技企業)



Huawei Cloud
“Outstanding Award for
Ecological Prosperity of the Year
(年度生態繁榮傑出獎)”



HiTouch • Greater Bay Area Win Global Summit
“Top 10 Outstanding Enterprises Going Overseas
(TOP10出海優秀企業)” award



Huawei Cloud
“Outstanding Ecological Partner
(卓越生態夥伴)”



The First New Voice
CIO Digital Strategy Conference
“Best Digital Solution in China Award
(中國最佳數字化解決方案獎)”



Huawei Cloud
“Excellent Solution Partner for Digital
Transformation of SMEs
(中小企業數字化轉型優秀解決方案夥伴)”



Hong Kong Investor
Relations Association
“Certificate of Excellence”



GuruClub
“Jin Ge Award • ESG Pioneer of
the Year
(金格獎 • 年度ESG先鋒)”



Cloud Store of Huawei Cloud
“New Rising Star Product Award
(新晉黑馬商品獎)”



Zhitong Finance
“Best Small and Mid-Cap Company
(最佳中小市值公司)”



Excellent IR
“Best Digital Investor
Relations Award
(最佳數字化投資者關係獎)”

Overview of Key Performance on ESG

管治 Governance

The percentage of female members of the Board was 14.3%	The number of sessions for Directors' specific training was 2
The percentage of Directors who have risk management expertise was 71%	The coverage rate of Board member training (including anti-corruption training) was 100%
	The number of organised compliance training sessions was 5
The coverage rate of business ethics and anti-corruption training of the Group was 100%	The number of lawsuits filed and concluded against the Group or employees for violation of the code of conduct (e.g., corruption, discrimination, conflict of interest, money laundering and insider trading) was 0
The number of major information security incidents and major privacy protection incidents in the year was 0	

社會 Society

The total number of employees ¹ was 672	Training coverage rate was 96.0%
The proportion of female in corporate management ² was 21.1%	The total training time was 47,085 hours
	The average training time per employee was 73 hours
The cumulative number of software copyright and patent applications was 399	The non-failure rate of software development system is greater than (equal to) 95%
An year-on-year increase of 67 pieces	

環境 Environment

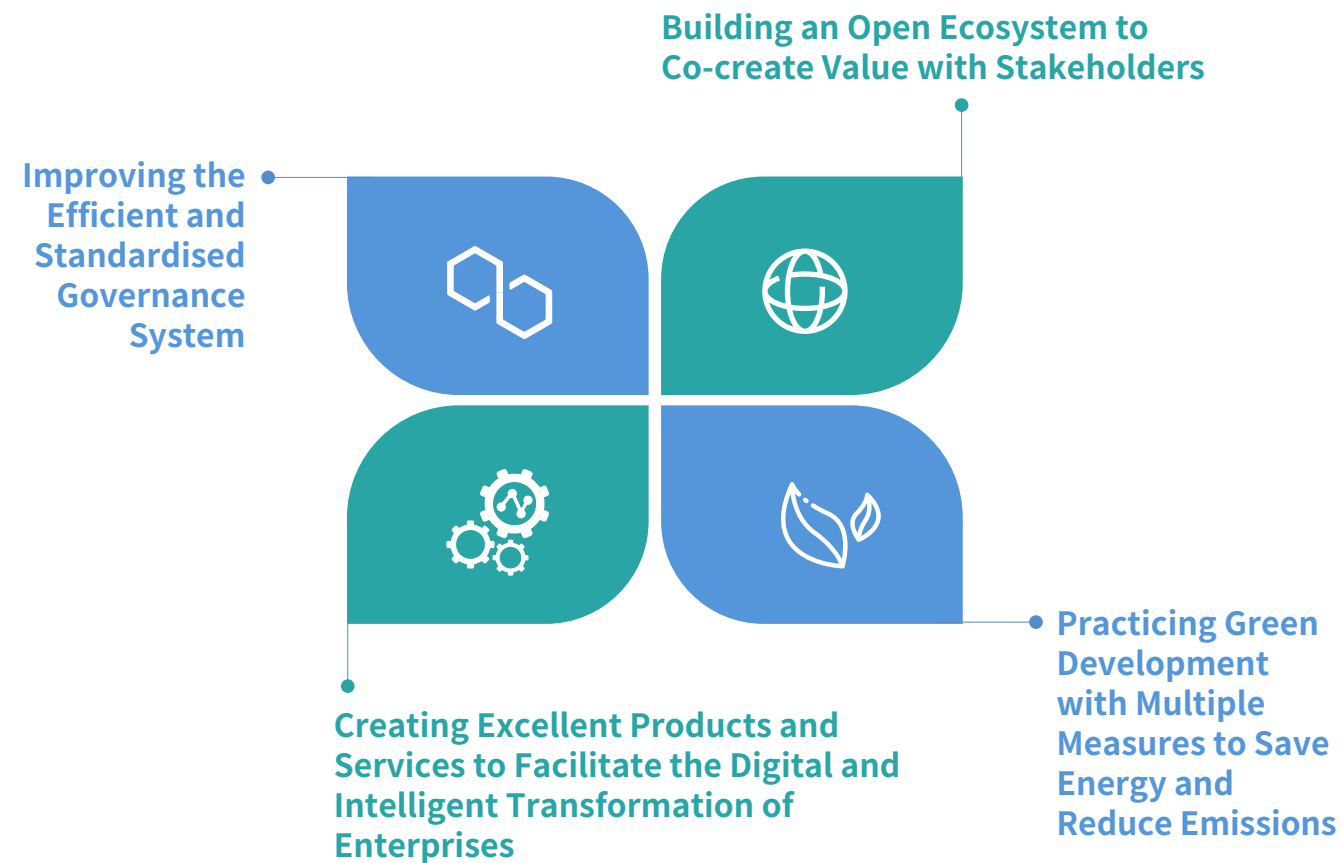
The quantity of hazardous waste batteries recycled was 204	The weight of recycled non-hazardous waste, food waste and general office waste was 0.54 tonnes
Water consumption per capita was 0.16 (tonnes/person)	Power consumption density was 37.3 (kWh/m ²)

1. The Company has 642 full-time employees and 30 part-time employees
2. Management refers to a member of the Company whose position is a second-level manager or above

ESG Management of Xuan Wu Cloud

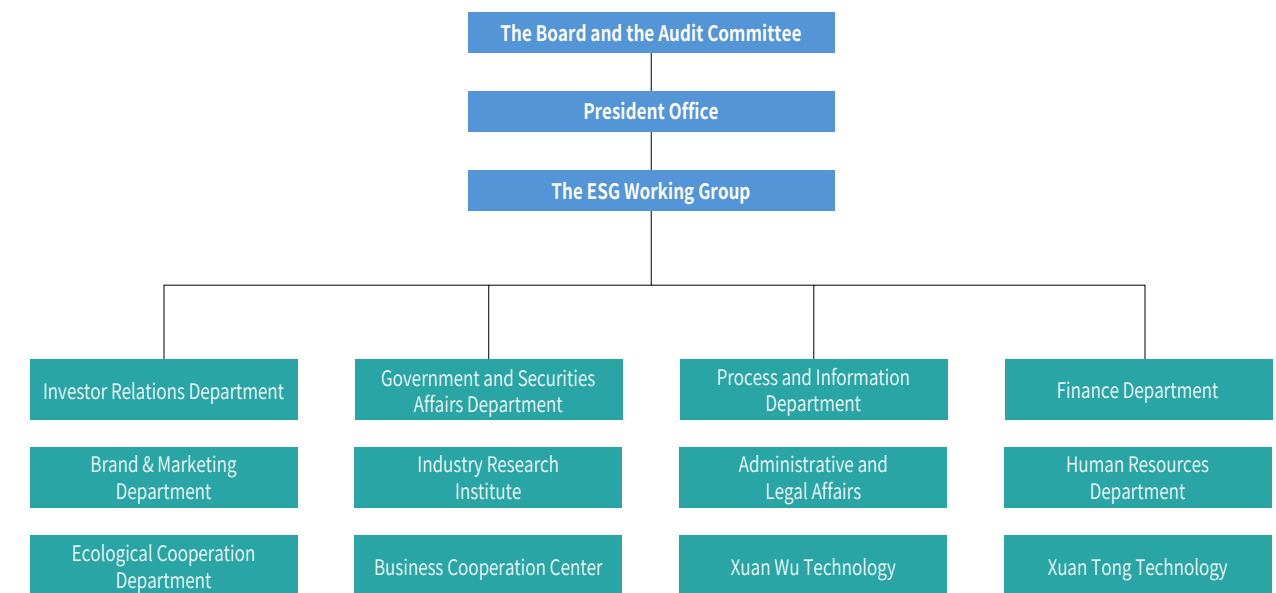
The in-depth integration of the digital economy and the real economy is one of the core elements of China's high-quality economic development, and it is also an important foundation for enterprises to achieve sustainable development. As an enterprise focusing on intelligent CRM services, Xuan Wu Cloud firmly believes that science and technology are the primary productive force, and has established the ESG mission of "assisting the sustainable development of enterprises with digital intelligence" which aims at accelerating the formation of new quality productivity of enterprises by helping them realise digital intelligence transformation, achieve sustainable business success and contribute to the development of the real economy at the same time.

In line with ESG mission of the Group, we have been implementing ESG practices in multiple dimensions which include corporate governance, product and service quality, ecological construction and stakeholders' cooperation, to explore the path of high-quality sustainable development.



ESG Governance Structure

Xuan Wu Cloud recognises that integrating ESG concepts into the Group's day-to-day operations and management is crucial to the sustainable development of the enterprise. Therefore, we internalise ESG strategies into our practice in combination with the sustainable development goals (SDGs) as set out by the United Nations; we understand the expectations and requirements of all relevant parties on the Group through communication and interaction with each stakeholder, and provide feedback to our corporate management. In terms of ESG governance structure, the Group has established a four-tier ESG governance structure to carry out ESG management during its daily operation.



The Board and the Audit Committee	are responsible for assessing and identifying ESG risks and opportunities on an annual basis, and continuously overseeing the corresponding ESG-related strategies and approaches, and reviewing and approving the Group's annual ESG reports to ensure that the implementation of ESG management policies is in compliance with the law.
President Office	conduct a qualitative assessment to formulate ESG strategies and annual work objectives and key enhancement work plans, and report the progress of annual ESG work to the Board and the Audit Committee.
The ESG Working Group	as the coordinating team, it is responsible for coordinating the planning, promotion and implementation of the ESG work, and it also evaluates, deliberates, collects and reports work results on the implementation of ESG on a regular basis, so that the members of the president office can understand the ESG risks and the work progress in a timely manner, ensuring that the ESG efforts can be carried out smoothly and efficiently.

Analysis on Materiality of Issues

During the Reporting Period, combining the expectations of each stakeholder for Xuan Wu Cloud, we carried out a comprehensive materiality assessment of ESG issues, and ultimately updated the list of materiality of issues of Xuan Wu Cloud in 2024:

Determination of annual ESG issues

The ESG working group had identified a list of 20 ESG issues for 2024, taking into account the basic situation of the industry, national policies and the actual business operation of the Company

Questionnaire survey and interviews

We communicate with the Company's management, shareholders, employees, suppliers, inventors and other stakeholders through questionnaires and interviews with relevant departments, and pay attention to understand and address their requirements and expectations

Identification of the priority of the ESG issues

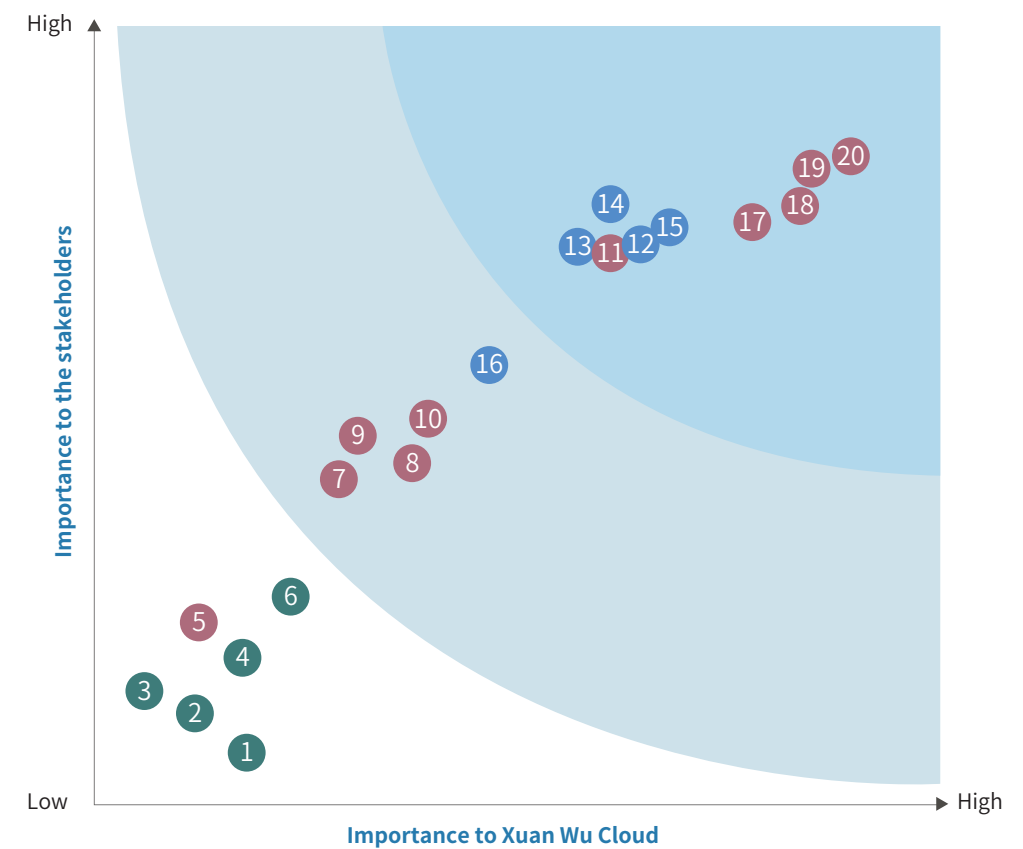
Through statistical analysis of the questionnaire results, combined with the Company's business and stakeholders' demands, the annual ESG issues were ranked in two dimensions of the importance to stakeholders and the importance to corporation, and a materiality matrix was developed

Confirmation and direction determination

The results of the materiality assessment were reported to the president office. After discussion by the president office, the key disclosures in this Report and the Group's objectives and initiatives for ESG management in the future were finalised

During the Reporting Period, we embarked on a new round of identification and analysis of material issues, utilising a dual materiality principle to pinpoint a total of 20 issues across three major domains: environmental, social, and governance. Following stakeholders' research and evaluation, we formulated the following materiality matrix, with issues of higher importance positioned in the top-right corner of the matrix and those of lower importance in the bottom-left corner.

During the Year, the Group's materiality ranking and matrix of the ESG issues are as follows:





Environment	Society	Governance
1. Climate change	5. Contribution to Social Welfare	12. Internal Control within the Enterprise
2. Greenhouse Gas Emissions and Management	7. Diversity and Equality	13. Risk Management
3. Sustainable Resource Development and Utilisation	8. Employee Development and Training	14. Business Ethics
4. Waste Management	9. Procurement and Supplier Management	15. Compliance Management
6. Water Resource Management	10. Employee Welfare and Rights Protection	16. Intellectual Property Management
	11. Employee Health and Safety	
	17. Product Innovation and Research & Development (R&D)	
	18. Customer Communication and Satisfaction	
	19. Product Service and Quality	
	20. Information Security and Privacy Protection	

Communication with Stakeholders and ESG Implementation Strategy

The Group has established close relationship with government and regulatory authorities, investors and shareholders, employees, clients, suppliers and business partners, community and environmental public organisations through various communication mechanisms, and has formulated ESG implementation strategies to respond actively to the expectations and requirements from stakeholders.

Stakeholders	Expectations and requirements	Communication channels and implementation strategies
Government and regulatory authorities  	<ul style="list-style-type: none"> High-quality development Stable operation and tax payment in accordance with the law Serving the real economy Anti-corruption and compliance management Data security and privacy protection Green operation and environmental friendliness Attracting talents and promoting employment 	<ul style="list-style-type: none"> Innovate R&D technology and optimise product Services Actively pay taxes in accordance with the law Improve compliance risk control management system and adopt the advice from external professional consultants to enhance corporate governance level Continuously ensure network information and data security. Actively participate in government communication meetings and seminars to understand regulatory policies and implement regulatory requirements Implement energy saving and emission reduction policies Organise campus recruitment and social recruitment to create job positions
Investors and shareholders  	<ul style="list-style-type: none"> The Company's stable operation Transparent, fair, and accurate information disclosure Protection of investors and shareholders rights Leading in Corporate Technology and Product Innovation 	<ul style="list-style-type: none"> Implement business development strategy, drive the steady growth of performance and continue to create value for shareholders Closely communicate with investors and shareholders through organising result release meetings, shareholders' meetings and investor research activities Timely and accurately release periodic reports and other announcements Conduct multi-dimensional brand publicity and pay attention to market opinions
Employees   	<ul style="list-style-type: none"> Protection of employee rights Diversity and equal opportunities Communication and caring of employees Staff training and development Occupational health and safety 	<ul style="list-style-type: none"> Formulate practical mechanisms to safeguard employees' benefits and interests Improve the whistleblower system Organise and enrich employees' activities Improve staff promotion and salary performance system Organise staff training Safeguard the physical and mental health of employees

Stakeholders	Expectations and requirements	Communication channels and implementation strategies
Clients  	<ul style="list-style-type: none"> High-quality products and services Client data security and privacy protection Client communication and client satisfaction Business ethics 	<ul style="list-style-type: none"> Continue to research on technology development, business model innovation and market promotion Standardise product quality system Enter into confidentiality agreements to allow clients to control data rights Improve client communication mechanism through client service hotlines, satisfaction surveys, etc. Establish a sound anti-corruption and Reporting Policy and system
Suppliers and business partners  	<ul style="list-style-type: none"> Industry communication Equal, open and fair procurement Business ethics 	<ul style="list-style-type: none"> Create a social ecological circle for managerial personnel from FMCG industry such as establishing FMCG Billion Club, industry private board meetings, and seminars Participate in industry summits such as consumption, finance, government and enterprises. Set up a mechanism to review and supervise suppliers, and regularly review the quality of suppliers Conduct legal and compliant bidding and tendering Develop close ecological cooperation with business partner such as Huawei Cloud etc.
Community and environmental public organisations  	<ul style="list-style-type: none"> Community involvement and contribution Eco-environmental protection Resource recycling and use 	<ul style="list-style-type: none"> Actively organise and participate in voluntary activities for the public welfare Promote environmental protection concepts Implement the Group's energy saving and emission reduction initiatives Participate in ESG related training

01 STANDARDISATION AND TRANSPARENCY

Strengthen the Foundation of Corporations

Good corporate governance is an important cornerstone for corporations to achieve sustainable development. In this regard, Xuan Wu Cloud has been working hard to improve the corporate governance structure and strengthen risk and compliance management, emphasising business ethics training and governance. Putting integrity, fairness and other principles into the daily operation of the enterprise, Xuan Wu Cloud effectively protects the rights and interests of all stakeholders and strengthen the foundation of sustainable development of the enterprise.



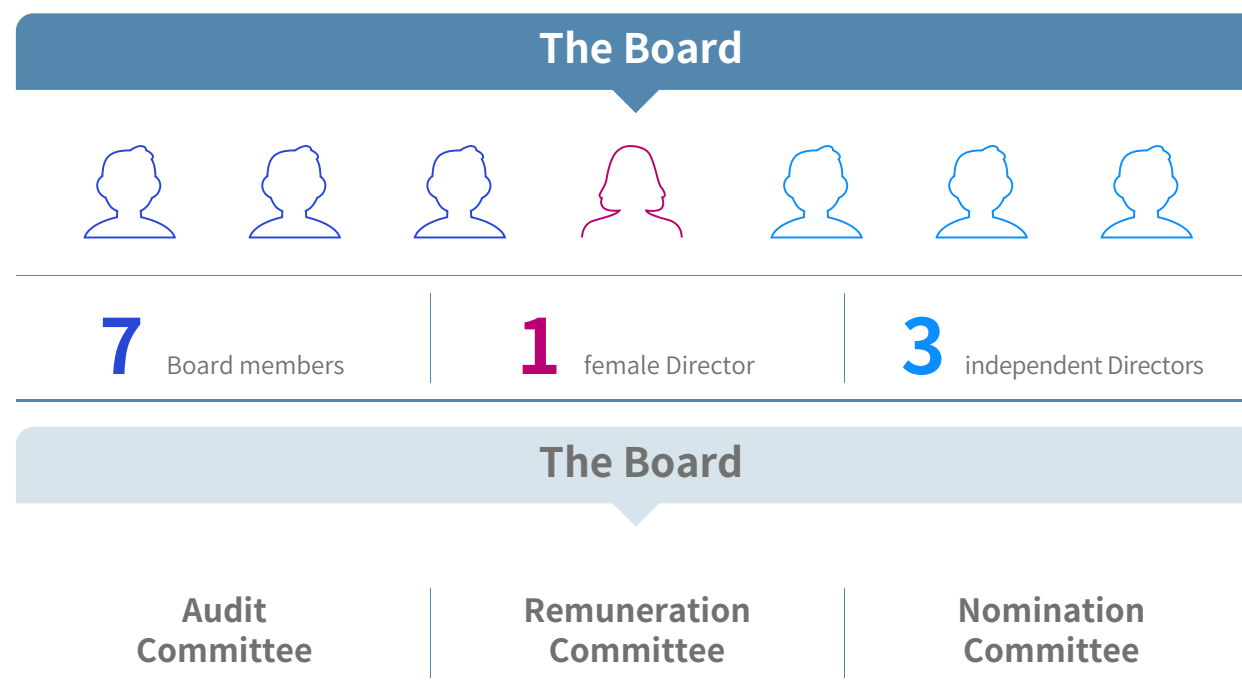
CORPORATE GOVERNANCE

The Group places significant emphasis on compliance operations and risk management, and has established a governance structure with clearly defined responsibilities to continuously enhance the effectiveness of our corporate management. We have established a sound and effective corporate governance framework, consisting of the general meeting, the Board and subordinate Audit Committee, Remuneration Committee, Nomination Committee, etc., in accordance with the requirements of the Listing Rules and the Articles of Association. We have also established internal management mechanisms such as the Nomination Policy and the Board Diversity Policy to ensure the efficient and compliant corporate governance.

The Board Diversity

We particularly focus on the diversification of our Board members, firmly believing that such diversification greatly benefits the enhancement of the Board's executive capabilities. Our Board members possess extensive experience across various industries, encompassing professional expertise in multiple fields such as IT, marketing management, customer relationship management, human resources, finance and taxation, legal affairs, and risk management.

According to the Board Diversity Policy, the Nomination Committee regularly discusses and, if necessary, agrees on measurable goals for achieving diversity of the Board, and provides recommendations to the Board on previous adoption. As at 31 December 2024, there are a total of 7 members of the Board, including 4 executive Directors and 3 independent non-executive Directors, which including 1 female Director. Independent non-executive Directors also account for more than one-third of the Board, complying with the requirements of the Listing Rules of the Hong Kong Stock Exchange.

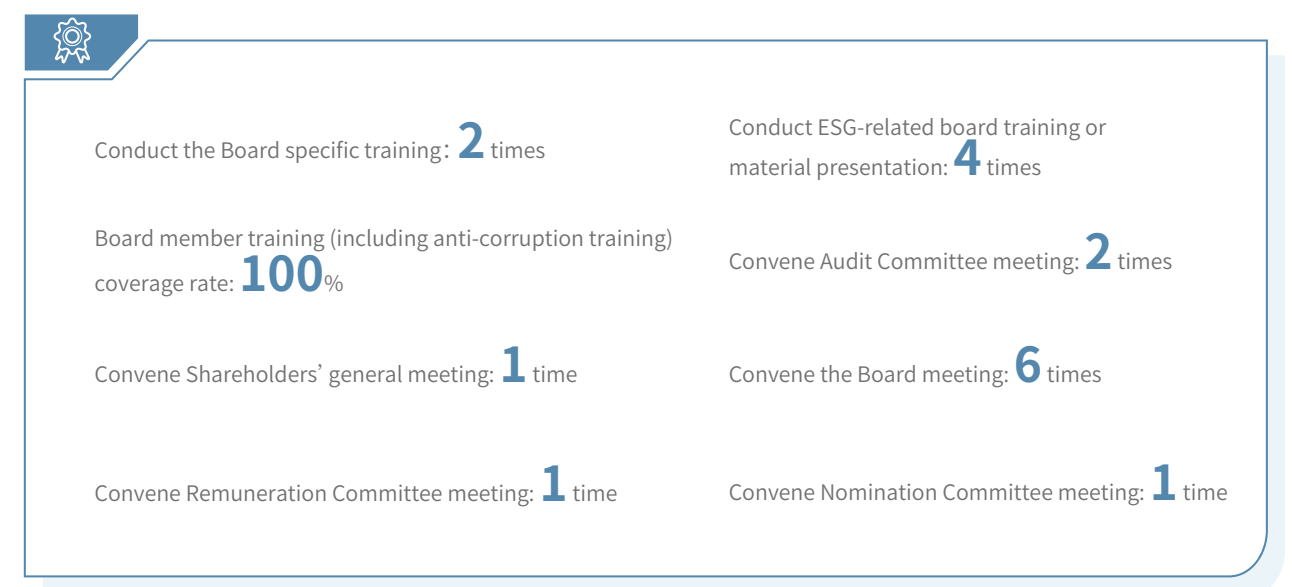


Sustainable Development Practices of the Board

The fact that Board members undergo continuous professional training and capacity enhancement, coupled with the dynamic updating of their personal knowledge system, is crucial to the corporate governance standards and the advancement of sustainable development practices. In 2024, we actively launched training on the “Regulations on the Administration of Connected Transactions” and the “Regulations on the Administration of Repurchase by the Company” with the aim of enhancing the in-depth understanding of the rules of the Stock Exchange among the Board members, strengthening their awareness of compliance and fulfillment of their duties, so as to maintain the effectiveness and standard of good corporate governance of the Group. In this regard, the Board members actively participated in the training and exchanged views, finally reaching consensus on the relevant contents. The effect of the training was quite good.

In terms of ESG, during the Reporting Period, we promptly provided Board members with updates on the Stock Exchange new ESG disclosure requirements through a total of four online training sessions or presentations of materials. These documents included guidance on leadership roles and accountability in ESG matters (for boards and Directors), and interpretations of the Stock Exchange ESG requirements published by third-party professional platforms, etc. In particular, regarding the policies on disclosures related to the Taskforce on Climate-related Financial Disclosures (TCFD) by the International Sustainability Standards Board (ISSB), which will be implemented in 2025, we organised and disseminated relevant materials multiple times to facilitate board members in taking corresponding actions for the 2025 climate and environment special projects, thereby enhancing the transparency of the Group's information disclosure in the capital market.

In addition, in order to deepen the understanding of the independent non-executive Directors regarding the business of the Company and to assist the Directors to better perform their duties, we have adopted online thematic training and other ways to demonstrate the Company's strategic development objectives, business progress, business plans and other relevant circumstances during the year, which has enabled us to enhance the communication between us and the independent non-executive Directors and effectively enhanced the depth of understanding of the independent Directors on corporate strategies, thus enabling the independent Directors to put forward relevant and constructive views on the sustainable development of the Company in a more focused manner.



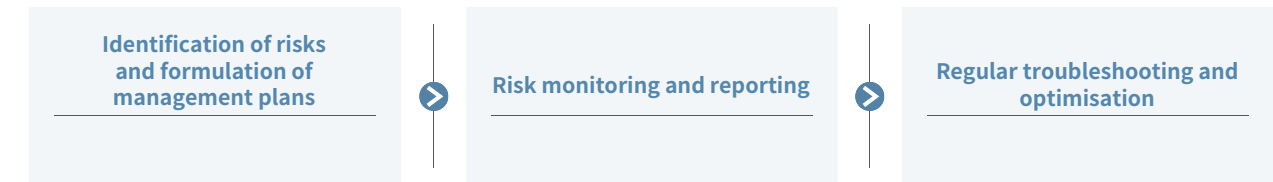
RISK MANAGEMENT

Xuan Wu Cloud has always believed that effective risk management and internal control are the cornerstones of healthy development of enterprises. To ensure the effective operation of risk management and internal control systems, the Group has formulated a Risk Management Policy with reference to the Code on Corporate Governance of the Hong Kong Stock Exchange, which is reviewed by our Audit Committee and the Board on an annual basis. In 2024, in addition to reviewing the Risk Management Policy, we have internally published two issues of the Risk Management Report.

Internal Division of Rights and Responsibilities in Risk Management

The Board The highest decision-making body for comprehensive risk management	<ul style="list-style-type: none">Review the annual work report on comprehensive risk managementReport risk management analysis and review to shareholders of the CompanyReview and approve risk management solutionsContinuously monitor and review the effectiveness of the Group's risk management and internal monitoring systemEnsure that the Group has lawfully, timely, and truthfully disclosed relevant major risk matters to the public in accordance with relevant laws, regulations, and regulatory requirements
President Office The supervisory responsibility entity for risk management	<ul style="list-style-type: none">Review and approve risk assessment reports for major decisionsReview and approve the risk management opinions, risk assessment reports submitted by the Administrative and Legal Affairs Department and other relevant departments of the CompanyReview risk management strategies and major risk management solutions
Each Department Departments involved in risk management	<ul style="list-style-type: none">The Administrative and Legal Affairs Department is the comprehensive coordination department for comprehensive risk management, responsible for formulating, organising, and supervising the risk management system and operational mechanismsEach department should be responsible for identifying risks related to their own business work, and designing, implementing, and monitoring relevant risk management and internal monitoring systems
All Employees Participants in risk management	<ul style="list-style-type: none">Establish risk prevention awareness, receive risk prevention and compliance trainingRisks discovered should be reported promptly and truthfully, without concealment, omission, or false reportingStrictly carry out work in accordance with laws and regulations, regulatory requirements, rules and policies, operational norms, and relevant technical requirements

Risk Management Process



Risk Management Report

In accordance with the Listing Rules and the relevant provisions of the internal Risk Management Policy, Anti-corruption Policy and Reporting Policy, the Group has strengthened its risk daily monitoring and risk response measures in respect of each of the major risk control points of the Company and actively cultivated a risk management culture. The Group has achieved relatively positive results of the above and has published two risk management reports during the year. The following are the major risk points under the Group's daily control:

Macro environmental	Business and operational	Labour employment	Financial management
Securities and financial	Intellectual property rights, and unfair competition	Network and information security	

Construction of Risk Management Culture

We have carried out the construction of the Group's risk management culture through multiple parallel steps of providing incentives, training, and human resource evaluation, to enhance the risk management concepts and awareness among all employees.

Training regularly conduct risk prevention training for employees and improve their risk sensitivity.	Incentives rewards employees who proactively and timely report risks, take effective measures to prevent and control risks.	Evaluation According to the principle of unified rights and responsibilities, the implementation of risk management work by each department and related position personnel is linked to performance-based remuneration.
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BUSINESS ETHICS

The Group recognises the significance of business ethics management to the sustainable development of an enterprise. To continuously enhance and improve the building of a clean culture, we adhere to high standards of business ethics in our daily operations and conduct frequent training on business ethics. To ensure the effectiveness of business ethics policies, the Group conducts annual reviews of the effectiveness and soundness of internal policies such as the Employee Handbook, Anti-Corruption Policy, and Reporting Policy.

Adhere to Code of Conduct

In according to the *Company Law of the PRC*, the *Anti-Money Laundering Law of PRC*, and the *Interim Provisions on Prohibiting of Commercial Bribery*, the Group has formulated and improved existing internal policies such as the *Employee Handbook*, *Anti-Corruption Policy*, and *Reporting Policy*. In addition, to continuously improve our honest management system in our daily operation, we will actively guide all employees to follow the following measures or guidelines:

- New employees are required to sign an undertaking on integrity and self-discipline, promising to strictly comply with the requirements of the Group's code of conduct on integrity.
- Directors or employees should refuse to accept overly luxurious or frequent hospitality provided by individuals who have business dealings with the Group.
- It is prohibited to utilise the cooperation with third parties or the convenience of cooperation between both parties to take advantage of the interests of the Group or engage in activities that harm the interests of the Group.
- It is prohibited to engage in various money laundering activities under the pretext of cooperating with third parties or taking advantage of the convenience of cooperation between both parties, or to use cooperative relationships to conceal or attempt to conceal the source of illegal funds.
- It is prohibited to engage in (attempt to engage in) malicious business cooperation or infringe upon the commercial interests, intellectual property rights, commercial information, commercial and technological secrets of the Group through business cooperation with third parties etc..



We adopt a “zero tolerance” attitude towards corruption

During the Reporting Period

The number of anti-corruption-related incidents involving bribery, extortion, fraud, and money laundering in the Group was **0**

Anti-bribery and integrity training

The Group advocates a culture of integrity, actively conducts internal training on honesty and integrity. During the year, the Group conducted three training sessions on anti-corruption topics, including two on-site training sessions and one online training session, realising training coverage for all employees. Through the above systematic training, the business ethics and anti-corruption awareness of all employees were effectively enhanced, and the business philosophy of Xuan Wu Cloud, which is based on integrity, was continuously consolidated.



During the Reporting Period

Anti-bribery and integrity training rate of the employees of the Group was **100%**

The number of corruption litigation cases filed by employees that were concluded was **0**

The number of reported incidents of non-compliance with laws and regulations was **0**



《反商业贿赂和廉洁》专项必修培训
重要!!! 全体玄武云小伙伴集合!

Smooth Reporting Channels

The Group has established a dedicated reporting channel and handling process to encourage employees to report illegal and irregular behaviours, the Administrative and Legal Affairs Department served as the receiving department for reports. In relation to whistleblowers, the Group strictly adheres to the principles of confidentiality, rewards, and the protection of their legitimate rights and interests. It is explicitly prohibited to use any excuse to obstruct or suppress whistleblowers from reporting or retaliating.

✉ **Reporting email**
jiancha@wxchina.com

📍 **Mailing Address**
9/F, Dongsheng Yunding Building, No. 38, Haizhou Road,
Haizhu District, Guangzhou, Guangdong

COMPLIANCE MANAGEMENT

In the current ever-changing business environment, compliance management is the bottom line of business operation and is crucial to ensuring the sustainable development of enterprises. With reference to the *Company Law of the PRC* and other laws and regulations, Xuan Wu Cloud has formulated a compliance system in the areas of financial accounting, network security, human resources, information disclosure and intellectual property rights. In addition, during the Reporting Period, the Company also amended the “Measures for the Administration of Affiliated Transactions”, “Management Measures for Company Repurchase” and other system files. Based on the above actions, we further enhanced our compliance risk prevention ability and protected the Company’s long-term stable operation.



Xuan Wu Cloud Anti-Unfair Competition and Intellectual Property Rights Training

In order to enhance the Group’s awareness of confidentiality and anti-unfair competition, and systematically improve employees’ awareness of compliance, Xuan Wu Cloud has organised and launched five special training courses on compliance, including training courses on anti-unfair competition, intellectual property, confidentiality compliance and human labor and employment. The training courses included anti-unfair competition, intellectual property rights, confidentiality compliance, human labor and employment and other dimensions, covering the awareness of confidentiality, compliance with contracts and regulations, and the contents of the training courses. The training courses covered various dimensions, such as awareness of confidentiality, compliance, awareness of compliance, awareness of intellectual property rights, compliance with data security, and compliance with marketing and promotion.

The number of employees from relevant departments, both on-site and online, participating in the training was nearly **200**

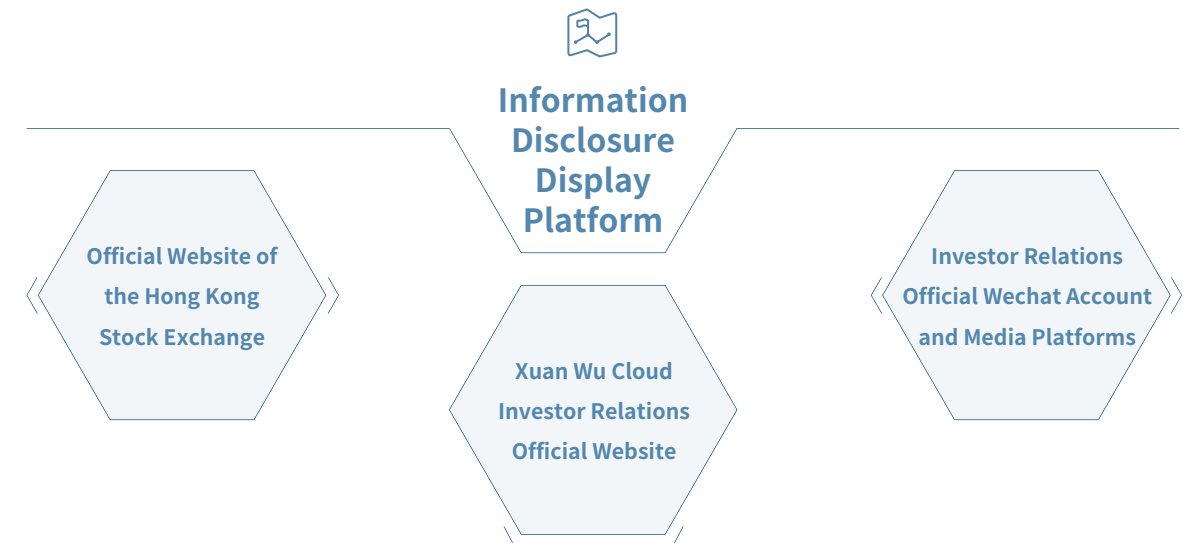


Key Performance

During the Reporting Period The number of significant violations of laws and regulations by the Group was **0**

Information Disclosure Compliance

As a public company, we strictly follow the principles of fairness, impartiality and openness in the disclosure of information. We release information and interact with investors on various public platforms such as the official website of the Hong Kong Stock Exchange to ensure that all shareholders have equal access to information.



Proactive Investor Relations Management

The Group attaches great importance to the rights and interests of all kinds of shareholders and actively seeks opinions and suggestions from shareholders and investors through various channels, such as the IR website, e-mail, professional third-party roadshow platforms, and authoritative financial information platforms. In addition, the Group has established an IR official account to promptly disseminate corporate updates and engage in timely interactions with investors.



During the Reporting Period

The number of performance briefing sessions held by the Group was **2**
The number of News released on the Investor Relations Official Account was **44**



02

DIGITAL AND INTELLIGENT INNOVATION

Facilitate the Real Economy Transformation

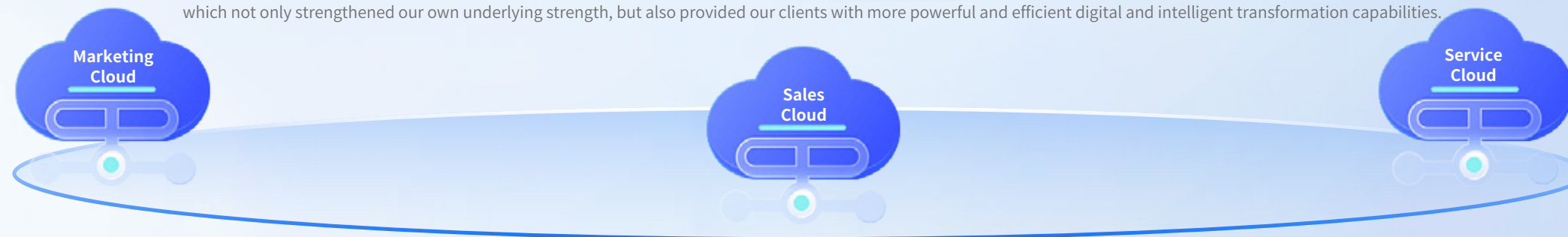
Xuan Wu Cloud has always adhered to the double driving forces of “technology+business”, upholding the product quality as the bottom line and innovation as driving force for development to achieve high-quality digital and intelligent transformation and upgrading for clients. Meanwhile, we have always adhered to the “client-centric” service concept, while continuously improving customer satisfaction rate, we also pay more attention to the protection of customers’ privacy information and thus strive to become a long-term partner of more enterprises on the path of digital and intelligent transformation and to facilitate the transformation and development of the industry and the real economy.



Two-wheeled-driven of “Technology+Business”

As a software enterprise, the Group is well aware of the importance of technological innovation and has always adhered to the development strategy of double driving forces of “technology+business” and independent R&D of technology. Since its establishment, the Group has built a business system with aPaaS, cPaaS, AI platform and DI platform as its technology foundation and Marketing Cloud, Sales Cloud and Service Cloud to clients as its core SaaS product applications.

During the Reporting Period, we continued to invest in the upgrading and iteration of our four major technology platforms as well as the innovative R&D of product scenarios, which not only strengthened our own underlying strength, but also provided our clients with more powerful and efficient digital and intelligent transformation capabilities.



During the Reporting Period, ICC (integrated communication centre) of Marketing Cloud added functional modules such as international SMS service and personalised subscription management, facilitating the improvement of marketing coverage and clients satisfaction for enterprise clients

At the same time, the DMP Intelligent Marketing Cloud Platform achieved the defined selection of target client segments within a geographic area, and big data tag, thus facilitating clients to realise precise marketing

During the Reporting Period, the Sales Cloud released the industry’s only marketing vertical model for the milk powder industry — the anti-cheat-reproduction detection model, with an identification accuracy of **93%+**

Intelligent Xiao Xuan: business real-time information enquiry and answer, client relationship management optimisation, multi-scene intelligent decision-making support

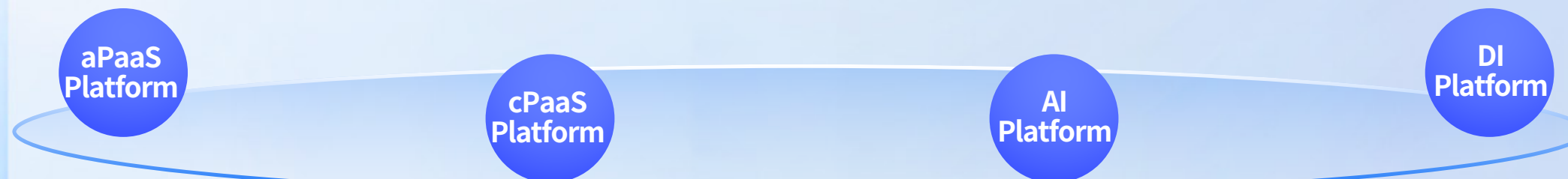
AIoT fridge: intelligent fridge display recognition accuracy achieved **95%+**

Image recognition volume increased by **300%+**

Total message processing volume increased by **80%**

FMCG SKU Super Model: achieving out-of-the-box functionality, **4000+** datasets; over **90%** accuracy in identification

During the Reporting Period, the Service Cloud to clients 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



A platform which can help IT team to achieve multi-industry, multi-business SaaS software products and develop, deploy, operate at a low cost.

Rapid response to business departments, achieving over **80%** efficiency improvement in development; protecting data security, enabling private deployment; supporting information and innovation, and domestic substitution

A communication service platform based on cloud computing technology and service model, focusing on enriching client communication channels and providing stable, efficient and secure communication services

The number of messages processed daily can reach **100 million+**; the amount of data detected by the content security risk control model reaches **10 billion+**, with an accuracy of **97.5%**

Based on the cloud computing native technology, focusing on the direction of the computer vision, independent R&D of professional AI platform, can achieve AI capabilities, algorithms, models of the packaging and core capabilities of the reuse of precipitation

The platform focuses on mass consumption industry, with **10 million+** feature database, **8 million+** daily photo processing capacity, **95%+** SKU identification rate and served 8 million+ terminals

One-stop data development and governance platform, covering all aspects of the data analysis process, including data collection, cleaning, integration, storage, computation, modelling, presentation, etc., so that users can complete the whole process of data analysis tasks on a unified platform

Adhering to R&D and Innovation

The mission of Xuan Wu Cloud is “to empower enterprises to achieve digital and intelligent transformation through our intelligent CRM products and services to achieve commercial success”, and the top priority to achieve this mission is to insist on R&D and innovation. Through continuous technology R&D and innovation, the company strives to occupy a leading position in the industry, providing clients with high-quality services and creating greater value.

We have formulated a long-term R&D and innovation plan, specifying the R&D objectives and technology roadmaps at different stages. For example, our Sales Cloud, under the G3 framework, creates a business closed loop of intelligent scenes through the three flywheels of scenes, data, and algorithms, and rapidly builds a number of SPUs to make pre-emptive moves in the market.

Meanwhile, all of our product lines are subject to in-depth research and detailed planning and scheduling to ensure that our R&D and innovation activities are carried out in an orderly manner and to create a solid technological foundation for the sustainable development of the enterprise.

Attaching Importance of R&D Talents

We attach great importance to technological R&D and innovation and have thus formed an industry-leading technical team. At the same time, we have established a management system for our technical talents and will conduct regular check and assessment of our technical talents. By the end of the Reporting Period, our R&D team consisted of 187 employees, accounting for 27.8% of the total number of employees of the Company.

Meanwhile, the Company invested RMB65.5 million in R&D during the Reporting Period, accounting for 5.7% of total revenue. In addition, our people efficiency (average operating revenue generated per employee) also achieved a significant increase during the Reporting Period, from RMB1.6 million in 2023 to RMB1.7 million in 2024.

By the end of the Reporting Period

The R&D team had a total of **187** members
The proportion of the total employees was **27.8%**

R&D investment reached **RMB65.5 million**

The R&D proportion of total revenue has reached **5.7%**

Average operating revenue generated per employee

In 2023, **RMB1.6** million
In 2024, **RMB1.7** million

Brand Upgrading and Iteration

We continue to follow the market trend and clients’ digital and intelligent transformation needs. Based on this, we have upgraded the brand of our Sales Cloud business in 2024 and changed brand name from “Xuanxun” to “Xuantong”. The upgraded “Xuantong” will be based on the past experience in the consumption industry and upgraded product applications, becoming the “intelligent assistant” in mass consumption sector that understands business and managers the most.

Visual Upgrading

“Xuantong” means “Identification, Insight, Foresight”, representing the technological edge of our AI focusing on visual recognition, and also implying our vision of helping consumer goods enterprises to achieve industry interconnection through AI and DI digital and intelligent transformation empowerment

Services Upgrading

Full journey companion for clients on the way for success, rapid response localised services in 34 provinces and cities, and specialised micro-consultation services for digital and intelligent transformation

Structure Upgrading

Upon upgrading, the Group will consist of two major business brands, Xuan Wu Cloud • Ji Xin and Xuan Wu Cloud • Xuantong, of which Xuantong will continue to focus on the AI+ mass consumption sector

Value Upgrading

Intelligent scene, Data service, Intelligent operation, Industry interconnection

Products Upgrading

The first in China: Multi-modal large mode for vertical consumer products industry

One platform: FMCG Billion Club

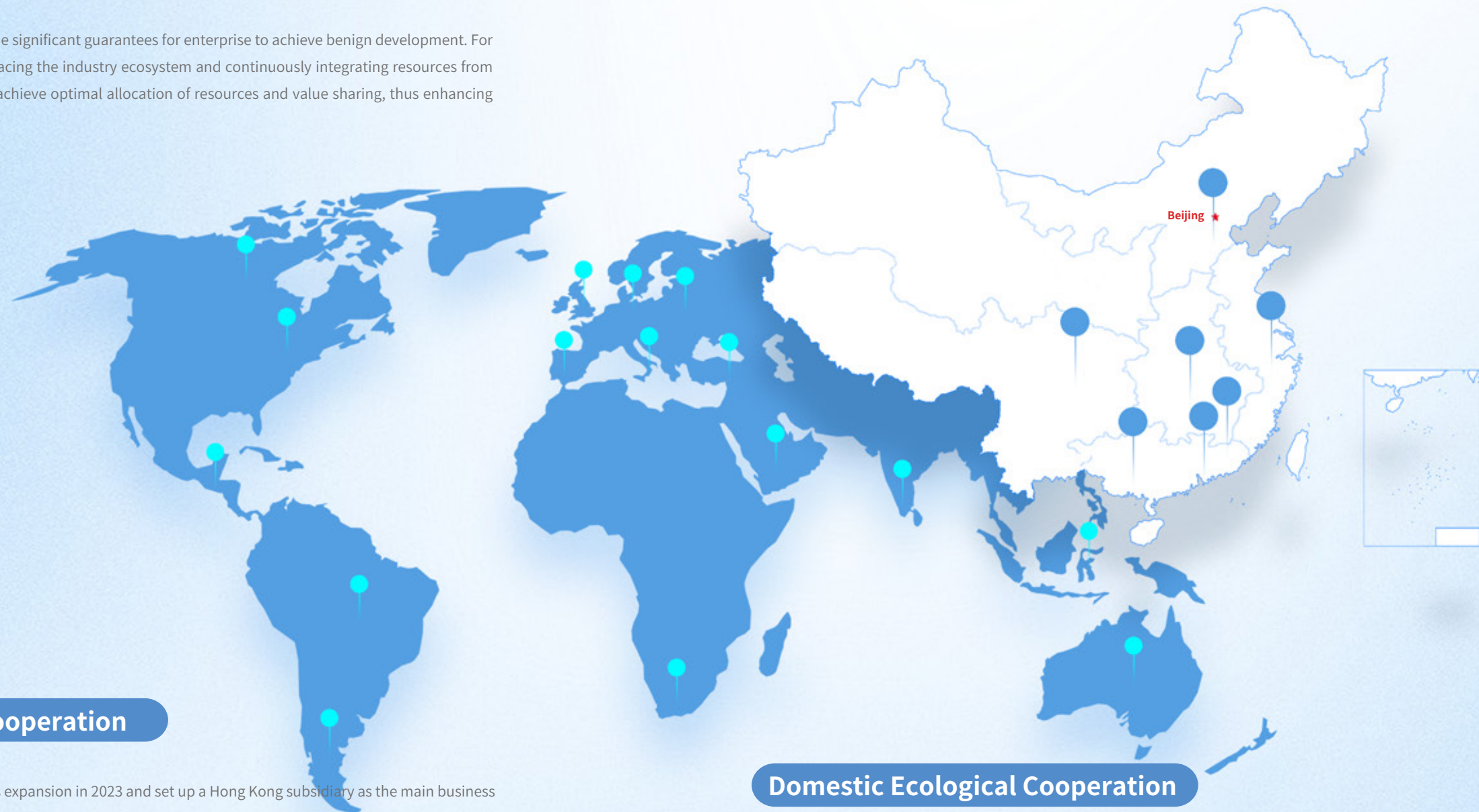
Two engines: AI lab, industry research institute

Seven core products: Covering the entire consumer goods industry chain

Nine tracks: Our market share in multiple niche markets (including beverages, food, Baijiu, etc) in the top 100 markets exceeds **20%**

ECOLOGICAL WIN-WIN SITUATION

Constructing its own business ecosystem is one of the significant guarantees for enterprise to achieve benign development. For a long time, Xuan Wu Cloud has been actively embracing the industry ecosystem and continuously integrating resources from the supply chain, channels, clients and partners to achieve optimal allocation of resources and value sharing, thus enhancing our popularity and competitiveness in the market.



International Ecological Cooperation

Xuan Wu Cloud officially launched overseas business expansion in 2023 and set up a Hong Kong subsidiary as the main business operator in the same year

Entered into strategic co-operation with CMI in the Middle East region and commenced in-depth co-operation in various domains such as SMS and communication SaaS software

Reached a cooperation with TrueMove H, Thailand's leading telecoms operator, to jointly develop cloud communications and other services for enterprises in Thailand and Southeast Asia

During the Reporting Period,our overseas business extended its reach to multiple countries and regions, including Pakistan, Mexico, Bangladesh, and Russia

Map source: National Geographic Information Public Service Platform 1:32,000,000 Review number of the map: GS(2016)1571
Overseen by the Ministry of Natural Resources

Domestic Ecological Cooperation

Reached a cooperation with Huawei Cloud on various aspects, including the development of native Harmony OS applications (Shenzhen)

Became product sales channel partner with Baidu (Beijing)

Reached a strategic ecological co-operation with Shede Spirits to jointly create intelligent business scenarios (Sichuan)

Reached a strategic ecological co-operation with CR Digital, continuing to create win-win co-operation in the field of intelligent CRM (Shenzhen)

PROMOTION OF INDUSTRIAL DEVELOPMENT

We continuously monitor the latest news, technological trends and market demands of our clients in the industry by actively participating in industry activities, at the same time, we have also been actively sharing our own digital and intelligent transformation solutions and practical experience with the industry to enhance enterprises' awareness in digital and intelligent transformation. These initiatives have enhanced our brand awareness and given us the opportunity to contribute to the development of digital intelligence in the real economy.

Mass Consumption Industry

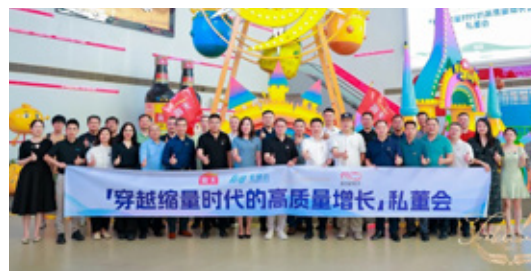
Xuan Wu Cloud 2024 CIO Seminar of the FMCG Billion Club was Successfully Held in Xiamen

The seminar was held with the aim of enhancing the core competitiveness of FMCG CIOs through in-depth learning and exchanges, and jointly promoting the digital transformation and upgrading of the industry. Several CIOs of well-known FMCG brands participated in the event. During the class, industry experts specially designed a group discussion and practical exercise session, where participants took the actual business cases of enterprises as the object of discussion, and started intense discussion with the goal of solving real business problems.



Mass Consumption Industry

FMCG Billion Club Held a Private Board Meeting with "New Distributor": A Visit of Haitian Taste



The private board meeting organised by Xuan Wu Cloud brought together a number of leading entrepreneurs in the FMCG industry, who are at the forefront of the market and are well versed in the industry trends. In the roundtable discussion on the spot, they started an in-depth discussion around the theme of "growth strategy through the era of shrinkage", and jointly explored the development direction and strategy of FMCG enterprises in the future market competition from various perspectives, such as market trend, competitive situation, and enterprise strategy.

Financial Industry

Xuan Wu Cloud Participated in the 2024 Digital Finance Development Conference for Agricultural and Commercial Banks in the Western Region

This conference, with the theme of "writing a new chapter of digital finance to help the West Development", was hosted by the Financial Talents Alliance and co-organised by Gansu Province Rural Credit Union and Shenzhen Financial Talents Association. Taking the financial industry convergence communication digital solution, Xuan Wu Cloud-Ji Xin appeared in this conference and offered advice and suggestions for the financial industry digital development and provided on-the-ground practice support for the financial institutions channel digital transformation.



Government-related Enterprise Industry

Xuan Wu Cloud Participated in 2024 China International Big Data Industry Expo



The 2024 China International Big Data Industry Expo was successfully held in Guiyang, Guizhou. Xuan Wu Cloud-Ji Xin made an appearance with its brand-new intelligent government-related enterprise industry solutions, combining communication platforms and channel resources to empower the construction of an integrated government messaging service platform, and contributing its technological power to the construction of a digital government. Meanwhile, the project "Application Case of Converged Messaging Platform of a Government Service Data Management Bureau" implemented by Xuan Wu Cloud · Jixin won the "2024 Digital Government Solution Case Innovation" award at the conference.

School-Enterprise Cooperation

South China University of Technology EMBA Alumni visited Xuan Wu Cloud

EMBA alumni from the School of Business Administration of South China University of Technology visited Xuan Wu Cloud's Guangzhou headquarters and started an in-depth exchange with Xuan Wu Cloud's Chairman of the Board and CEO, Chen Yonghui. This activity not only deepened the understanding between Xuan Wu Cloud and South China University of Technology, but also laid a solid foundation for future school-enterprise cooperation. In the future, both sides will take this visit as an opportunity to further explore new modes of school-enterprise cooperation and help promote the progress of scientific research and innovation in the field of intelligent CRM.



03 ENSURING SECURITY

Enhance Products Service Quality

As a responsible internet enterprise, Xuan Wu Cloud has always taken the protection of data privacy security as one of the important cornerstones of corporate development, we have constructed a perfect data, privacy security management system, so that clients' information and data have a strong security barrier. At the same time, we adhere to the "client-first" business development philosophy, according to the actual needs of clients, we will continue to improve our own product capabilities and service system in the daily operation, striving to achieve long-term 100% clients satisfaction.

8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



17 PARTNERSHIPS
FOR THE GOALS



INFORMATION SECURITY AND PRIVACY PROTECTION

As a software service enterprise, we are well aware of the importance of ensuring information security and consumer data protection. The Group continues to strictly abide by relevant laws and regulations, including but not limited to the Criminal Law of the PRC, the Cybersecurity Law of the PRC, the Personal Information Protection Law of the PRC. We have also established manuals and procedural documents such as the Information Security Management Manual, the IT Service Management Manual, the Business Continuity Management Manual and the Information Security Management Specifications, providing standardised guidance for the daily practice of information security management. During the Reporting Period, we also revised the Data Security Management System to further enhance our data security system.

Information Security Management Structure

Information security leading team	The information security leading team is composed of the management of the Group and assumes the primary security responsibility, comprehensively deploys the security management, formulates security policies and strategies, schedules and coordinates resources, and inspects the implementation of security work.
Management representative	The management representative is authorised and appointed by the general manager of the Group, and is responsible for the information security management system and reports the operation of the information security management system to the information security leading team of the Group.
Information security working group	The information security working group is composed of the IT Management Department, the Technology Center and the information security officers from each department, and is responsible for the specific coordination and implementation of information security work.
Departments and their part-time security officers	The manager of each department is the first person responsible for the information security of the department. At the same time, each department shall designate a part-time security officer to implement the Group's security management requirements.

Information Security Management System

In order to strengthen risk management, ensure business continuity and protect the interests of clients, the Group has formulated quantifiable information security management targets for the whole year and all of them have been achieved.

Security management targets	Number of service interruptions in the whole year ≤ 2 times The clients satisfaction rate $\geq 95\%$
	The failure-free rate of the software development system $\geq 95\%$
	No major information security and privacy protection incidents occurred during the year
Information security data retrospection for the whole year	Number of security breaches reports handled was 17
	Handled infrastructure breakdowns for 3 times
	Effectively defended against cyber flow attacks for 56 times
	Information security database addressed and categorised 2600+ documents

Information Security Special Activity

The Group sets September of each year as its Information Security Month and will carry out a number of special activities based on the information security theme on information security to allow employees to immerse themselves in information security and deepen their awareness of security management.

Activity 1: Information Security Knowledge Competition

For all employees of the Group, we launched an online contest for information security knowledge, nearly 400 colleagues participated in the competition, with a qualified rate of 97%. During the question-and-answer session, everyone gained a deep understanding of the relevant knowledge, which stimulated their enthusiasm for learning information security knowledge.



Activity 2: "Talking about Information Security"

Our IT department launched a series of comics called "Du Mengmeng's Office Story" for all employees with the contents of popularising of information security knowledge and cases of preventing information security risks, which made it easier for colleagues to understand and learn the originally boring information security knowledge and achieved the effect of edutainment.



Activity 3: High-risk Security Early-warning Publicity

In response to the hot or high-risk information security risks and security breaches in the market, our IT department will regularly launch security risk warning articles and provide targeted prevention solutions, thus achieving prevention and greatly reducing the probability of information security risks.



External Certification of Information Security

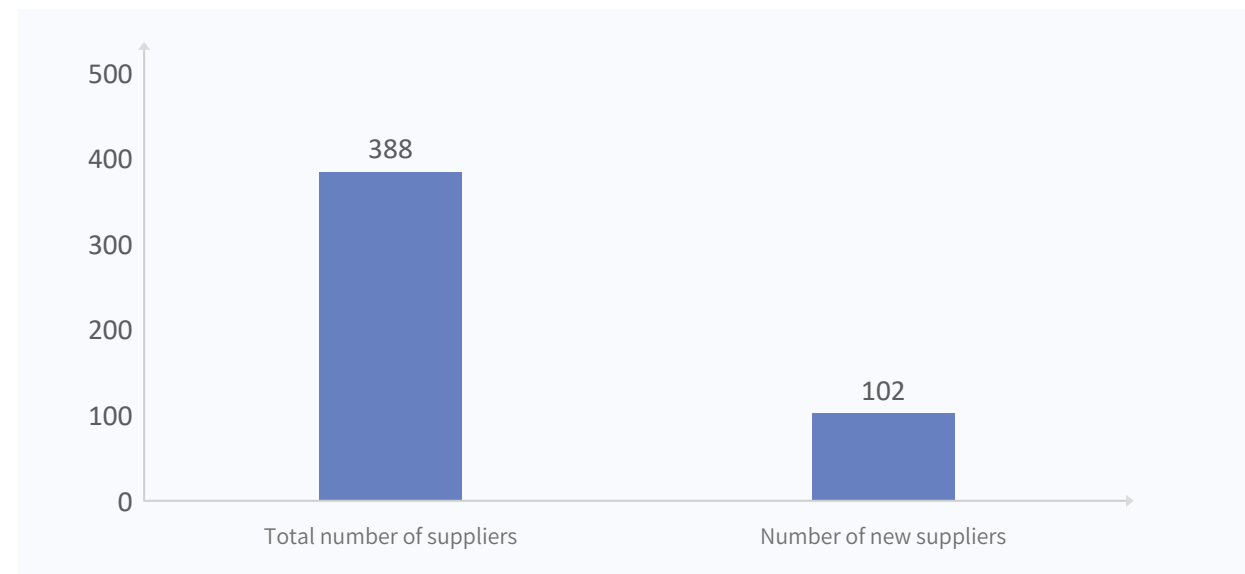
We have obtained a series of information security management certifications, including but not limited to the CMMI-5 Capability Maturity Measurement certification, ISO27001—Information Security Management System certification ISO22301 Business Continuity Management System certification. These certifications also signify that the Group has reached industry-leading standards in software development management system, security guarantee implementation and delivery services, and project management.



SUPPLIER MANAGEMENT

We are well aware of the importance of the supply chain to the quality of our products and services, and sustainable development with upstream and downstream partners is a key objective of our supplier management. During the Reporting Period, all of our suppliers were located in Chinese mainland.

Statistics on the Number of Suppliers



Suppliers System

The Group adheres to its internal quality requirements and sets clear requirements and conducts thorough investigations on the qualifications of its suppliers in the management of their access to the Group and has formulated the Resource Management Measures for Harnessing the Cloud Department to standardise supplier management.

Suppliers Selection Threshold

In selecting suppliers, the Group is required to undergo a series of vetting processes to ensure that they provide reliable and trustworthy products or services. For example, (1) a valid business licence as well as a copy of the identity card of the legal representative and the account opening permit; (2) a registered capital of not less than RMB10 million; and (3) whether the quality of the suppliers' products and the environmental control and other conditions comply with the relevant laws and regulations, and all other things being equal, we will give preference to the party with the better environmental control.

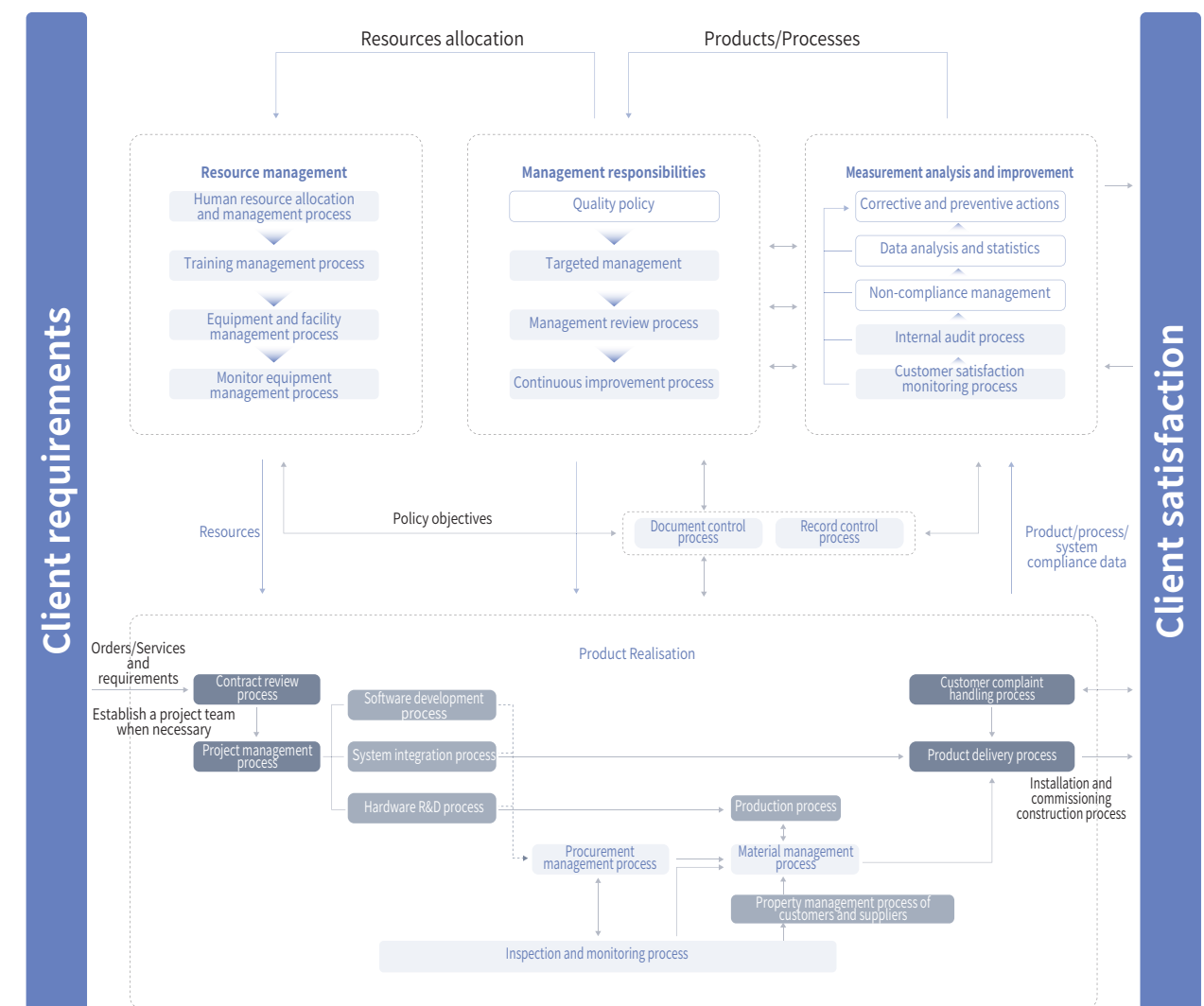
Suppliers Assessment

The Group conducts quarterly scoring assessments of existing and newly deployed resources. In the assessment, 1 represents poor resources, 2 represents average resources and 3 represents excellent resources. In addition, we will categorise suppliers into three grades, with those scoring between 11 and 14 being graded S, those scoring between 8 and 10 being graded A, and those scoring less than 8 being graded B. The results of the assessment are linked to the volume of supply. Suppliers who fail to meet the criteria for a long period will be removed from our list.

CLIENT SERVICE MANAGEMENT

Product Quality Management

The Group has established a comprehensive quality management system with reference to the “Law of the People’s Republic of China on Product Quality” and the “Software Product Management Approach” and has compiled a “Quality Management Manual” to track and manage the quality of the entire process of product development. Meanwhile, to ensure the delivery of high-quality projects, the Group endeavours to ensure that we maintain a high standard of service and product quality through internal control. The Group has completed the internal and external audits for the ISO9001 quality management system certification, which effectively ensures the continuity of quality.



Clients Satisfaction

The Group is always client-oriented, provides attentive service, we will be in accordance with the Company's internal "Client Service Operation Manual", and continuously follows up on clients' needs and opinions through online 400 and offline means, so as to improve clients satisfaction.



"Client Satisfaction 100%" Project

The green-light client status: 85%

In 2024, the annual "Clients Satisfaction 100" project, in line with the company's organisational optimisation, enabled the localisation of services in the region and further enhanced the service response speed. Our "Clients Satisfaction 100" conducts formal interviews with clients in seven dimensions, including business value, function experience, delivery cycle, system stability and maintenance guarantee, problem response, new demand response, and client leadership. Subsequently, according to the scoring system of the interview results, we will divide the client's business status into red-light, yellow-light, and green-light. For green-light clients, we will visit once every six months, and for red- and yellow-light clients, we will visit at least once every two months, to finally promote all of them to the green-light status.

Client Complaints Handling Process

Adhering to the "client-first" service concept, Xuan Wu Cloud highly attaches importance to the customer complaint situation, in accordance with the "client feedback and handling process" and other internal systems, we established a complete closed-loop client complaint handling and feedback mechanism, to ensure that every client's complaint can be quickly responded and resolved.

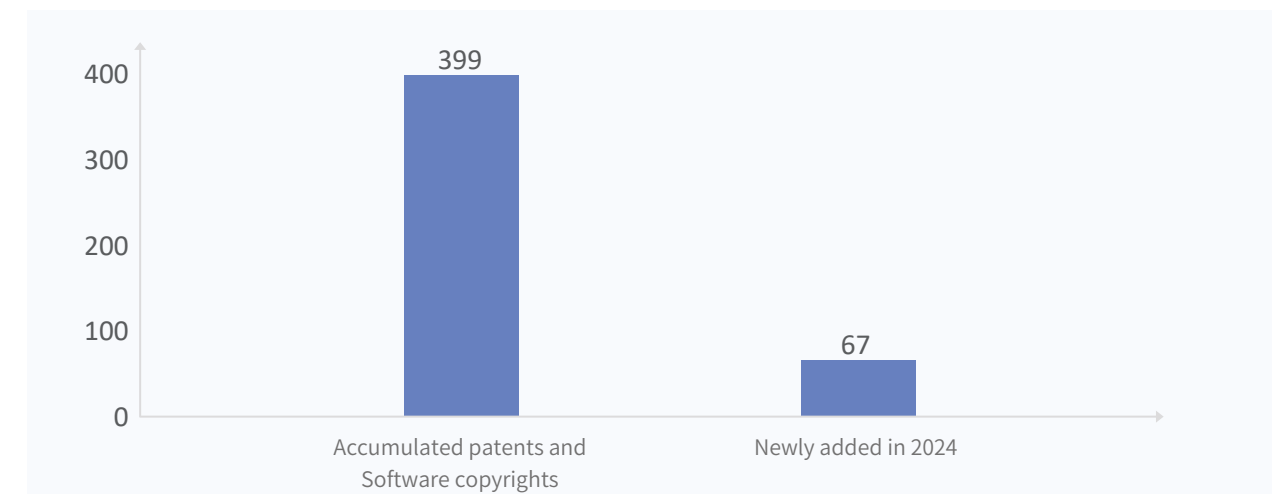
Our service assessment standard is the fulfillment rate of the first return visit to customers within 48 hours: **100%**.

In 2024, the incidence of customer return visits exceeding the allotted time for the entire year was **0**

INTELLECTUAL PROPERTY MANAGEMENT

As a high-tech enterprise, the level of intellectual property management is an important aspect of its scientific and technological R&D and technological innovation capabilities and the Group has established a comprehensive management system in this field, based on it, we have also won the title of "Guangdong Intellectual Property Demonstration Enterprise" during the Year, meanwhile, we have also formulated a series of internal policies, such as the "Patent Management Policy", the "trademark Management Policy", the "Copyright Management Policy", and the "Patent and Papers Incentive Policy", to protect the Group's service invention achievements and stimulate the enthusiasm of employees for technological innovation.

Number of Intellectual Properties



During the Reporting Period, we completed the 2024 high and new technology enterprise recognition, which is also a recognition of our technical strength and innovation capability and can also enhance our popularity and competitiveness in the industry and increase the trust of our partners and clients. In addition, with the upgrading of the brand of our mass consumption business, we transferred the original patents and software copyrights of the mass consumption business to our new business platform, Xuantong during the Reporting Period, which is also beneficial to the rapid establishment of Xuantong's innovation and R&D capabilities and the rapid development of Xuantong's business.

Turning Intellectual Property into Assets

We also actively promote the effective use of intellectual property and revitalise intangible assets, which not only reflects the market value and application potential of intellectual property, but also helps enterprise to enhance the brand image and market competitiveness while bringing them financial support.

Incentives for Patents and Academic Papers

In order to encourage invention and creation, enhance our scientific and technological research and development and technological innovation capabilities, promote the enthusiasm of our employees for technological innovation, and protect our service invention achievements, the Group has set up patent application awards, patent implementation remuneration, and academic paper publication awards, and different cash incentives are given according to the category of patents and the level of academic papers.

04

PEOPLE-CENTERED
APPROACH

Mutual Growth

Talent is the primary productive force. Xuan Wu Cloud is well aware that the health, happiness, and growth of employees are directly related to the competitiveness and innovation capability of the enterprise. Therefore, we are committed to creating an inclusive and diversified work environment, ensuring that every employee feels respected and their value is recognised. We firmly believe that valuing the well-being and development of employees can not only enhance employee satisfaction and loyalty, but also stimulate their potential and jointly drive Xuan Wu Cloud towards a more brilliant future.

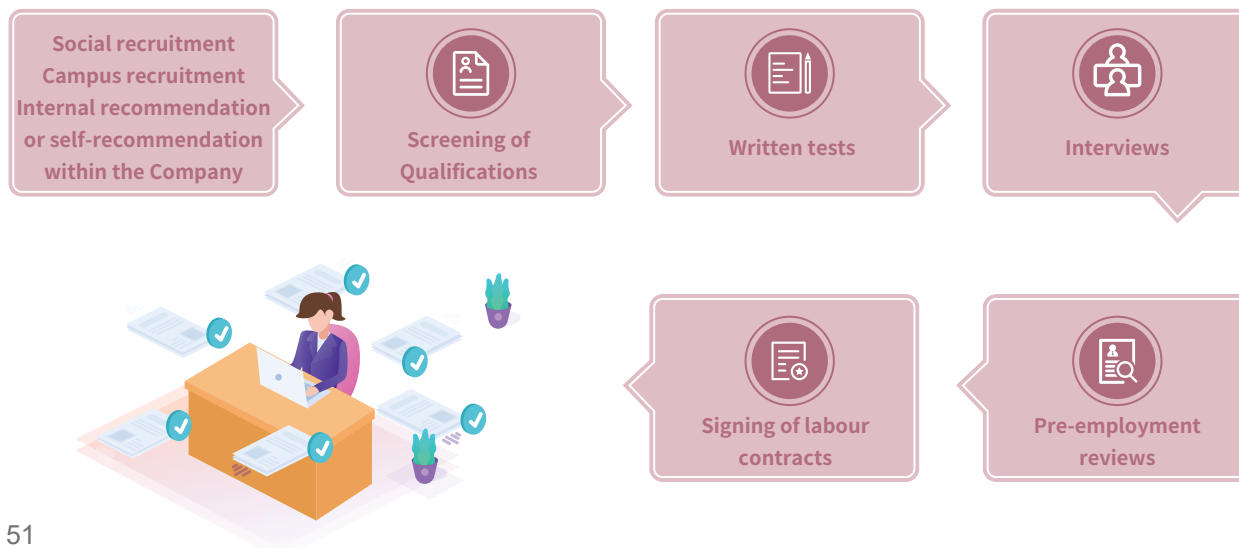


TALENT INTRODUCTION

The Group has always practiced the principle of anti-discrimination and provided equal opportunities to all employees. We insist on equal pay for equal work in terms of employment, promotion and remuneration. We will not discriminate against any employee on the basis of ethnicity, marital status, gender, location or religious beliefs. We have thus established a diversified and inclusive talent structure, under which we had a total of 672 employees during the Year.


The Group has a sound time and attendance system and adopts a five-day-a-week, eight-hour-a-day working arrangement, encouraging its employees to complete their assignments efficiently during normal working hours and not advocating overtime work. If there is a genuine need to work on national holidays and weekends, prior approval must be sought and the Group will arrange for the employees to take a compensatory leave and provide them with overtime allowance. In addition, the employees of the Group are entitled to national holidays, paid annual leave, marriage leave, prenatal check-up leave, paternity leave, parental leave, maternity leave, sick leave, personal leave, work injury leave and funeral leave. The Group strictly complies with the relevant laws and regulations that have a significant impact, including but not limited to the *Labour Law of the PRC*, the *Labour Contract Law of the PRC*, the *Provisions on the Prohibition of Using Child Labour*, and others, and has formulated internal policies on the *Employee Handbook*. During the Reporting Period, the Company did not experience any incidents of child labour, forced labour, or compulsory labour.


We have established a comprehensive talent introduction system, committed to actively recruiting outstanding external talents through social and campus channels, in order to attract professionals with diverse backgrounds and experiences to join the Company. In addition, the Group promotes the values of internal mutual help and mutual growth and adheres to the recruitment principle of “open recruitment, internal priority, fair competition and selection of excellence” and has formulated an effective internal recruitment and promotion mechanism. Therefore, our employees can make adjustments to their positions in conjunction with their individual career planning instead of leaving the Group directly. This management strategy is also aimed at reducing our employee turnover rate (please refer to the appendix on page 73 for the turnover rate of employees by gender, age group and geographical region).



Employee Composition

As at the end of the Reporting Period


 The Group has a total of **672** employees

 **22** ethnic minority employees


By gender


 Male **65.2%**

 Female **34.8%**

 Percentage of female in management: **21.1%**

By age group

 Under 30 **46.4%**

 Between 30 to 50 **53.0%**


 Above 50 **0.6%**

By educational background

 Doctoral degree **0.3%**

 Master degree **5.5%**

 Bachelor degree **75.7%**

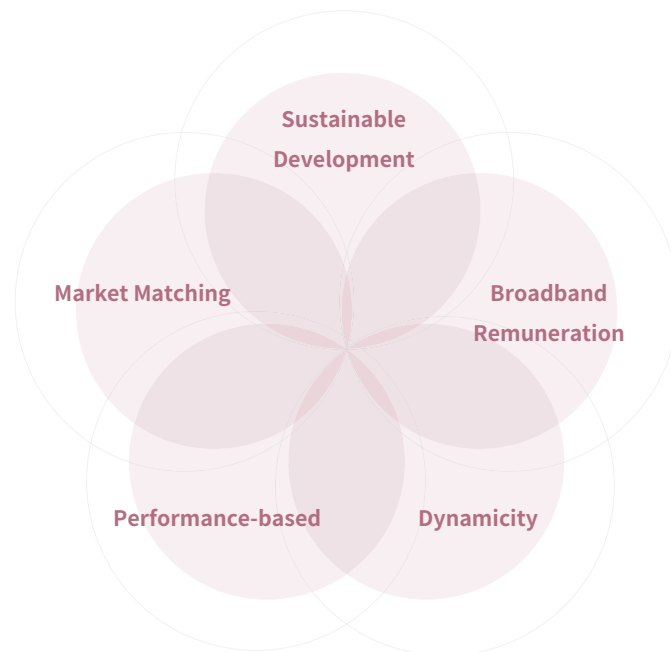
 Other educational qualifications **18.5%**

By geographical region **100%** in Mainland China

EMPLOYEE REMUNERATION AND BENEFITS

Employee Remuneration

We provide our employees with a comprehensive and competitive remuneration and incentive system to attract and retain talent. Currently, our remuneration model embodies five principles. At the same time, to stimulate employees' innovation vitality and sense of identification with the Company, we have established an equity incentive mechanism, aiming to share the Company's development achievements with employees and thus reward core personnel who have made significant contributions to the Company's development.



Employee Benefits

Xuan Wu Cloud has continuously improved its remuneration and welfare system, paid remuneration on time and in full, and legally contributed to social insurance and housing provident fund for its employees, establishing a comprehensive welfare and security system. In addition to meeting the statutory employee benefits stipulated by the state, we also provide the following additional supplementary benefits for our employees:

Supplementary accident insurance

The Group has purchased additional traffic accident insurance and accidental injury insurance for all employees, thus providing them with more comprehensive protection.

Subsidies for IT equipment

The Group advocates energy conservation and emission reduction, and provides a certain amount of cash subsidies to employees who use their own IT equipment for work each month.

Subsidies for meals

We provide a certain amount of meal allowance to all employees every day.

Others

We also provide gifts for employees' birthdays, regular health check-ups, and festive care activities.



Monthly Value Achievers (價值觀達人) Selection

In alignment with the value system of "client-first", "forge ahead", and "mutual achievement", we assess employee performance monthly and conduct a case collection and selection for "value achievers" within the Group. For employees who become value achievers, we will not only provide certain performance incentives, but also use this as an important basis for future promotions and remuneration adjustments.



Monthly Employee Birthday Party

To enhance employees' sense of belonging and foster a harmonious and positive work atmosphere, we announce the list of employees who have birthdays in the current month on the group chat of the Group every month, and send birthday greetings and gift cards to each of them. This measure not only enriches employees' additional benefits but also helps us attract and retain talent with a better welfare system.



CARING AND TRAINING OF EMPLOYEES

Employee Health

The Group prioritises the occupational health and safety of its employees and strictly complies with relevant laws and regulations that have a significant impact on it, including but not limited to the Production Safety Law of the PRC, the Fire Control Law of the PRC, the Law of the PRC on Prevention and Control of Occupational Diseases and the Measures for the Administration of Occupational Health Examination and others. During the Reporting Period, the Group did not violate any of the relevant laws and regulations relating to the provision of a safe working environment and the protection of employees against occupational hazards.

Over the past three years, the number of fatalities resulting from work-related accidents in each year was **0**

In 2024, the number of workdays lost due to work-related injuries was **0**

The number of employee relationship activities held was **35**

The Group implemented a number of activities and initiatives to protect the occupational health and safety of its employees. For example, organised health-promoting events, such as New Year sports competitions, to encourage employees to adopt a healthy lifestyle. Regular arranged inspections and maintenance of workplaces, building structures, and fire safety facilities to avoid safety hazards. Regularly organised medical check-ups for employees and launched thematic activities such as “Xuan Love Week (玄愛周)”. Due to the nature of business of the Group, employees mainly work in office premises where they are not exposed to dust, radioactive substances and other toxic and hazardous substances.



Xuan Love Week Series Activities

Xuan Love Week is an annual series of activities we provide for our employees, aimed at regularly organising themed care activities. For example, during the Xuan Love Week event in July, the theme was “Healthy Together, Vibrant Summer (健康同行，活力一「夏」)”. Xuan Love Week invited professional doctors to offer services such as chiropractic and essential oil massage, allowing employees to relax both physically and mentally amidst their hectic work schedules.



Caring of Employees

We fully respect the opinions of our employees. Listening to their suggestions is a crucial foundation for the steady development of our enterprise. To this end, we have designated employee relations specialists who, through online and offline communication channels, promptly gather feedback and demands from employees regarding various aspects of the Group. Through interactive communication among them, we aim to solve problems arising in the daily operation of the Group and promote its steady development.

Xuan Wu Experienter: During the Reporting Period, we introduced a series of “Xuan Wu Experienter (玄武體驗官)” activities, aiming to coordinate cross-departmental collaboration, optimise workflows, and enhance cross-departmental work efficiency. By the end of 2024, the Xuan Wu Experienter had launched six themes, receiving 223 suggestions and opinions through questionnaires. During the Reporting Period, the problem resolution rate reached 88%.



Organisatio of Health Survey: To better understand the current status and existing issues within the Group's internal environment, and to continuously optimise the Group's various systems, policies, and processes, improve the working environment and atmosphere for everyone, and build a positive and cohesive team, we annually distribute the “Xuan Wu Cloud Organisation Health Survey (玄武雲組織健康度調查問卷)” to all employees. The coverage rate of employee survey completion reaches 100%.



Employee Service Recognition Activity: We annually organise special activities recognising employees who have been with us for one, three, five, and eight years, respectively, to acknowledge their long-term dedication and contributions to the Group. During the Reporting Period, 29 employees participated in this activity.



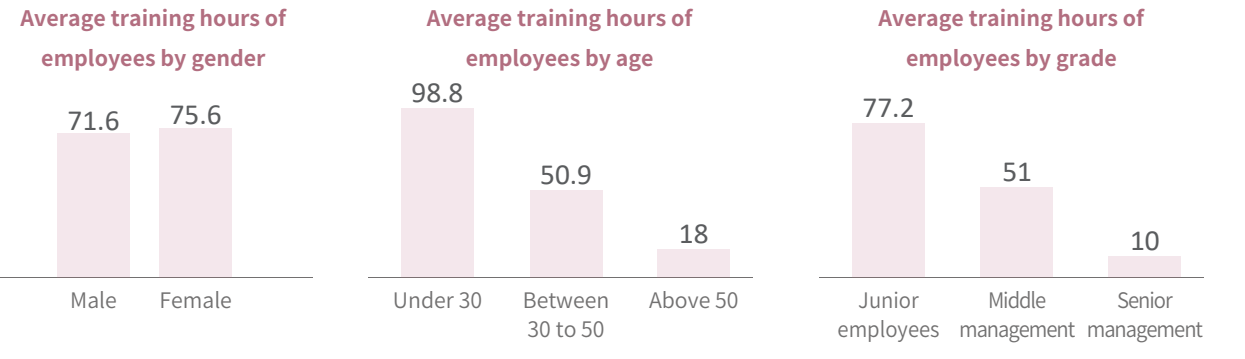
Staff Training

The Group attaches great importance to the sustainable development of employees. The career paths of employees are divided into technical professional line, management professional line, and marketing professional line. Targeted at different categories of talents and employees at all levels of the Group, we provide a large number of training resources, including newcomers' training, on-the-job training, professional development seminars and accredited educational courses, and online learning platform, X-Learning.

In addition to regular training, we have also carried out a series of entertaining activities based on the actual situation of the Group. For example, we have launched the “White Elephant Initiative (白象行動)” on Xuan Wu Online Learning Platform to emphasise the importance of civilised behaviour among employees and improve their daily behavioural norms. We have also initiated special online trainings such as “Management Insights (管理錦囊)”, thereby enhancing the efficiency of enterprise management. In terms of technical training, we regularly launch technical thematic training courses, with technical experts from the Group serving as instructors, effectively improving our technical talent reserves.

Fresh graduates recruited on campus	The Group has established a dedicated “Talent Program (優才計劃)” to stimulate their potential and help them embark on a healthy career path through specialised management and training programs.
Sales employees	We will conduct an annual review of sales talents to explore their business and development goals, and achieve mutual growth of employees and the enterprise.
R&D and product employees	The human resources department, in conjunction with the industry research institute of the Group, jointly form an expert level talent team to build think tank assets.

The total number of employees	Percentage of employees trained	Average training time of employees
672	96.0%	73 hours



The number of participants in technology-related training was	The number of participants in management training was	The number of participants in marketing-related training was
323	102	108
Average training time was	Average training time was	Average training time was
72.6 hours	54.5 hours	86 hours

Employee Promotion Assessment Mechanism

Business Unit Managers Training Camp 2.0

By organising practical results assessments and concentrated empowerment in specialised skills, we aim to cultivate qualified leaders of business units, continuously enhancing their competency and regional operational capabilities.

Wolf Journey Training Camp V2.0

While improving the professional skills of the sales staff through organising scenario drills, thematic discussions, elite sharing sessions, and other activities, we also evaluate their overall performance during training and refine the promotion management system.

ENTHUSIASM ABOUT WELFARE

As a technology enterprise with warmth, Xuan Wu Cloud holds a sense of responsibility and actively fulfills the social responsibility of a corporate entity. In the daily operation process, combined with the Company's own business situation, the Company has carried out community donations, supporting national fitness and other public welfare activities during the Year.



Xuan Wu Cloud × Tianyuan Social Work Service Station in Tianhe District, Guangzhou: Public Welfare Donations

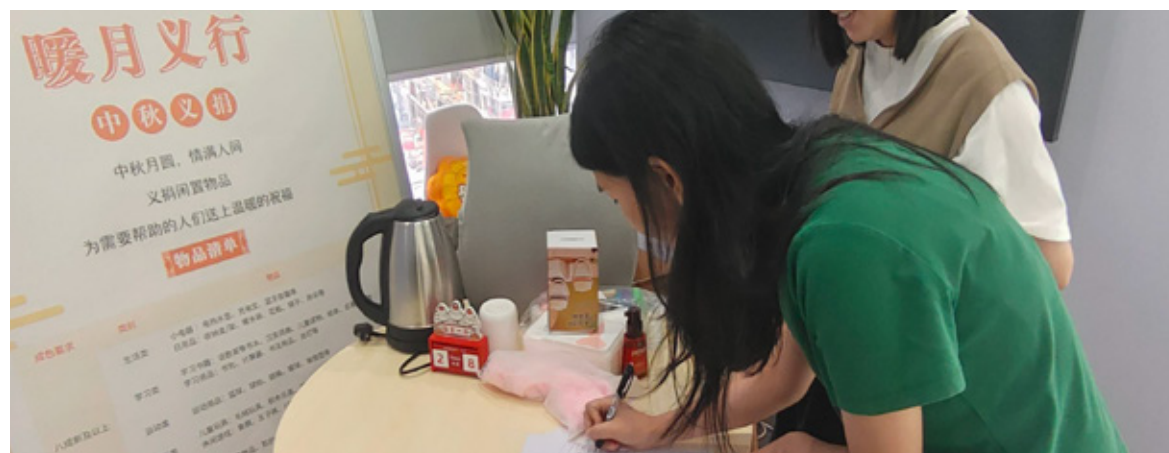
The Group encourages all employees to donate idle items and gather items for charity sales, including living, educational, sports, entertainment, etc. The materials raised have been transported to Tianyuan Social Work Service Station in Guangzhou, which will then distribute them to targeted disadvantaged groups.

The number of donated items

149

The number of participats

34



Xuan Wu Cloud × Panyu Community Basketball Game: Supporting National Fitness

National fitness is an important aspect of China's comprehensive construction of a moderately prosperous society, and it also serves as a crucial foundation for personal growth and the attainment of a happy life. While actively advocating for appropriate physical activity among its employees internally, Xuan Wu Cloud also collaborates with its partners to facilitate the implementation of comprehensive fitness-related activities. In November, Xuan Wu Cloud and China Merchants Renhe Insurance jointly supported a basketball game in a residential area in Panyu District, Guangzhou, demonstrating their practical support for the development of the national fitness program.



Fire Public Welfare Training: Boosting Safety Awareness Promotion

In June, the Headquarter of Xuan Wu Cloud hosted a fire safety drill training and safety education public welfare event at Dongsheng Yunding Building with the theme of "Everyone Pays Attention to Safety, Everyone Knows Emergency Response — Keep the Emergency Exit Passable". As one of the major tenants in this office building, Xuan Wu Cloud actively responded to the call from the property management team and organised its employees to participate in the fire safety drill and training. At the event site, Xuan Wu Cloud employees enhanced their awareness of fire safety, knowledge base, and self-rescue capabilities through on-site operation of mini fire trucks, fire extinguishers, gas masks, and other fire equipment, as well as on-site teaching by professional fire departments.



05 ENERGY CONSERVATION AND EMISSION REDUCTION

Aim for Green Development

We have always believed that green development is of utmost importance for enterprises to achieve sustainable development. Xuan Wu Cloud integrates environmental protection and green development concepts into our daily operations to protect the environment, and actively aligns with the national “dual carbon (雙碳)” goals. At the same time, we are also actively exploring the research and innovation of low-carbon green technologies, continuously enhancing the identification and management of environmental risks, and conduct in-depth identification and response to climate change risks.

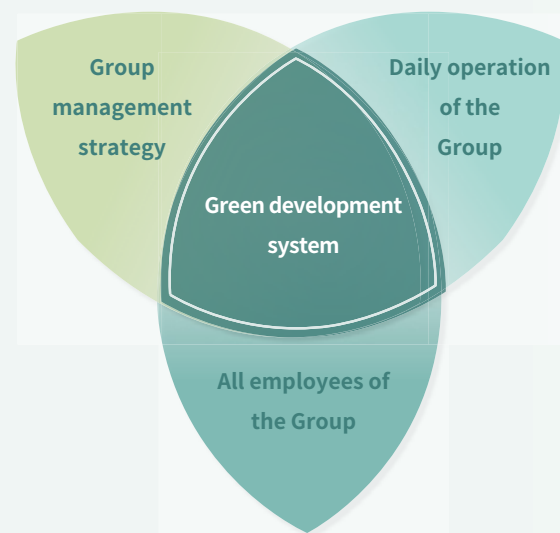


GREEN DEVELOPMENT SYSTEM

In 2024, the central government made its first systematic plan for accelerating the comprehensive green transformation of economic and social development, signaling the full commencement of the green economy era. As a company committed to green and sustainable development, Xuan Wu Cloud has always integrated green development, energy conservation, and emission reduction into its daily operations. From guiding employees on energy conservation and emission reduction concepts to implementing green office practices, Xuan Wu Cloud strives to reduce its environmental impact and achieve efficient resource utilisation based on its actual situation. At the same time, we also actively respond to climate change risks and opportunities, thereby further enhancing the Group's overall resilience to risks.

During the Reporting Period, we confirmed strict compliance with relevant environmental laws and regulations. The Group did not identify any serious violations of environmental laws and regulations. We have also specified corresponding action measures for different stakeholders within the Company, thereby effectively implementing the Company's green development philosophy and addressing climate change.

Identify the potential impacts of climate change on the Group's operations and devise appropriate response measures



Promote green office practices and implement proactive energy-saving measures and utilise energy-efficient equipment

Promote water conservation, energy conservation, and garbage classification; encourage the use of public transportation, etc.

DEALING WITH CLIMATE RISKS AND OPPORTUNITIES

Global climate change is one of the most pressing challenges facing the world today. With the increasing frequency of extreme weather events and the disruption of ecosystems, enterprises, as crucial components of society, must shoulder the responsibility of addressing climate change. Xuan Wu Cloud is deeply aware of the challenges that environmental and climate change risks pose to the Group's daily business and operations. In response, we proactively identify climate change risks and opportunities that are closely related to the Group's operations and development.

Physical Risk

Risk type	Risks	Risk impact	Risk response measures
Acute risks	Extreme weather	Extreme weather conditions, including extreme rainfall, typhoons, floods, and extremely cold weather, may pose significant risks to various aspects of the Group, including its office premises, hardware equipment, and network systems, and may also result in asset losses	<ul style="list-style-type: none">Regular inspections and early warningsThe Group formulates contingency plans for extreme weather conditions and conducts regular drillsIdentify important assets that may be damaged as a result, and take measures such as making backups or purchasing insurance in advance, thereby minimising the losses incurred by extreme weather
Sustainability risks	Rising temperature	Continuous high temperatures may increase the likelihood of fire disasters occurring in the Group, or may require refrigeration equipment to operate for longer periods, potentially resulting in asset losses or increased operating costs for the Group	Regularly conduct maintenance on the electrical system and cooling facilities to prevent the occurrence of fires. During the operational phase, continuously enhance cooling efficiency through various technological upgrades
	Water shortage	Water resource pressure may lead to higher water bills and increased operating costs	We have taken various measures to improve water use efficiency and continuously raise employees' awareness of energy conservation and emission reduction
	Sea level rise	Potentially submerge data centres in coastal areas, or lead to unstable network communication, resulting in asset and revenue losses	We constantly monitor extreme weather conditions and flood seasons, and organise drills for typhoon and flood prevention

Transformation Risk

Risk type	Risks	Risk impact	Risk response measures
Policy and legal risks	Regulatory policies or environmental information disclosure are becoming stricter	Rising costs for environmental compliance and increased expenses due to the procurement of new energy-efficient equipment	Pay close attention to changes in environmental laws, regulations, and policies, and respond promptly. Meanwhile, in daily operations, strengthen energy control and gradually increase the proportion of clean energy
Technology risks	The development of new technologies increases R&D costs	Customers do not approve, resulting in failure to meet revenue expectations	We adhere to the strategy of “technology + business” two-wheel drive. When developing new technologies, we always prioritise customer needs, continuously monitor market dynamics, and constantly optimise our technologies and products
Reputational risks	Due to poor performance in addressing climate change or Group operations, resulting in negative feedback from various stakeholders	It may affect the Group’s earnings, institutional ratings, and public reputation, thereby impacting its long-term development	Enhance the Group’s sustainable development capabilities and actively respond to climate change; at the same time, continuously improve the Group’s transparency and respond to the concerns of stakeholders in an open, fair, and just manner
Market risks	Customer behaviour habits, such as demanding low-carbon products or considering ESG performance as one of the prerequisites for cooperation	It may lead to a decline in demand for existing products	We adhere to the “client-first” philosophy and regularly consider customer preferences. At the same time, we actively carry out green and environmental protection publicity work in communities and other places to enhance our corporate environmental image

Opportunities in Responding Climate Change

We will actively respond to the call for green development, seize opportunities, actively research and develop new green products, and explore new business growth points. At the same time, in the daily business operations of the Group, we have strengthened our energy conservation and emission reduction management. We aim to contribute to the early achievement of China’s “dual carbon (雙碳)” goals.

Opportunity type	Opportunities	Opportunity impact
Product requirements	Increasing demand for low-carbon products	Strengthen the research and development of green and low-carbon products to meet demand, potentially increasing the Group’s revenue
Market changes	Changes in customer usage preferences	Actively participate in emerging green markets
	New government subsidies for support	Identify and respond to supportive government policies and green projects

GREEN OPERATION

Xuan Wu Cloud has always been committed to green and sustainable development. The Group strictly abides by the Environmental Protection Law of the PRC, the Energy Conservation Law of the PRC and other environment-related laws and regulations, and actively responds to the “dual carbon” goals proposed by the country, comprehensively promotes green operations in daily management, utilises cutting-edge business models and scientific operational thinking to reduce emissions, and has carried out environmental protection activities such as “disappearing batteries (消失的電池)” and implemented a series of energy-saving and emission-reduction measures during the Year.

As the Group's business involves providing software services, with most of our products and services being deployed on the cloud, our daily operations do not involve significant emissions of pollutants or substantial energy consumption, nor do they involve the consumption of packaging materials. Thus, we do not exert a significant negative impact on the environment resources.

Practical Green Data of Xuan Wu Cloud¹

Energy	Electricity consumption (kWh) 268,483.1	Intensity (kWh/m ²) 37.3
Water resources	Water consumption (tonnes) 110.8	Per capita water consumption (tonnes/person) 0.16
GHG emissions	Scope 2 indirect emission ² (kg) 149,491.4	Intensity (kg/m ²) 20.8
Waste management ³	Recycle non-hazardous waste, food waste and general office waste 0.54 tonnes	Recycle hazardous waste-used batteries 204 pieces

1. We have not been able to obtain emission data related to Direct Emission Scope 1 due to the following reasons: (i) the Group does not own any official vehicles; (ii) the Group’s business does not generate significant direct GHG emissions; (iii) the Group’s air conditioning system is a central air conditioning system, which is maintained by the property department.
2. Scope 2 GHG emissions primarily originate from outsourced electricity
3. Non-hazardous waste mainly consists of food waste and general office waste generated during daily operations



“Disappearing Batteries”

This is the second consecutive year that Xuan Wu Cloud has hosted this environmental protection-themed event. A button battery can pollute 600,000 liters of water after being discarded in nature, and the toxic elements of lead, mercury and tin contained in waste batteries will damage human health, and the recycling of batteries is imperative!



The quantity of batteries recycled during the Year

204



Advocate for Conservation of Water, Electricity, and Paper

In addition to our daily advocacy for conserving water, paper, and electricity, we have placed relevant signs in areas such as hand washing stations, printer rooms, and conference rooms, making the concept of resource conservation easily visible and prompting all employees to cultivate good habits of resource conservation.



ENVIRONMENTAL OBJECTIVES

Climate change has become a crucial issue of great concern to various international sectors. As a company that emphasises sustainable development, Xuan Wu Cloud deeply acknowledges the importance of environmental protection for the future development of human society. In this context, we actively respond to the “dual carbon” goals set by the country, considering energy conservation, emission reduction, and environmental protection as fundamental pillars of the Group's development. We integrate these principles into our daily business operations and promote harmonious coexistence between the enterprise and the environment.

The resources consumed in our daily business activities primarily consist of purchased electricity, water, and printing paper. GHG emissions primarily stem from purchased electricity. Waste primarily arises from daily office garbage (such as waste paper boxes and paper) generated by employees during their workday, household kitchen waste (garbage produced by employees dining at the company), and hazardous waste (primarily discarded batteries).

Based on the Group's long-term strategic planning and the actual situation related to the environment, we have set a series of environmental goals using 2024 as a starting point, and will track and evaluate the progress of these goals. The specific environmental goals planned by the Group are as follows:

Risk type		Goals	Sustainability measures
Energy consumption	Electricity consumption	Using 2024 as the baseline, we plan to remain the same or decrease year-on-year in 2025	<ul style="list-style-type: none">Adopt a multi-mode control lighting system and utilise LED and energy-saving lampsPost reminders in the meeting room reminding employees to turn off the air conditioning and lights when they leaveIntelligent lighting in the office area, which automatically turns off within specified time periods
	Water consumption	Using 2024 as the baseline, we plan to remain the same or decrease year-on-year in 2025	<ul style="list-style-type: none">All faucets are equipped with automatic sensing systems to prevent employees from forgetting to turn them off and wasting water resourcesPost reminders to remind employees to conserve water
GHG emissions	Scope 2 indirect emissions from purchased electricity	Using 2024 as the baseline, we plan to remain the same or decrease year-on-year in 2025	<ul style="list-style-type: none">Encourage green travel, including employees taking public transportation such as buses and subwaysControl the temperature of air conditioners and turn off all air conditioners after work and on non-working daysArrange for technical personnel to conduct regular maintenance on the air conditioning cooling systemWhen purchasing new appliances, choose energy-saving and green productsFor business travel, it is encouraged to prioritise transportation with lower GHG emissions, and at the same time, the use of online communication and exchange is advocated to replace non-essential business trips
Waste management	Hazardous waste	Based on the nature of our business, the Group has no quantifiable goals	<ul style="list-style-type: none">We will regularly organise activities to promote the recycling of used batteries. Meanwhile, we will set up a drop-off point for used batteries at the front desk. If any employee needs to replace a battery, they must first dispose of the old used battery in the recycling bin.
	Non-hazardous waste	Using 2024 as the baseline, we plan to remain the same or decrease year-on-year in 2025	<ul style="list-style-type: none">Encourage a paperless office environment, minimise the copying and printing of images, and promote double-sided printing and the reuse of waste paperEncourage employees to bring their own lunch boxes to reduce the use of disposable tablewareRegularly clean up garbage and strictly classify it, recycle and encourage the reuse of reusable waste

ESG KEY PERFORMANCE INDICATORS AND INDEX

Aspect	Requirement		Chapter
A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste		Green Development System Green Operation
	Note:	Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations	
		Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride	
		Hazardous wastes are those defined by national regulations	
	KPI A1.1	The types of emissions and respective emissions data	Green Operation ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI A1.2	Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Operation ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Operation ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Operation ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Environmental Objectives
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Environmental objectives
A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials		Green Development System Green Operation
	Note:	Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ' 000s) and intensity (e.g. per unit of production volume, per facility)	Green Operation ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green Operation ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI A2.3	Description of the energy use efficiency target(s) set and steps taken to achieve them	Environmental Objectives
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Environmental Objectives
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not applicable. The Group's business does not involve the use of any packaging material

A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources		Green Development System Green Operation
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green Development System Green Operation
B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare		Talent Introduction Employee Remuneration and Benefits
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Talent Introduction ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	ESG KEY PERFORMANCE INDICATORS AND INDEX
B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards		Employee Health
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Employee Health
	KPI B2.2	Lost days due to work injury	Employee Health
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Employee Health
B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities		Staff Training Employee Promotion Assessment Mechanism
	Note:	Training refers to vocational training. It may include internal and external courses paid by the employer	
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Staff Training ESG KEY PERFORMANCE INDICATORS AND INDEX
	KPI B3.2	The average training hours completed per employee by gender and employee category	Staff Training ESG KEY PERFORMANCE INDICATORS AND INDEX

B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour		Talent Introduction
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Talent Introduction
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	Talent Introduction
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain		Supplier Management
	KPI B5.1	Number of suppliers by geographical region	Supplier Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supplier Management
	KPI B5.3	Description of practices used to identify environmental and social risks at each stage along the supply chain, and how they are implemented and monitored	Supplier Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Supplier Management
B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress		Client Service Management
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not Applicable. The Group's business does not involve any risk in terms of safety and health
	KPI B6.2	Number of products and service related complaints received and how they are dealt with	Clients Satisfaction
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Intellectual Property Management
	KPI B6.4	Description of quality assurance process and recall procedures	Product Quality Management
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Information Security and Privacy Protection

B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering		Adhere to Code of Conduct
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Honest Training
	KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Smooth Reporting Channels
	KPI B7.3	Description of anti-corruption training provided to Directors and staff	Sustainable Development of Director
B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests		Enthusiasm about Welfare
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Enthusiasm about Welfare
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Enthusiasm about Welfare

Total employees by gender, employment type, age group and geographical region			
		Number of employees (person)	Percentage (%)
By gender	Male	438	65.2%
	Female	234	34.8%
By employment type	Full-time	642	95.5%
	Part-time	30	4.5%
By age group	Under 30	312	46.4%
	Between 30 to 50	356	53.0%
	Above 50	4	0.6%
By geographical region	The PRC	672	100%
Total employees		672	

The number of turnovers, number of new hires and turnover rate of employees by gender, age group and geographical region

		Number of resignations	Number of new hires	Employee turnover rate ¹
By gender	Male	357	233	44.9%
	Female	180	153	43.5%
By age group	Under 30	462	363	59.7%
	Between 30 to 50	72	23	16.8%
	Above 50	3	0	42.9%
By geographical region	The PRC	537	386	44.4%
Total number of turnovers/total number of new hires		537	386	44.4%

The proportion of male and female employees by management, sales, and R&D work

	Number of males	Percentage	Number of females	Percentage
Senior management	12	92.3%	1	7.7%
Middle management	73	76.8%	22	23.2%
Sales personnel	55	53.9%	47	46.1%
R&D personnel	133	71.1%	54	28.9%

Percentage of employees trained — including trainees

Number of employees	Number of employees trained	Percentage of employees trained	Total training hours	Average training hours
672	645	96.0%	47,085	73

1. The calculation formula for the employee turnover rate this year is as follows: Employee turnover rate = (Annual cumulative number of resignations in this category)/(Annual final number of employees in this category + Annual cumulative number of resignations in this category) * 100%, excluding the number of internal job transfers.

Number of male and female employees trained

Number of male employees	Number of male employees trained	Percentage of male employees trained	Total training hours of male employees	Average training hours of male employees	Number of female employees	Number of female employees trained	Percentage of female employees trained	Total training hours of female employees	Average training hours of female employees
438	418	95.4%	29,929	71.6	234	227	97.0%	17,156	75.6

Percentage of employees trained by position category

Number of President Office	Number of President Office trained	Percentage of President Office trained	Total training hours of President Office	Average training hours of President Office
13	13	100%	130	10
Number of employees at the level of second-tier managers and above (excluding the President Office)	Number of employees at the level of second-tier managers and above (excluding the President Office) trained	Percentage of employees at the level of second-tier managers and above (excluding the President Office) trained	Total training hours of employees at the level of second-tier managers and above (excluding the President Office)	Average training hours of employees at the level of second-tier managers and above (excluding the President office)
73	71	97.3%	3,621	51
Number of junior employees	Number of junior employees trained	Percentage of junior employees trained	Total training hours of junior employees	Average training hours of junior employees
586	561	95.7%	43,334	77.2

Percentage of employees trained by age

Number of employees under 30	Number of employees trained under 30	Percentage of employees trained under 30	Total training hours under 30	Average training hours under 30
312	300	96.2%	29,640	98.8
Number of employees between 30 to 50	Number of employees trained between 30 to 50	Percentage of employees trained between 30 to 50	Total training hours between 30 to 50	Average training hours between 30 to 50
356	342	96.1%	17,391	50.9
Number of employees above 50	Number of employees trained above 50	Percentage of employees trained above 50	Total training hours above 50	Average training hours above 50
4	3	75.0%	54	18

Percentage of employees trained by training skills

Number of employees participated in technological trainings	Total training hours participated in technological trainings	Average training hours participated in technological trainings
323	23,450	72.6
Number of employees participated in management trainings	Total training hours participated in management trainings	Average training hours participated in management trainings
102	5,559	54.5
Number of employees participated in marketing trainings	Total training hours participated in marketing trainings	Average training hours participated in marketing trainings
108	9,288	86

CO ₂ emissions	
Type of GHG emissions	2024
	Equivalent CO ₂ emissions (kg)
Direct emissions (Scope 1)	None ¹
Indirect emissions (Scope 2)	149,491.4
Total	149,491.4
Intensity	20.8kg/m ²

Energy and water consumption	
Type of energy	2024
Electricity (kWh)	268,483.1
Energy intensity	37.3kWh/m ²
Water consumption (tonnes)	110.8
Per capita water consumption	0.16 tonnes/person

Waste management		
2024		
Type of waste	Quantity	Treatment method
Non-hazardous food waste and general office waste	0.54 tonnes	Recycle
Non-hazardous intensity	0.8kg/person	/
Hazardous waste-used batteries	204 pieces	Recycle
Hazardous intensity	0.3 pieces/person	/

1. We have not been able to obtain emission data related to Direct Emission Scope 1 due to the following reasons: (i) the Group does not own any official vehicles; (ii) the Group’s business does not generate significant direct GHG emissions; (iii) the Group ’s air conditioning system is a central air conditioning system, which is maintained by the property department.

COMMENTS FEEDBACK FORM

Dear Readers,

Thank you very much for reading the Xuan Wu Cloud’s 2024 Environmental, Social and Governance (ESG) Report in your busy schedule. We look forward to your comments and suggestions on the report and our efforts. You can send us your valuable feedback by post or email after completing the “Comments Feedback Form”. If you have filled out the Feedback Form, please send it to: ir@wxchina.com

1.

What kind of stakeholder do you belong to Xuan Wu Cloud?

☐ Governmental departments/regulatory authorities

☐ Internal management

☐ Shareholders/investors

☐ Employees

☐ Suppliers/business partners

☐ Clients/potential clients

☐ Non-governmental organisations

☐ Other (Please explain)

2.

Your assessment of our fulfillment of environmental, social, and governance responsibilities

Environmental

☐ Good

☐ Better

☐ Fair

☐ Worse

☐ Poor

Social

☐ Good

☐ Better

☐ Fair

☐ Worse

☐ Poor

Governance

☐ Good

☐ Better

☐ Fair

☐ Worse

☐ Poor

3.

What do you think about the clarity, accuracy and completeness of the information, data and indicators disclosed in the Report?

Clarity

☐ Good

☐ Better

☐ Fair

☐ Worse

☐ Poor

Accuracy

☐ Good

☐ Better

☐ Fair

☐ Worse

☐ Poor

Completeness

☐ Good

☐ Better

☐ Fair

☐ Worse


☐ Poor


Any other comments and suggestions you may have about our work and the Report:



We welcome all investors to scan the QR code to follow the Xuan Wu Cloud Investor Relations official account. This will allow you to stay informed of the Company’s latest developments and important information, and to engage in communication and interaction with us.



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