



易点云  
Edianyun.com

易點雲有限公司  
Edianyun Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2416



Interim Report  
2024

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## CORPORATE INFORMATION

### Executive Directors

Dr. Ji Pengcheng  
*(Chairman and Chief Executive Officer)*  
Mr. Zhang Bin  
Mr. He Liang *(appointed on May 24, 2024)*  
Mr. Tong Jian *(appointed on July 17, 2024)*  
Mr. Xiang Zheng *(resigned on January 12, 2024)*  
Mr. Xiang Wang *(resigned on July 17, 2024)*

### Independent Non-executive Directors

Mr. Hong Weili  
Mr. Song Shiji  
Mr. Wang Jingbo  
Ms. Li Dan

### Audit Committee

Mr. Wang Jingbo *(Chairman)*  
Mr. Hong Weili  
Ms. Li Dan

### Nomination Committee

Dr. Ji Pengcheng *(Chairman)*  
Mr. Wang Jingbo  
Mr. Hong Weili

### Remuneration Committee

Mr. Wang Jingbo *(Chairman)*  
Dr. Ji Pengcheng  
Mr. Hong Weili

### Joint Company Secretaries

Mr. Dou Sen  
Ms. Chu Cheuk Ting

### Authorised Representatives

Ms. Chu Cheuk Ting  
Mr. He Liang *(appointed on May 24, 2024)*  
Mr. Xiang Zheng *(resigned on January 12, 2024)*

### Head Office and Principal Place of Business in PRC

Ediaryun Building  
No. 41 Xixiaokou Road  
Haidian District  
Beijing  
PRC

### Principal Place of Business in Hong Kong

31/F, Tower Two  
Times Square, 1 Matheson Street  
Causeway Bay  
Hong Kong

### Registered Office

Suite #4-210, Governors Square  
23 Lime Tree Bay Avenue  
PO Box 32311  
Grand Cayman KY1-1209  
Cayman Islands

### Auditor

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

## CORPORATE INFORMATION

### Legal Advisors

*As to Hong Kong law:*

**Clifford Chance**

27/F, Jardine House  
One Connaught Place  
Hong Kong

*As to Cayman Islands law:*

**Harney Westwood & Riegels**

3501, The Centre  
99 Queen's Road Central  
Hong Kong

### Compliance Adviser

**Fortune Financial Capital Limited**

Unit 4102-6 41/F, COSCO Tower  
183 Queen's Road Central  
Hong Kong

### Cayman Islands Principal Share Registrar and Transfer Office

**Maples Fund Services (Cayman) Limited**

PO Box 1093  
Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

### Hong Kong Share Registrar

**Computershare Hong Kong Investor Services Limited**

Shops 1712-1716, 17th Floor  
Hopewell Centre, 183 Queen's Road East, Wan Chai  
Hong Kong

### Principal Banks

**China Merchants Bank Co., Ltd.,  
Beijing Tsinghua Garden Branch**

Ziguang Building  
No. 1 Yard Zhongguancun East Road  
Haidian District  
Beijing  
PRC

**China Merchants Bank Co., Ltd.,  
Beijing Shangdi Sub-branch**

Ground floor, Block B, No. 2 Building  
No. 1 Yard Nongda South Road  
Haidian District  
Beijing  
PRC

**Bank of China (Hong Kong) Limited**

Bank of China Tower  
1 Garden Road  
Hong Kong

### Stock Code

Stock code: 2416

### Company's Website

<https://edianyun.com/>

### Listing Date

May 25, 2023

## FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2024	2023	Change(%)
	(RMB in thousands, except for percentages)		
	(unaudited)	(unaudited)	
Revenue	<b>646,888</b>	635,963	1.7
Cost of sales	<b>(369,917)</b>	(353,194)	4.7
Gross profit	<b>276,971</b>	282,769	-2.1
Profit (loss) before tax	<b>21,269</b>	(876,353)	102.4
Profit (loss) and total comprehensive income (expense) for the period	<b>16,481</b>	(881,683)	101.9
Adjusted net profit*	<b>30,714</b>	28,328	8.4
Adjusted EBITDA*	<b>320,628</b>	303,546	5.6

\* To supplement our condensed consolidated financial statements that are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We define adjusted net profit for the period (non-IFRS measure) as net profit for the period adjusted by adding back (i) sharebased payment expense; (ii) fair value changes on financial liabilities at fair value through profit or loss for the period; and (iii) listing expenses. We define EBITDA as the net profit (loss) for the period after adding back (i) net finance costs; (ii) income tax expense; (iii) depreciation; and (iv) amortisation. We added back share-based payment expense, changes in fair value of financial liabilities at fair value through profit or loss and listing expenses to EBITDA to arrive at the adjusted EBITDA (non-IFRS measure). We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

## BUSINESS REVIEW

In the first half of 2024, we endeavor to make office IT easier and aim to become the go-to partner for enterprises for improving IT productivity and efficiency. We distinguish ourselves from our competitors by offering reliable and flexible office IT service packs with one-stop office IT solutions that deliver IT devices installed with systems and software as well as managed IT services. As of June 30, 2024, the Group had 49,737 active customers, representing a year-on-year increase of 10.4%; we also maintained a high customer retention rate, largely unchanged from the same period last year; and we had close to 1.33 million devices in service, an increase of 15.6% year-on-year. We enjoy a number of competitive advantages over traditional device rental service providers, primarily in that:

- (i) **Reliability:** As the largest office IT integrated solution provider in China, we assume responsibility for the functions, services and maintenance of office IT devices for our customers, provide 24/7 and uninterrupted IT support and assistance to our customers with the fastest and nationwide service capabilities in China, and enhance customer experience through strict internal and external quality control standards;
- (ii) **Flexibility:** We adopt a pay-as-you-go subscription approach where our customers can flexibly switch to devices according to their needs without having to purchase devices, so as to avoid not being able to recover the residual value of devices easily to facilitate their capital flow and business development; and
- (iii) **One-stop services:** We provide our customers with one-stop office IT solutions, which provide our customers with a wide range of technical support for their continuous operation and help them to avoid the trouble of their engagement with multiple office IT suppliers. Through this one-stop, stable and flexible services, we help our customers maximise office IT stably running time, save operating expenses, improve employee productivity and drive business growth.

We primarily provide one-stop office IT services on a subscription basis to enterprise customers consisting mainly of SMEs. In the first half of 2024, we have mainly generated revenue from pay-as-you-go office IT integrated solutions, sales of devices, and SaaS and other services.

- **Pay-as-you-go office IT integrated solutions:** We provide our office IT integrated solutions primarily via the pay-as-you-go subscription method. The pay-as-you-go subscription method is a flexible arrangement through which we provide hardware and handle device configuration, device/engineer deployment, operation and maintenance support, performance optimization, and device management services, such as order placement, subscription management, on-site inspection and bulk shipment of the devices, all under one service pack while customers can subscribe and unsubscribe to the office IT service flexibly based on their evolving needs.
- **Sales of devices:** In addition to our pay-as-you-go office IT integrated solutions, we offer customers the opportunity to purchase our devices, in response to certain customers' needs. Customers can purchase the devices in installments, and the ownership of the devices are transferred to the customers when the devices are delivered to customers. Existing subscribing customers can also initiate the requests to us to purchase our devices directly. In addition, we may sell pre-owned devices at commercially favorable prices through our online bidding platform, Epaiji, to optimize our device portfolio, and supplement our revenue streams.
- **SaaS and other services:** We developed our SaaS product to meet customers' multiple digitalization needs. Our SaaS product, Epandian, is designed to help enterprise customers manage their assets and inventories from asset procurement and storage to usage and disposal for an annual subscription fee. Epandian allows customers to visualize and streamline assets and inventories operations and enables customers to track and manage portfolios of assets and inventories with transparency.

## MANAGEMENT DISCUSSION AND ANALYSIS

Leveraging our nationwide service capability, self-developed system named “Nebula (星雲)” and industry leading remanufacturing technology, we provide one-stop, stable and flexible services to help our customers maximize office IT uptime, improve efficiency, enhance employee productivity and drive business growth. In the first half of 2024, we further expanded our influence in environmental, social and corporate governance (“ESG”) practices, winning the “2024 Green Manufacturing Exemplary Award (2024 綠色智造典範獎)” at the “2024 International Zero Carbon Festival and ESG Summit (2024 國際零碳節暨ESG峰會)”, the “Golden Lion Outstanding Environmental Responsibility Case of the Year (‘金獅’年度優秀環境責任案例)” in the first collection of excellent practice cases of high-quality development organised by CFBond.com, and our self-developed remanufacturing technology won the “Top 20 Global Intelligent Frontier Technology Achievements (全球智能前沿科技領域科技成果TOP20)” at the “World Intelligence Industry Expo 2024 (2024 世界智能產業博覽會)”, and the “20th Craftsmanship Technology Award (第二十屆匠心技術獎)” from People.cn, and our employer branding has continued to gain momentum and widespread recognition, with the “2024 China Preferred Employer of the Year (2024 中國年度優選僱主)” awarded by Alliance Zhaopin (智聯招聘), and the “King’s Ark Award for Employer Cherishing Talents the Most (王者之舟-最愛人才僱主獎)” issued by BOSS Zhipin (BOSS直聘).

## DISCLOSURE OF KEY OPERATING DATA

The following tables set forth certain of our key operating metrics for the periods specified:

	As of June 30, 2023	As of December 31, 2023	As of June 30, 2024
<b>Number of active customers<sup>(1)</sup></b>	45,040	46,789	<b>49,737</b>
– Number of subscribing customers <sup>(2)</sup>	43,976	45,757	<b>48,705</b>
– Number of non-subscribing customers who purchased device(s) in installments <sup>(3)</sup>	1,064	1,032	<b>1,032</b>
<b>Number of listed customers<sup>(4)</sup></b>	22,709	23,777	<b>26,436</b>
<b>Number of SaaS customers</b>	2,080	2,127	<b>2,118</b>
<b>Number of devices under service</b>	1,149,932	1,204,876	<b>1,329,721</b>
– Number of devices under subscription	1,131,523	1,187,518	<b>1,307,215</b>
– Number of devices under installment purchase	18,409	17,358	<b>22,506</b>
		<b>Six months ended June 30,</b>	
		2023	<b>2024</b>
Average subscription fee per subscribing customer <sup>(5)</sup>		2,097	<b>1,974</b>
– Customer retention rate <sup>(6)</sup>		85%	<b>85%</b>
Average number of devices under subscription per subscribing customer <sup>(7)</sup>		26.0	<b>26.8</b>
<b>Number of devices sold<sup>(8)</sup></b>		66,324	<b>48,293</b>
– Number of additional devices sold under installments		6,564	<b>11,633</b>
– Number of devices sold under buyout of subscribing customer		19,611	<b>11,358</b>
– Number of pre-owned devices disposed of through auction		40,149	<b>25,302</b>
Number of remanufactured devices <sup>(9)</sup>		396,194	<b>438,840</b>
Average remanufacturing cost/unit		66	<b>70</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Notes:

- (1) The number of active customers as of the end of a month is calculated as the number of customers who have made payments during the month, substantially all of whom are customers of our pay-as-you-go office IT integrated solutions.
- (2) The number of subscribing customers includes 1,828, 1,756 and 1,852 subscribing customers who also purchased devices in installments and had not completed full payments as of June 30, 2023, December 31, 2023 and June 30, 2024, respectively.
- (3) The number of non-subscribing customers who purchased devices in installments represents non-subscribing customers who had purchased our devices in installments and had not completed full payments as of June 30, 2023, December 31, 2023 and June 30, 2024.
- (4) Listed customers represent high-quality clients who have a workforce of approximately 50 or more employees. This strategy of defining and focusing on listed customers has been implemented since the second half of 2022.
- (5) The average monthly subscription fee per subscribing customer is calculated by dividing our revenue from pay-as-you-go office IT integrated solutions in the respective period by the number of subscribing customers in the respective period and then by the number of months. The average monthly subscription fee per subscribing customer as of June 30, 2024 was lower than that of the same period, primarily due to the poor overall economic situation, small and medium-sized enterprises are under pressure and have chosen older equipment.
- (6) The customer retention rate is calculated by dividing the number of original subscribing customers at the end of the period by the number of subscribing customers at the beginning of the period. The number of original subscribing customers at the end of the period is calculated by subtracting the number of customers whose subscription terminated/expired from the number of subscribing customers at the beginning of the period.
- (7) Average number of devices under subscription per subscribing customer is calculated by dividing the number of devices under subscription at the end of the period by the number of subscribing customers at the end of the period.
- (8) In addition to our pay-as-you-go office IT integrated solutions, we offer customers the opportunity to purchase our devices, in response to certain customers' needs. We sell devices in three ways: (i) new devices for customers purchasing in installments, (ii) used devices for customers under the subscription pack who are willing to buy out the devices, and (iii) pre-owned devices that we dispose of through auction. During the Reporting Period, most of devices we sold were used devices.
- (9) The number of remanufactured devices in a period represents the total production volume of our remanufacturing factory network during the same period. The increase of the number of remanufactured devices during the Reporting Period was primarily due to our increasing need for remanufactured devices, as a growing number of devices were procured and utilized to meet the customer demand driven up by our enlarged customer base and business expansion.

We have the ability to optimize our device portfolio by disposing of devices at commercially favorable prices, which in turn lowers the volume of idle devices and increases our device utilization and operational efficiency. In the first half of 2024, we have continued comprehensive inventory management measures and have maintained a high utilization rate of our devices at 90.2%. We closely monitor the changes in inventory levels to ensure smooth operations with low inventories. In addition, we dynamically adjust our inventory of different types of devices and components, and determine local inventory levels based on the actual needs of our customers in that region.

### INCREASE IN THE NUMBER OF CUSTOMERS AND IMPROVEMENT IN THE QUALITY OF NEW CUSTOMERS

In the first half of 2024, the number of our active customers increased to 49,737, representing an increase of 10.4% as compared to 45,040 in the same period in 2023. Such growth was driven by (among others): (i) our adoption of a more effective sales strategy, which has helped us to acquire better quality customers; (ii) our new product research and development and flexible product strategies to better adapt to the current office IT needs of small and medium-sized enterprises and the transformation of PC needs in the AI era; (iii) the improvement of our technology and scale advantages that continued to optimize supply chain, equipment scheduling, remanufacturing and other aspects, and reliance on the full-stack self-developed "Nebula (星雲)" system to continue to enhance operational capabilities and generate business value; and (iv) the optimization of our service capabilities: As the number of customers increases and improves, we continue to optimize the service efficiency, speed and quality of engineers, and go deep into customers' office IT scenarios to provide customers with one-stop solutions to their office IT pain points.



## MANAGEMENT DISCUSSION AND ANALYSIS

We leveraged our well-established reputation and extensive sales network to further expand our customer base. We continue to deepen our sales network to better acquire customers across the country to increase market penetration and improve the quality of potential customers. In the first half of 2024, the number of our listed customers grew to 26,436, representing an increase of 16.4% from 22,709 in the same period in 2023, while the percentage of our listed customers' devices under service increased from 83.9% in the first half of 2023 to 86.2% in the first half of 2024.

With the increase in customer volume and quality, as of June 30, 2024, the number of devices under service was nearly 1.33 million. As customer density rose, our engineers continued to optimise their service efficiency, leading to improvements in both service rate and service quality. As a result, we have been able to better serve our customers and establish stronger customer relationships, with the customer retention rate increasing steadily.

## MACROECONOMIC IMPACTS AND NEW PRODUCT DEVELOPMENT

In early 2024, as the overall macro-economy showed a weak recovery trend, the operations of small and medium-sized enterprises continued to be under pressure. They were constantly seeking ways and means to reduce costs and increase efficiency, and tended to prefer lower-priced devices in the selection of office IT devices. This puts pressure on our average monthly subscription fee per subscriber.

In response to this trend, we developed in advance and launched in the first half of this year an IT device that is more suitable for small and medium-sized enterprises to work in the office – Edianyun AI01 all-in-one machine. This product has a simple appearance and leading performance. It is fully self-developed by the Group and meets the office IT needs of ordinary positions in small and medium-sized enterprises at a significantly reduced monthly subscription fee.

Under the combined effect of new product launches and more effective sales strategies, the average number of devices under subscription per customer for our repeat customers increased from 28 units/customer to 29 units/customer in the first half of 2024, and the average number of devices under subscription for new customers increased from 15 units/customer to 17 units/customer, allowing us to achieve a net increase of approximately 125,000 units in the first half of the year, a significant increase compared to -55 thousand units in the first half of 2023, and returning to the track of growth.

## IMPLEMENTATION AND ACTIVE EXPLORATION OF AI BUSINESS

On February 22, 2024, we announced a strategic cooperation with Microsoft's authorised distributor in China, Beijing Sinoage Technology Development Co., Ltd. (北京信諾時代科技發展有限公司), a solid step forward in the field of AI. Based on Microsoft Azure OpenAI GPT product, we have expanded and upgraded our technology to create a Yizihui product that is more suitable for small and medium-sized enterprises. Through this cooperation, the Group will develop a richer and more competitive product portfolio, thereby further enhancing the Group's customer acquisition capabilities for small and medium-sized enterprises. In addition, the Group will form more high-value product bounding with small and medium-sized enterprise customers, which will contribute to the enhancement of our customer stickiness, the achievement of continuous revenue growth and further improvement in performance, achieving increase in the long-term returns of the Company and Shareholders.

In the future, we will continue to explore in the field of AI. Leveraging on approximately 50,000 and more potential small and medium-sized enterprise customers deeply connected to our main business of office IT subscription, we will help small and medium-sized enterprises build up their own AI capabilities and serve a broader enterprise service market.

## OUTLOOK

Office IT equipment is a rigid demand for most enterprises and has a relatively stable replacement cycle. As a leading office IT integrated solution provider in China, the Group will continue to dedicate itself to its mission and vision of making office IT easier. Focusing on the improvement of product strength, we plan to launch several key products in the second half of 2024 to better meet the needs of small and medium-sized enterprise customers, while actively responding to the feedback of corresponding customers to continuously optimise and improve our matrix to ensure that we are always in the leading position in the industry.

Meanwhile, we will further strengthen the operation of the sales team, recruit and train excellent sales talents, and continuously step up efforts in the professional quality of the sales team to ensure that we can better meet customer needs and improve customer satisfaction. We will also adopt intelligent sales efficiency strategies and apply AI-based business analysis to further optimise sales processes and strategies and improve sales efficiency and effectiveness.

Remanufacturing capability is one of the Group's core competencies. We have been exploring and have recently made breakthroughs in the fields of technology and automation, among which an independently developed keyboard inspection robot has been put into operation, which will significantly optimize the inspection efficiency and improve the yield rate of keyboards. In the future, we will continue to increase investment and enhance research and development to further boost our remanufacturing digitalization capabilities and reduce average unit costs of remanufacturing, in order to provide our customers with a higher quality equipment experience.

Our core business inherently possesses ESG features. For example, our remanufacturing technology extends the service lives of devices and promotes reuse, not only reducing waste and carbon emissions, but also saving on material and energy costs. With the continuous improvement of our main business, we will continue to have a lasting and positive ESG impact on our customers, partners and the wider community.

Although the recovery of small and medium-sized enterprises still faces certain challenges in the first half of 2024, the substantial growth in the number of our active customers and the number of devices under service shows that we have gotten rid of the adverse factors and returned to the growth track. The uncertainties in the new era also prompted business owners to adopt an asset-light and highly flexible business philosophy and change the concept of one-off procurement expenditure. We believe the penetration rate of the office IT integrated solutions market will continue to increase, supporting the continuous improvement of our business performance.

## MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, after the Reporting Period and as at the Latest Practicable Date, there have been no events which may have a material impact on the Company and the subsidiaries of the Company.

## FINANCIAL ANALYSIS

### REVENUE

For the six months ended June 30, 2024, our revenue was derived from three business areas, namely (i) pay-as-you-go office IT integrated solutions; (ii) sales of devices; and (iii) SaaS and other services.

For the six months ended June 30, 2024, our revenue was RMB646.9 million, representing an increase 1.7% as compared with RMB636.0 million for the six months ended June 30, 2023, which was primarily due to increased revenue from pay-as-you-go office IT integrated solutions.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of our revenue by segment for the periods indicated:

	For the six months ended June 30,			
	2024 (unaudited)		2023 (unaudited)	
	RMB'000	%	RMB'000	%
Pay-as-you-go office IT integrated solutions	576,875	89.2%	553,364	87.0%
Sales of devices	64,077	9.9%	73,861	11.6%
SaaS and other services	5,936	0.9%	8,738	1.4%
	<b>646,888</b>	<b>100.0%</b>	635,963	100.0%

### Pay-as-you-go office IT integrated solutions

For the six months ended June 30, 2024, our revenue from pay-as-you-go office IT integrated solutions was RMB576.9 million, representing an increase 4.2% as compared with that of RMB553.4 million for the six months ended June 30, 2023, which was primarily due to the Company launched its self-developed IT equipment - Edianyun AI01 All-in-One in the first half of the year according to the market to meet the needs of small and medium-sized enterprises for cost reduction and efficiency enhancement, which drove the growth of revenue.

### Sales of devices

For the six months ended June 30, 2024, revenue from our sales of devices was RMB64.1 million, representing a decrease of 13.2% as compared with that of RMB73.9 million for the six months ended June 30, 2023, which was primarily due to the decrease in the number of equipment units sold over the same period.

### SaaS and other services

For the six months ended June 30, 2024, revenue from our SaaS and other services was RMB5.9 million, representing a decrease of 32.1% as compared with that of RMB8.7 million for the six months ended June 30, 2023, which was primarily due to the decrease in income from system development and external maintenance services.

## COST OF SALES

Our cost of sales represents costs incurred directly in the pay-as-you-go office IT integrated solutions, sales of devices and SaaS and other services. The cost of pay-as-you-go office IT integrated solutions consists primarily of depreciation costs of devices, staff and other costs related to maintenance, risk control and operation. The cost of sales for our sales of devices mainly represents the residual value of the devices. The cost of sales for our SaaS and other services is primarily staff costs for maintenance and operation.

For the six months ended June 30, 2024, our cost of sales was RMB369.9 million, representing an increase of 4.7% as compared with that of RMB353.2 million for the six months ended June 30, 2023, which was primarily due to the increase in cost of sales of pay-as-you-go office IT integrated solutions.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of our cost of sales by segment for the periods indicated:

	For the six months ended June 30,			
	2024 (unaudited)		2023 (unaudited)	
	RMB'000	%	RMB'000	%
Pay-as-you-go office IT integrated solutions	301,701	81.6%	271,987	77.0%
Sales of devices	66,963	18.1%	80,257	22.7%
SaaS and other services	1,253	0.3%	950	0.3%
	<b>369,917</b>	<b>100.0%</b>	353,194	100.0%

### Pay-as-you-go office IT integrated solutions

For the six months ended June 30, 2024, cost of sales of our pay-as-you-go office IT integrated solutions amounted to RMB301.7 million, representing an increase of 10.9% as compared with that of RMB272.0 million for the six months ended June 30, 2023, which was primarily due to an increase in depreciation costs as a result of growth in the quantity of subscribed equipment.

### Sales of devices

For the six months ended June 30, 2024, cost of our sales of devices was RMB67.0 million, representing a decrease of 16.6% as compared with that of RMB80.3 million for the six months ended June 30, 2023, which was primarily due to the decrease in the number of equipment units sold over the same period.

## GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, our gross profit decreased by 2.1% from RMB282.8 million for the six months ended June 30, 2023 to RMB277.0 million for the six months ended June 30, 2024.

Gross profit margin is calculated based on gross profit divided by revenue. For the six months ended June 30, 2024 and June 30, 2023, the Group's gross profit margin was 42.8% and 44.5%, respectively.

The following table sets out a breakdown of our gross profit/(loss) and gross profit/(loss) margin by segment for the periods indicated:

	For the six months ended June 30,			
	2024 (unaudited)		2023 (unaudited)	
	Gross profit/(loss) RMB'000	Gross profit/(loss) margin %	Gross profit RMB'000	Gross profit margin %
Pay-as-you-go office IT integrated solutions	275,174	47.7%	281,377	50.8%
Sales of devices	(2,886)	(4.5%)	(6,396)	(8.7%)
SaaS and other services	4,683	78.9%	7,788	89.1%
Total gross profit/Overall gross profit margin	<b>276,971</b>	<b>42.8%</b>	282,769	44.5%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Pay-as-you-go office IT integrated solutions

For the six months ended June 30, 2024, the gross profit of our pay-as-you-go office IT integrated solutions was RMB275.2 million, representing a decrease of 2.2% as compared with that of RMB281.4 million for the six months ended June 30, 2023, and the gross profit margin decreased to 47.7% for the six months ended June 30, 2024 from 50.8% for the six months ended June 30, 2023, primarily due to the combined effect of lower revenue per unit and higher depreciation costs due to the increase in the number of equipment in order to meet the demand of SMEs for cost reduction and efficiency enhancement.

### Sales of devices

The Group's gross profit on sales of devices decreased by 54.9% from a gross loss of RMB6.4 million for the six months ended June 30, 2023 to RMB2.9 million for the six months ended June 30, 2024, and the loss margin decreased from 8.7% for the six months ended June 30, 2023 to a loss margin of 4.5% for the six months ended June 30, 2024, primarily due to the Company arranged sales strategies and category adjustments in accordance with market conditions, resulting in a decrease in the loss margin.

### RESEARCH AND DEVELOPMENT EXPENSES

The Group's research and development expenses mainly comprise employee salary and benefit expenses, cloud server expenses and other research and development office expenses. For the six months ended June 30, 2024, the Group's research and development expenses amounted to RMB33.0 million, representing a decrease of 16.6% as compared to RMB39.5 million for the six months ended June 30, 2023, which was mainly attributable to the combination of the Company's securing lower cloud server rates and organisational adjustments to reduce the labour costs.

### GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses of the Group mainly comprise employee salary and benefit expenses and office and miscellaneous expenses. For the six months ended June 30, 2024, the Group's general and administrative expenses amounted to RMB70.8 million, representing an increase of 32.2% as compared with RMB53.6 million for the six months ended June 30, 2023, which was primarily due to newly granted options resulted in an increase in share-based payment expense.

### OTHER INCOME

Our other income primarily consists of: (i) interest income from banks and trade receivable; (ii) government grants which mainly represent subsidies received from local governments in Beijing and Wuhan, for encouraging and rewarding innovative enterprises; (iii) compensation income representing device damage compensation paid by our customers; and (iv) additional VAT input deduction that were recognized in profit or loss due to the VAT reform.

For the six months ended June 30, 2024, our other income amounted to RMB6.8 million, representing a decrease of 41.9% as compared to RMB11.7 million for the six months ended June 30, 2023, which was mainly due to changes in tax incentives and ineligibility for additional VAT input deductions.

### OTHER GAINS AND LOSSES

Our other gains and losses primarily consist of: (i) fair value changes of financial assets at FVTPL in connection with structured deposits we purchased; and (ii) write-off of losses on leased computer equipment.

For the six months ended June 30, 2024, the Group's net loss amounted to RMB6.4 million, representing a decrease of 47.2% from RMB12.1 million for the six months ended June 30, 2023. It was mainly attributable to the reduction in loss on write-off of leased computer equipment as a result of the Company's enhanced risk control measures.

### LOSS ON CHANGES IN FAIR VALUE OF FINANCIAL LIABILITIES AT FVTPL

The Group's financial liabilities at FVTPL mainly refer to the preferred shares issued by the Group to investors through share subscription agreements. For the six months ended June 30, 2024, the Group's has no loss on fair value changes on financial liabilities at FVTPL, representing a decrease of RMB888.0 million from RMB888.0 million for the six months ended June 30, 2023, mainly due to, in May 2023, upon the Listing of the Group on the Main Board of the Stock Exchange, the preference shares held by investors were converted into ordinary shares to the fullest extent possible.

### IMPAIRMENT LOSSES UNDER ECL, NET OF REVERSAL

For the six months ended June 30, 2024, the Group's impairment losses under ECL, net of reversal amounted to RMB13.7 million, representing a decrease of RMB0.9 million from RMB14.6 million for the six months ended June 30, 2023, primarily due to the Company has enhanced its risk control measures to further reduce long-term receivables and mitigate our exposure to credit risk.

### FINANCE COSTS

Our finance costs primarily consist of: (i) interest on interest-bearing loans from banks and other borrowings; and (ii) interest on lease liabilities for the leased-in computer devices, buildings and warehouses we leased.

For the six months ended June 30, 2024, the Group's finance costs amounted to RMB57.9 million, representing a decrease of RMB13.8 million from RMB71.7 million for the six months ended June 30, 2023, primarily due to the decrease in the Group's average finance cost ratio (finance cost for the period divided by the average of the opening and closing balances of interest-bearing liabilities) from 8.2% for the period ended June 30, 2023 to 6.3% for the period ended June 30, 2024, as the Company's market size and overall competitiveness increased, with a preference for less costly sources of financing.

### INCOME TAX EXPENSE

For the six months ended June 30, 2024, the Group's income tax expense amounted to RMB4.8 million, while the income tax expense for the six months ended June 30, 2023 amounted to RMB5.3 million. The tax expense recorded during the Reporting Period was mainly due to the deferred tax recognized by the Group.

### PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD

As a result of the above, for the six months ended June 30, 2024, the Group's profit for the period amounted to RMB16.5 million, representing an increase in profit of RMB898.2 million from the loss of RMB881.7 million for the six months ended June 30, 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ADJUSTED PROFITS (NON-IFRS MEASURE)

The following table sets forth the reconciliation of adjusted net profits (non-IFRS measure) to the most directly comparable financial measure (loss for the period) calculated and presented in accordance with IFRS for the periods indicated:

	For the six months ended June 30,	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
<b>Profit (loss) and total comprehensive income (expense) for the period</b>	<b>16,481</b>	(881,683)
<i>Add:</i>		
Share-based payment expenses	14,233	8,798
Loss on changes in fair value of financial liabilities at FVTPL	–	887,983
Listing expenses	–	13,230
<b>Adjusted net profit for the period (non-IFRS measure)</b>	<b>30,714</b>	28,328

### EBITDA AND ADJUSTED EBITDA (NON-IFRS MEASURE)

We define EBITDA (non-IFRS measure) as net loss for the period by adding back (i) net finance costs; (ii) income tax expense; (iii) depreciation; and (iv) amortization. We add back share-based payment expenses, fair value changes of financial liabilities at FVTPL and listing expenses to EBITDA to derive adjusted EBITDA (non-IFRS measure). The following table sets out EBITDA and adjusted EBITDA (non-IFRS measures) and a reconciliation from loss for the periods to EBITDA and adjusted EBITDA (non-IFRS measures) for the periods indicated:

	For the six months ended June 30,	
	2024 (unaudited) RMB'000	2023 (unaudited) RMB'000
<b>Profit (loss) and total comprehensive income (expense) for the period</b>	<b>16,481</b>	(881,683)
<i>Add:</i>		
Net finance costs	54,340	66,143
Income tax expense	4,788	5,330
Depreciation	230,581	203,540
Amortization	205	205
<b>EBITDA (non-IFRS measure)</b>	<b>306,395</b>	(606,465)
<i>Add:</i>		
Share-based payment expenses	14,233	8,798
Loss on changes in fair value of financial liabilities at FVTPL	–	887,983
Listing expenses	–	13,230
<b>Adjusted EBITDA (non-IFRS measure)</b>	<b>320,628</b>	303,546

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL MANAGEMENT, FUNDING AND FINANCIAL POLICIES

The Group's main objectives when managing capital are to maintain the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term. The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers and adjusts the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may issue new shares, issue bonds and raise bank and other borrowings.

The Group adopts prudent funding and financial policies and strives to maintain sufficient cash flow to support business expansion, capital expenditure and general working capital requirements. The Group may raise bank and other borrowings according to its operating conditions and procurement plans. In addition, there are no major seasonal borrowing requirements.

### CASH POSITION

As of June 30, 2024, the Group's cash and cash equivalents decreased to RMB392.1 million from RMB490.4 million as of December 31, 2023. The Group's cash and cash equivalents are mainly denominated in RMB, HKD and USD.

### BORROWINGS

The Group's borrowings refer to borrowings and other loans. For the six months ended June 30, 2024, the balance of the Group's borrowings amounted to RMB1,363.0 million, of which approximately RMB814.6 million was due within one year, approximately RMB413.4 million was due between one and two years and approximately RMB135.0 million was due between two and five years.

For the six months ended June 30, 2024, the Group's average current and non-current borrowing balances (the average of the opening and closing borrowing balances) amounted to RMB1,441.4 million, representing an increase of 0.3% as compared with RMB1,436.5 million for the period ended June 30, 2023.

For the six months ended June 30, 2024, the Group's borrowing rates ranged from 3.2% to 12.0% (the borrowing rates from banks ranged from 3.2% to 9.0% and those from other financial institutions ranged from 4.6% to 12.0%) (all denominated in RMB). For the six months ended June 30, 2023, the Group's borrowing rates ranged from 3.3% to 12.1% (the borrowing rates from banks ranged from 3.3% to 9.0% and those from other financial institutions ranged from 5.3% to 12.1%).

### GEARING RATIO

As of June 30, 2024, the Group's gearing ratio (calculated by dividing the total amount of borrowings, lease liabilities and bond payable by total equity) was 143.3%. As of June 30, 2023, the Group's gearing ratio was 146.4%.

### FOREIGN EXCHANGE AND EXCHANGE RATE RISK

The Group mainly operates its business in the PRC and most of its revenue and expenses are denominated in RMB. Certain of our bank balances, other financial assets, other payables and other financial liabilities are denominated in foreign currencies and are therefore exposed to foreign exchange risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange risk and will consider suitable hedging measures in the future if necessary.

### CONTINGENT LIABILITIES

As of June 30, 2024, the Company did not have any material contingent liabilities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### ASSETS CHARGE OF THE GROUP

As of June 30, 2024, the net book value of our owned devices was RMB1,502.42 million and the net book value of our rented rental computer devices was RMB565.69 million. As of June 30, 2024, the Group's rental computer devices and right-of-use assets with a net book value of approximately RMB1,481.8 million were pledged as security for the bank borrowings and other borrowings from financial institutions.

### CAPITAL EXPENDITURE

As of the first half of 2024 and 2023, our capital expenditure amounted to RMB426.1 million and RMB259.3 million, respectively, consisted of (i) additions to rental computer devices of RMB184.5 million and RMB78.5 million, respectively; and (ii) additions to right-of-use assets of RMB241.5 million and RMB180.8 million, respectively. We finance capital expenditure mainly through cash flow from customers' subscription fees and bank and other borrowings.

### SIGNIFICANT INVESTMENTS HELD

The appropriate subscription of medium to low risk wealth management products is beneficial to the Group in enhancing capital utilisation and increasing the income from idle funds, and the diversified and readily redeemable cash management type of product investment is also beneficial to enhancing the security and flexibility of cash management. On June 7, 2024, the Group subscribed for a medium to low risk redeemable cash management type wealth management product (the "**Wealth Management Product**") issued by Haitong International Asset Management (HK) Limited with own surplus cash under the name of Haitong Cash Management Fund I S.P. (Class A USD), with a subscription amount of USD30 million, an expected annualised rate of return of 2%-4.5%, the investment period does not exceed one year, redemption is available at any time, and the investment scope of the Wealth Management Product is cash management underlying targets. As of June 30, 2024, the fair value of the Wealth Management Product was RMB213,809 thousand, and accounted for approximately 6.55% of the Group's total assets.

As of June 30, 2024, save as disclosed above, we did not have any significant investments in investees with a value of 5% or more of total assets of the Company.

### MATERIAL ACQUISITIONS AND DISPOSALS

The Company had no material acquisitions or disposals of subsidiaries, associates or joint ventures for the six months ended June 30, 2024.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of June 30, 2024, we did not have detailed future plans for material investments or capital assets.

### EMPLOYEES AND REMUNERATION

As of June 30, 2024, the Group had 1,679 full-time employees (as of June 30, 2023: 1,770 full-time employees). We recognize the importance of talent in business development and maintenance of our competitive edge. As part of our human resources strategy, we offer competitive salaries, performance bonuses and other incentives to our employees. In the first half of 2024, the Group's employee remuneration (excluding Directors' remuneration) amounted to approximately RMB144 million (for the half year ended June 30, 2023: approximately RMB148 million).

We offer regular in-house trainings to employees at all levels in accordance with their functions, positions and responsibilities, covering both soft skills and technical skills. For example, for engineers with different levels of expertise, we provide diverse training courses lasting four to six months targeting junior, mid-level, and senior engineers to ensure that they are equipped with the necessary skills and knowledge to perform their duties. The subjects of training courses cover different aspects of IT operations, including device installation, troubleshooting, network connection, operating system and server management, hardware repair and replacement, and printer maintenance. We also provide induction training to all new employees to ensure that they understand the Company's business, vision and values, and are equipped with basic IT knowledge and operational skills. We believe our training program helps us recruit and retain qualified employees and build a cohesive organization by promoting and agreeing on our vision and values.

## MANAGEMENT DISCUSSION AND ANALYSIS

In order to incentivize the Directors, senior management and other employees for their contribution to our Group and to attract and retain suitable personnel to our Group, the Group adopted the Pre-IPO Option Plan. The plan was approved by Shareholders on February 25, 2022. Please refer to “Appendix IV – Statutory and General Information – D. Pre-IPO Option Plan” in the Prospectus for details.

On January 26, 2024, the 2023 share scheme (the “**2023 Share Scheme**”) was adopted at the extraordinary general meeting of the Company for the purpose of providing the Company with a flexible means of attracting, motivating and retaining its eligible participants and encouraging eligible participants to contribute to the Company’s long-term growth and benefits and to enhance the value of the Company and its Shares. The total number of shares that can be issued under the 2023 Share Scheme will be capped at 57,798,986 shares, equivalent to 10% of the issued share capital of the Company on the date of adoption of the 2023 Share Scheme. On December 18, 2023, the Board decided to grant 14,400,000 and 9,600,000 share options respectively to the Company’s executive Directors and major Shareholders Dr. Ji and Mr. Zhang, and 2,400,000 share options<sup>1</sup> and 320,429 share awards to executive Director Mr. Xiang Wang under the 2023 Share Scheme. The share options granted this time are exercisable subject to the achievement of business and financial milestones including the number of subscribed devices, revenue, and gross profit, and will be exercisable in five equal tranches upon satisfaction of each of such milestone, with 20% per tranche. Details of the relevant business and financial milestones are set out below:

<b>Business milestones – number of subscribed devices</b> (in 10,000 units)	<b>Financial milestones – monthly revenue from subscription services</b> (RMB100 million)	<b>Financial milestones – monthly gross profit from subscription services</b> (RMB100 million)	<b>Number of share options to be exercisable</b>
120*	0.94*	0.48*	
147	1.15	0.59	20%
180	1.41	0.72	20%
220	1.72	0.88	20%
270	2.11	1.08	20%
330	2.58	1.32	20%

\* The current levels of selected performance indicators are set out here for reference.

The aforementioned grant of share options and share awards has been further approved by the Shareholders on January 26, 2024 and taken effect after the Listing Committee of the Stock Exchange granted the approval for the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to all of the Awards granted under the 2023 Share Scheme. Please refer to the Company’s circular dated January 9, 2024 and announcements dated December 18, 2023 and January 26, 2024 for details.

On April 26, 2024, a total of 11,638,900 share options were granted by the Company to 175 Eligible Participants under the 2023 Share Scheme and a total of 1,842,491 share awards were granted by the Company to 188 Eligible Participants to subscribe for ordinary shares of USD0.00005 each in the share capital of the Company. Please refer to the Company’s announcement dated April 26, 2024 for details.

<sup>1</sup> Since Mr. Xiang Wang has resigned as the Company’s executive Director on July 17, 2024, the 2,400,000 share options granted to him have been lapsed.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended June 30, 2024 and up to the Latest Practicable Date, we have complied with all applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules, except as described below.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual, and companies listed on the Stock Exchange are expected to comply with this requirement but may choose to deviate from it. The roles of chairman of the Board and chief executive officer of the Company, which is similar to the role of the chief executive officer (as defined in the Listing Rules) who is responsible for the overall management of the Company, are currently performed by Dr. Ji. In view of Dr. Ji's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. Ji acting as both our chairman of the Board and chief executive officer will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Ji acts as both our chairman of the Board and chief executive officer, and therefore currently do not propose to separate the functions of the chairman of the Board and the chief executive officer.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of the Directors, and our Board comprises four independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. Ji and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategy and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of the chairman of the Board and the chief executive officer is necessary.

The Company will continue to review and monitor its corporate governance practice on a regular basis to ensure compliance with the CG Code.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code for the six months ended June 30, 2024, except as described below.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

On January 29, 2024, Dr. Ji, an executive Director and the chief executive officer of the Company, wrongly operated to purchase the same batch of 80,000 shares of the Company in the market at a price of HKD3.88 per share (the “**Purchase**”) without giving prior notice to the designated director in accordance with the Model Code. The Purchase constituted dealing by the Directors during the blackout period in breach of Rule A.3(a)(i) of the Model Code.

Upon discovery of the error, Dr. Ji immediately notified the Company of the above transaction and confirmed that he was in breach of the Model Code. Dr. Ji has undertaken to the Company that he will in the future comply with the required standard set out in Model Code.

The Board is of the view that the Company has put in place an effective system (including a notification mechanism) for monitoring dealings by the Directors to ensure compliance with Model Code. In particular, the Company has notified all Directors on January 26, 2024 of the blackout period. The Board considers that the guidelines and procedures for Directors’ dealings in the shares of the Company are appropriate and effective.

In order to avoid similar incidents in the future, the Company has once again reminded all Directors of the importance of complying with Model Code in their dealings in the shares of the Company, in particular the importance of giving written notice prior to any intended dealings. The Company has also emphasized and reminded the Directors to avoid similar incidents during the blackout period in the future. The Company will also keep the Directors informed of the latest development of the Model Code to ensure compliance and to raise their awareness of good corporate governance practices.

### INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2024.

### AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Wang Jingbo, Mr. Hong Weili and Ms. Li Dan, and Mr. Wang Jingbo serves as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group, review and approve connected transactions and to advise the Board.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2024 and the interim report with the Board.

The Company’s independent auditor, Deloitte Touche Tohmatsu, has reviewed the condensed consolidated financial statements of the Group for the six months ended June 30, 2024 in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

For the six months ended June 30, 2024 and up to the Latest Practicable Date, as the Board is of the view that the level of trading price of the shares of the Company does not adequately reflect the underlying value of the Company and that the share repurchases will enhance the net asset value per share and/or earnings per share and are in the interests of the Company and the Shareholders as a whole, the Company repurchased a total of 4,041,500 ordinary shares of the Company for an aggregate consideration of HKD7,682,344 (before deduction of expenses) on the Stock Exchange (the "Repurchased Shares"), details of the Repurchased Shares are set out below:

Repurchase Date	Number of shares repurchased	Price paid per share (HKD)		Total consideration (before deduction of expenses) (HKD)
		Highest (HKD)	Lowest (HKD)	
January, 2024	250,000	3.69	3.50	898,535
February, 2024	932,000	3.49	2.87	2,938,645
July, 2024	1,736,500	1.50	1.47	2,589,525
September, 2024	1,123,000	1.15	1.07	1,255,639
<b>Total</b>	<b>4,041,500</b>			<b>7,682,344</b>

As of June 30, 2024, the Company or its subsidiaries did not hold any treasury shares (as defined in the Listing Rules). As at the Latest Practicable Date, 1,182,000 ordinary shares repurchased by the Company during the Reporting Period have been cancelled, 1,736,500 ordinary shares repurchased in July 2024 and held as treasury shares have also been cancelled, and 1,123,000 ordinary shares repurchased in September 2024 are held as treasury shares.

Save as disclosed above, for the six months ended June 30, 2024 and up to the Latest Practicable Date, neither the Company nor its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company (including sales of treasury shares).

### MATERIAL LITIGATION

During the six months ended June 30, 2024 and up to the Latest Practicable Date, the Company was not involved in any litigation or arbitration of material importance, and the Directors were also not aware of any material litigation or claim pending or threatened against the Company.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on May 25, 2023 and issued 58,575,000 Shares (comprising 17,572,500 new shares and 41,002,500 sale shares) and the net proceeds from the Global Offering (as defined in the Prospectus), after deduction of the underwriting fees and commissions in connection with the Global Offering and the estimated expenses payable by the Company in connection with the Global Offering, amounted to approximately HKD97.0 million. The proceeds from the Listing were and will continue to be utilized in accordance with the plan disclosed in the section headed “Net Proceeds from the Global Offering” in the Company’s announcement in relation to the offer price and allotment results dated May 24, 2023 (the “**Announcement**”), and there has not been any change in the intended use of the net proceeds as disclosed in the Announcement. The following table sets forth a summary of the intended use of the net proceeds and the utilisation of the net proceeds as of June 30, 2024:

Intended utilization	Percentage (%)	Available	Net proceeds (HKD million)				Expected timeline for the unutilized balance
			Unutilized as of December 31, 2023	Utilized during the six months ended June 30, 2024	Utilized as of June 30, 2024	Unutilized as of June 30, 2024	
Investment in market promotion and sales and service networks improvement	40.0	38.8	20.9	13.2	31.1	7.7	By the end of 2025
Research and development investment and diversification of our service offerings	30.0	29.1	17.5	0.0	11.6	17.5	By the end of 2025
Enhance remanufacturing capabilities and operational efficiency	20.0	19.4	5.4	5.4	19.4	0.0	By the end of 2024
Working capital and general corporate purposes	10.0	9.7	4.0	4.0	9.7	0.0	By the end of 2024
<b>Total</b>	<b>100.0</b>	<b>97.0</b>	<b>47.8</b>	<b>22.6</b>	<b>71.8</b>	<b>25.2</b>	

Note:

(1) Certain figures and percentage figures included in the above table have been subject to rounding adjustments.

In the event that the net proceeds are not immediately utilized for the purposes mentioned above, we intend to deposit the net proceeds into an interest-bearing account with a licensed commercial bank or financial institution in the PRC or Hong Kong. We will comply with the PRC laws in relation to foreign exchange registration and remittance of proceeds.

## CHANGES IN INFORMATION OF DIRECTORS

Mr. Xiang Zheng resigned as the executive Director of the Company on January 12, 2024 due to work adjustments.

Mr. He Liang was appointed as an executive Director of the Company on May 24, 2024. For the biographical details of Mr. He Liang, please refer to the announcement of the Company dated May 24, 2024.

Save as disclosed above, for the six months ended June 30, 2024, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at June 30, 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered into the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in our Company <sup>(2)</sup>
Dr. Ji	Interest in controlled corporation <sup>(3)</sup>	77,372,780	13.35%
	Interests held jointly with other person <sup>(4)</sup>	66,716,230	11.51%
	Beneficial owner	14,500,000	2.50%
Mr. Zhang	Interest in controlled corporation <sup>(5)</sup>	51,581,860	8.90%
	Interests held jointly with other person <sup>(4)</sup>	97,407,150	16.80%
	Beneficial owner	9,600,000	1.66%
Mr. Xiang Wang	Beneficial owner	5,671,749 <sup>(6)</sup>	0.98%
Mr. He Liang	Beneficial owner	3,289,113 <sup>(7)</sup>	0.57%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 579,706,850 ordinary Shares in issue as at June 30, 2024.
- (3) JPC Edianzu Holdings Limited, which is wholly owned by Dr. Ji, is interested in 77,372,780 Shares. As such, Dr. Ji is deemed to be interested in the Shares held by Dr. Ji Entity.
- (4) Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi and Huaqing Yuyi have confirmed that they have been acting in concert with Dr. Ji and Dr. Ji Entity under the proxy arrangement contained in the proxy and power of attorney dated February 21, 2022 entered into by Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi and Huaqing Yuyi ("**Mr. Zhang and Huaqing Proxy Arrangement**"). Huaqing Kuaiyi is the general partner of each of Huaqing Hongyi and Huaqing Yuyi. Therefore, Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi constitute the Single Largest Shareholders Group, and each of Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi is deemed to be interested in the Shares held by other members of the Single Largest Shareholders Group.
- (5) Mr. Zhang Entity, which is wholly owned by Mr. Zhang, is interested in 51,581,860 Shares. As such, Mr. Zhang is deemed to be interested in the Shares held by Mr. Zhang Entity.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (6) Such interest includes 350,000 underlying shares which have been exercised under the Pre-IPO Option Plan, and the share options which have been granted (but not yet been exercised) to subscribe for 2,601,320 Shares, as well as the share options which have been granted (but not yet been exercised or vested) to subscribe for 2,400,000 Shares and the share awards to subscribe for 320,429 Shares in accordance with the 2023 Share Scheme adopted on January 26, 2024. Mr. Xiang Wang has resigned as an executive Director of the Company on July 17, 2024, and the share options to subscribe for 2,400,000 Shares in accordance with the 2023 Share Scheme (but not yet been exercised or vested) adopted by the Company on January 26, 2024 have been lapsed.
- (7) Such interest includes 831,040 Shares which have been granted to Mr. He Liang under the Pre-IPO Option Plan, as well as the share options which have been granted (but not yet been exercised or vested) to subscribe for 2,400,000 Shares and the share awards to subscribe for 58,073 Shares in accordance with the 2023 Share Scheme adopted on January 26, 2024. Mr. He Liang was appointed as the executive Director of the Company on May 24, 2024.

Save as disclosed above, as at June 30, 2024, to the best of the Company's knowledge, information and belief, none of the Directors or chief executives of the Company had or was deemed to have interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company, whose interests have been disclosed in this interim report) had interests or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register kept by the Company:

Name	Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in our Company <sup>(2)</sup>
Dr. Ji Entity	Beneficial owner <sup>(3)</sup>	77,372,780	13.35%
	Interests held jointly with other person <sup>(4)</sup>	81,216,230	14.01%
Mr. Zhang Entity	Beneficial owner <sup>(5)</sup>	51,581,860	8.90%
	Interests held jointly with other person <sup>(4)</sup>	107,007,150	18.46%
Huaqing Kuaiyi	Interest in controlled corporation <sup>(4)</sup>	5,434,370	0.94%
	Interests held jointly with other person <sup>(4)</sup>	153,154,640	26.42%
Huaqing Hongyi	Beneficial owner	2,237,140	0.39%
	Interests held jointly with other person <sup>(4)</sup>	156,351,870	26.97%
Huaqing Yuyi	Beneficial owner	3,197,230	0.55%
	Interests held jointly with other person <sup>(4)</sup>	155,391,780	26.81%
Source Code <sup>(6)</sup>	Beneficial owner	121,789,300	21.01%
Matrix <sup>(7)</sup>	Beneficial owner	77,440,370	13.36%
Koala Fund <sup>(8)</sup>	Beneficial owner	29,341,950	5.06%



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### Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 579,706,850 ordinary Shares in issue as at June 30, 2024.
- (3) Dr. Ji Entity which is wholly owned by Dr. Ji, is interested in 77,372,780 Shares. As such, Dr. Ji is deemed to be interested in the Shares held by Dr. Ji Entity.
- (4) Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi and Huaqing Yuyi have confirmed that they have been acting in concert with Dr. Ji and Dr. Ji Entity under Mr. Zhang and Huaqing Proxy Arrangement. Huaqing Kuaiyi is the general partner of each of Huaqing Hongyi and Huaqing Yuyi. Therefore, Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi constitute the Single Largest Shareholders Group, and each of Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi is deemed to be interested in the Shares held by other members of the Single Largest Shareholders Group.
- (5) Mr. Zhang Entity, which is wholly owned by Mr. Zhang, is interested in 51,581,860 Shares. As such, Mr. Zhang is deemed to be interested in the Shares held by Mr. Zhang Entity.
- (6) Source Code holds 11,071,470 Shares through Geometry Ventures Limited ("**Geometry**"), 19,511,320 Shares through Sonorous Venture Ltd. ("**Sonorous**"), 5,535,730 Shares through YDZ Ventures Limited ("**YDZ**"), 27,730,930 Shares through Ease Villa Venture Ltd. ("**Ease Villa**"), 18,085,390 Shares through EasyRent Venture Ltd. ("**EasyRent**"), 12,726,380 Shares through Entropy Investment L.P. ("**Entropy**") and 27,128,080 Shares through Quark Venture Limited ("**Quark**"). Each of Geometry, Sonorous, YDZ, Ease Villa, EasyRent, Entropy, Quark is controlled by Source Code Super Holdings Co.. Source Code Super Holdings Co. is beneficially owned by Trident Trust Company Limited as the trustee of Enlightenment Trust with Mr. Charlie Cao (曹毅) and his families as beneficiaries, via Joywood Wealth Management Limited, Gauss Ventures Limited and Whealth Holdings Limited.
- (7) Matrix holds 75,622,370 Shares through Matrix Partners China IV, L.P. ("**Matrix IV**") and 1,818,000 Shares through Matrix Partners China IV-A, L.P. ("**Matrix IV-A**"). The general partner of Matrix IV and Matrix IV-A is Matrix China Management IV, L.P. ("**Matrix China**"), the general partner of Matrix China is Matrix China IV GP GP, Ltd.
- (8) Koala Fund holds 29,341,950 Shares through Tianjin Tongrun Enterprise Management Partnership (Limited Partnership) (天津同潤企業管理合夥企業(有限合夥)) ("**Tianjin Tongrun**"). The general partner of Tianjin Tongrun is Beijing Koala Kunlun Investment Management Co., Ltd. (北京考拉昆侖投資管理有限公司) ("**Koala Kunlun**"), which is owned as to 70% and 30% by Mr. Tian Wenkai (田文凱) and Mr. Sun Taoran (孫陶然), respectively. The only limited partner of Tianjin Tongrun is Beijing Koala Kunlun Internet Industry Investment Fund (Limited Partnership) (北京考拉昆侖略互聯網產業投資基金(有限合夥)), the general partner of which is Beijing Kunlun Nanshan Investment Management Center (Limited Partnership) (北京昆侖南山投資管理中心(有限合夥)) ("**Kunlun Nanshan**"). The general partner of Kunlun Nanshan is Koala Kunlun. The only limited partner of Kunlun Nanshan is Dazi County Hengmai Network Technology Partnership (Limited Partnership) (達孜縣恒邁網絡科技合夥企業(有限合夥)) which is ultimately controlled by Mr. Tian Wenkai (田文凱).

Save as disclosed above, to the best of the Company's knowledge, information and belief, as of June 30, 2024, there was no other person (other than the Director or chief executive of the Company) who had interests or short position in the Shares and underlying shares of the Company which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be and are recorded in the register required to be kept under Section 336 of the SFO.

## EMPLOYEE INCENTIVE SCHEME

## Pre-IPO Option Plan

In order to achieve strategic goals and promote the development of the Company, the Pre-IPO Option Plan was adopted and approved by the Shareholders of the Company on February 25, 2022. The Pre-IPO Option Plan are not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by us to subscribe for Shares after the Listing Date. For more details of the Pre-IPO Option Plan, please refer to “Statutory and General Information – D. Pre-IPO Option Plan” of appendix IV to the Prospectus.

As of the Listing Date, the Company has granted options to a total of 466 eligible participants to subscribe for an aggregate of 30,641,020 Shares under the Pre-IPO Option Plan. Movement of the options, which were granted under the Pre-IPO Option Plan from the January 1, 2024 up to June 30, 2024 (the “**Period**”) is as follows:

Grantee	Position held	Date of grant	Vesting schedule (Note 1)	Balance as at January 1, 2024	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at June 30, 2024	Exercise price (USD per exercisable share)	Expiration date of the options
<b>Directors, chief executive, substantial shareholders and associates</b>											
Xiang Zheng (向征)	Executive Director and co-chief financial officer of the Company (Note 2)	August 16, 2021	a	2,338,860	0	283,500	0	0	2,055,360	0.00005 to 0.99742	August 16, 2031
Xiang Wang (向往)	Executive Director and vice president of the Company (Note 3)	November 1, 2016 to July 1, 2022	a; g	2,951,320	0	350,000	0	0	2,601,320	0.17316 to 0.99742	November 1, 2026 to July 1, 2032
He Liang (贺亮)	Executive Director and chief financial officer of the Company (Note 4)	February 1, 2019 to March 1, 2023	a; c	831,040	0	0	0	0	831,040	0.00005 to 0.99742	February 1, 2029 to March 1, 2033
Tong Jian (佟剑)	Executive Director and vice president of products of the Company (Note 5)	September 1, 2021 to March 1, 2023	a	1,338,800	0	144,060	0	0	1,194,740	0.00005 to 0.99742	September 1, 2031 to March 1, 2033
<b>Subtotal</b>				<b>7,460,020</b>	<b>0</b>	<b>777,560</b>	<b>0</b>	<b>0</b>	<b>6,682,460</b>		
<b>Other grantees</b>											
462 employee participants		November 1, 2016 to March 1, 2023	a; c; d; e; f; g	20,157,910	0	3,009,830	0	1,311,470	15,836,610	0.00005 to 0.99742	November 1, 2026 to March 1, 2033
<b>Subtotal</b>				<b>20,157,910</b>	<b>0</b>	<b>3,009,830</b>	<b>0</b>	<b>1,311,470</b>	<b>15,836,610</b>		
<b>Total</b>				<b>27,617,930</b>	<b>0</b>	<b>3,787,390</b>	<b>0</b>	<b>1,311,470</b>	<b>22,519,070</b>		

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*Note 1:* please refer to different categories of vesting schedules as set out below.

<b>Category</b>	<b>Vesting Schedule</b>
a	25% of options granted under the Pre-IPO Option Plan shall be vested upon each anniversary of grant date during a four-year term.
b	100% of options granted under the Pre-IPO Option Plan shall be vested upon first anniversary from the grant date.
c	100% of options granted under the Pre-IPO Option Plan shall be vested upon 30th day from the grant date.
d	Each of 50% of options granted under the Pre-IPO Option Plan shall be vested upon the third and fourth anniversary of grant date, respectively.
e	50% of options granted under the Pre-IPO Option Plan shall be vested upon each anniversary of grant date during a two-year term.
f	One in seven of options granted under the Pre-IPO Option Plan shall be vested upon first anniversary since the grant date, following which, the remaining options shall be vested upon each anniversary of grant date during a three-year term.
g	Each of one in seven of options granted under the Pre-IPO Option Plan shall be vested equally upon the first and second anniversary of grant date, following which, the remaining options shall be equally vested upon the third and fourth anniversary of grant date.

*Note 2:* Mr. Xiang Zheng resigned as the executive Director of the Company on January 12, 2024 and resigned as the co-chief financial officer of the Company on May 24, 2024.

*Note 3:* Mr. Xiang Wang resigned as the executive Director and vice president of the Company on July 17, 2024.

*Note 4:* Mr. He Liang was appointed as the executive Director and chief financial officer of the Company on May 24, 2024.

*Note 5:* Mr. Tong Jian was appointed as the executive Director and vice president of products of the Company on July 17, 2024.

For details of the basis of measurement for the fair value of share options granted, please refer to Note 19 of the consolidated financial statements.

### 2023 Share Scheme

On January 26, 2024, the 2023 share scheme (the “**2023 Share Scheme**”) was adopted at the extraordinary general meeting of the Company for the purpose of further attracting, motivating and retaining talents and to facilitate the contribution to the Company’s long-term growth and benefits. Set out below is the summary of the principal terms of 2023 Share Scheme:

**Purposes and objectives.** The specific objectives of the 2023 Share Scheme are: (i) to provide a flexible method for the Company to attract, motivate and retain, to its Eligible Participant; and (ii) to encourage Eligible Participant to contribute to the Company’s long-term growth and interests, and enhance the value of the Company and its Shares.

**Conditions.** The 2023 Share Scheme shall become effective upon the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to Awards.

**Eligible participants and basis of eligibility.** The eligible participants are the employee participants and the related entity participants. The Board may at its sole and absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the Scheme as a Selected Participant. The eligibility of any of the Eligible Participants shall be determined by the Board from time to time on the basis of the Board’s opinion as to the Eligible Participant’s contribution to the development and growth of the Group.

**Administration.** The 2023 Share Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the 2023 Share Scheme and the Trust Deed. The decision of the Board with respect to any matter arising under the 2023 Share Scheme (including the interpretation of any provision) shall be final and binding. Without prejudice to the foregoing and to the extent permissible under the Listing Rules and other applicable laws and regulations, the Board may resolve to delegate to another committee of the Board or to one or more person(s) of the Company any or all of the authority and responsibility of the Board under the rules of the 2023 Share Scheme and the Trust Deed.

**Operation.** Subject to the provisions of the 2023 Share Scheme, the Board may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the 2023 Share Scheme as a Selected Participant, and grant an Award to any Selected Participant on such terms and conditions as the Board may in its sole and absolute discretion determine. An Award may be in the form of:

- (i) an award which vests in the form of the right to subscribe for and/or to be issued such number of Awarded Shares as the Board may determine at the Vesting Price in accordance with the terms of the Scheme Rules (a “**Share Award**”); or
- (ii) an award which vests in the form of the right to subscribe for such number of Awarded Shares as the Board may determine during the Exercise Period at the Exercise Price in accordance with the terms of the Scheme Rules (a “**Share Option**”).

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**Vesting period.** The Board is entitled to impose any conditions, as it deems appropriate in its sole and absolute discretion with respect to the vesting of the Awarded Interests to the Selected Participant providing that, the vesting period for the Award Interests shall be in the range of 12 months to 48 months but in any event shall be not less than 12 months, and, in the case of the grant of Share Awards, shall inform the Trustee and such Selected Participant the relevant conditions of the Award. Notwithstanding any other provisions of the 2023 Share Scheme, subject to applicable laws and regulations, the Board may in its sole and absolute discretion to determine that the Awards granted to an Employee Participant may be subject to a vesting period of less than 12 months in the following circumstances:

- (i) Awards are grant of "make-whole" share awards to an Employee Participant who is a new joiner of the Group to replace the share awards that has been forfeited when leaving the previous employer;
- (ii) Awards are granted to an Employee Participant whose employment is terminated due to death, retirement by agreement, disability or occurrence of any out of control event, in which circumstances the vesting of shares awards may accelerate;
- (iii) Awards are subject to performance-based vesting conditions provided in the grant instrument, in lieu of time-based vesting criteria;
- (iv) Awards are granted in batches during a year for administrative and compliance reasons, in which case, the vesting period may be shorter to reflect the time from which the Awards would have been granted;
- (v) Awards are granted with a mixed or accelerated vesting schedule (such as where the Awards may vest evenly over a period of 12 months); or
- (vi) Awards with a total vesting and holding period of more than 12 months.

**Purchase Price, Vesting Price and Exercise Price.** With respect to the Purchase Price, the Vesting Price and the Exercise Price,

- (i) the Purchase Price payable by a Selected Participant to the Company for acceptance of an Award shall be Nil consideration, subject to otherwise determined by the Board at its sole discretion based on the purpose of the Award and the characteristics and profile of the Selected Participant, or as required by applicable laws in respect of the Purchase Price (if any) of any particular Award which shall be stated in the grant instrument.
- (ii) the Vesting Price payable by a Selected Participant to the Company for acceptance of a Share Award shall be Nil consideration, subject to otherwise determined by the Board at its sole discretion based on the purpose of the Share Award and the characteristics and profile of the relevant Selected Participant, or as required by applicable laws in respect of the Vesting Price (if any) of any particular Share Award which shall be stated in the grant instrument.
- (iii) for Share Options, the Exercise Price shall be such price determined by the Board in its sole and absolute discretion and notified to the Selected Participant in the grant instrument, provided that the Exercise Price shall in any event be not less than the higher of: (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Grant Date; or (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 trading days immediately preceding the Grant Date.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

**Exercise Period.** With respect to Exercise Period:

- (i) the Exercise Period for any Share Options shall be such period determined by the Board in its sole and absolute discretion and notified to the Eligible Participant in the grant instrument, provided that the Exercise Period shall not be longer than 10 years from the Grant Date. A Share Option shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the expiry of the 10th anniversary from the Grant Date; and
- (ii) the Exercise Period for any Share Awards shall be such period determined by the Board in its sole and absolute discretion and notified to the Eligible Participant in the grant instrument. For the avoidance of doubt, the Board may determine the Exercise Period of a Share Award to be not applicable and determine that the Awarded Shares shall fall to be settled upon the Vesting Date without further action by the Selected Participant.

**Scheme mandate limit.** The total number of Shares which may be issued under the 2023 Share Scheme shall be 57,798,986 Shares, which is equivalent to 10% of the issued share capital of the Company as at the adoption date of the 2023 Share Scheme, and 9.98% of the issued share capital of the Company as at the Latest Practicable Date.

If, upon granting rewards, the number of Shares issued and to be issued in respect of all options and awards (excluding any options and awards which have lapsed in accordance with the terms of the relevant scheme) granted to the relevant Eligible Participant during the 12-month period up to and including the date of the relevant grant exceeds 1% of the total issued Shares as at the date of such grant, the Award shall not be granted to any Eligible Participant unless the relevant grant has been otherwise approved by the Shareholders in a general meeting, and such Eligible Participant and his/her close associates (or associates, if the grantee is a connected person) shall abstain from voting.

**Remaining validity of the Scheme.** Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the 2023 Share Scheme shall be valid and effective for a term of 10 years commencing on the adoption date, after which no further Awards will be granted. As of the date of this interim report, the remaining validity is approximately 9.4 years.

On December 18, 2023, the Company granted Awards to three Eligible Participants in accordance with the 2023 Share Scheme as follows: granted 14,400,000 and 9,600,000 Share Options to each of Dr. Ji and Mr. Zhang, each an executive Director and a substantial shareholder of the Company, respectively, and granted 2,400,000 Share Options<sup>1</sup> and 320,429 Share Awards to Mr. Xiang Wang, an executive Director of the Company, to subscribe for the ordinary Shares of US\$0.00005 each in the capital of the Company. The grants mentioned above have been approved by the general meeting of the Company on January 26, 2024. For details, please refer to the circular of the Company dated January 9, 2024, and the announcements of the Company dated December 18, 2023 and January 26, 2024.

<sup>1</sup> Since Mr. Xiang Wang has resigned as the Company's executive Director on July 17, 2024, the 2,400,000 share options granted to him have been lapsed.

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As the abovementioned grant of Share Options to each of Dr. Ji and Mr. Zhang would result in the number of Shares issued and to be issued in respect of all options and awards granted to each of Dr. Ji and Mr. Zhang (excluding any options and awards lapsed in accordance with the terms of the 2023 Share Scheme and any other share option/share award schemes of the Company) by the Company during the 12-month period up to and including the date of such grant representing over 1% of the Company's issued Shares of the Company, for the period from January 1, 2024 to June 30, 2024 (the "Period"), the change in Share Options and Share Awards granted in accordance with the 2023 Share Scheme would be:

Grantee	Position held	Date of grant	Closing price of the Shares immediately before the date of grant (HKD)	Balance as at January 1, 2024	Granted during the Period	Exercised/ vested during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at June 30, 2024	Purchase price (HKD per Share Option/ Share Awards)	Exercise price of Share Option (HKD per Share Option)	Vesting price of Share Awards granted (HKD per Share Awards)	Expiration date of the options	
<b>Directors, chief executive, substantial shareholders and associates, participants who is granted or to be granted share options and awards over 1% of the individual limit</b>														
Dr. Ji	Chairman of the Board, and the chief executive officer of the Company	December 18, 2023	5.50	14,400,000 Share Options	0	0	0	0	14,400,000 Share Options	0	5.606	/	December 17, 2033	
Mr. Zhang	Executive Director and the chief operating officer of the Company	December 18, 2023	5.50	9,600,000 Share Options	0	0	0	0	9,600,000 Share Options	0	5.606	/	December 17, 2033	
Mr. Xiang Wang (向往) (Note 1)	Executive Director and vice president of the Company	December 18, 2023	5.50	2,400,000 Share Options and 320,429 Share Awards	0	0	0	0	2,400,000 Share Options and 320,429 Share Awards	0	5.606	0	December 17, 2033	
Mr. He Liang (賀亮) (Note 2)	Executive Director and chief financial officer of the Company	April 26, 2024	3.070	0	2,400,000 Share Options and 58,073 Share Awards	0	0	0	2,400,000 Share Options and 58,073 Share Awards	0	3.070	0	April 25, 2034	
Mr. Tong Jian (佟劍) (Note 3)	Executive Director and vice president of products of the Company	April 26, 2024	3.070	0	2,400,000 Share Options and 115,011 Share Awards	0	0	0	2,400,000 Share Options and 115,011 Share Awards	0	5.606	0	April 25, 2034	
<b>Subtotal</b>				26,400,000 Share Options and 320,429 Share Awards	4,800,000 Share Options and 173,084 Share Awards	0	0	0	31,200,000 Share Options and 493,513 Share Awards					
<b>Other grantees</b>														
173 employee participants		April 26, 2024	3.070	0	6,838,900 Share Options	0	31,100 Share Options	0	6,807,800 Share Options	0	The exercise price for the 5,328,000 share options granted ranges from HKD5.606 to HKD5.637 per share. The exercise price for the 140,000 share options granted ranges from HKD3.070 to HKD4.764 per share. The exercise price for the 6,170,900 share options granted is HKD3.070 per share. (Not less than the higher of: (a) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant, which is HKD3.070 per share; or (b) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for five trading days immediately before the date of grant, which is HKD2.872 per share)		0	April 25, 2034
186 employee participants		April 26, 2024	3.070	0	1,669,407 Share Awards	0	58,139 Share Awards	0	1,611,268 Share Awards	0	0	0	April 25, 2034	
<b>Total</b>				26,400,000 Share Options and 320,429 Share Awards	11,638,900 Share Options and 1,842,491 Share Awards	0	31,100 Share Options and 58,139 Share Awards	0	38,007,800 Share Options and 2,104,781 Share Awards					

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*Note 1:* Mr. Xiang Wang resigned as the executive Director and vice president of the Company on July 17, 2024.

*Note 2:* Mr. He Liang was appointed as the executive Director and chief financial officer of the Company on May 24, 2024.

*Note 3:* Mr. Tong Jian was appointed as the executive Director and vice president of products of the Company on July 17, 2024.

For details on the basis of fair value measurement of Share Awards and/or Share Options granted, please refer to note 19 to the consolidated financial statements.

The 14,400,000, 9,600,000, 2,400,000<sup>1</sup>, 2,400,000 and 2,400,000 Share Options granted to Dr. Ji, Mr. Zhang, Mr. Xiang Wang, Mr. He Liang and Mr. Tong Jian, respectively, as well as a total of 6,838,900 share options granted to 173 eligible participants shall lapse automatically and shall not be exercisable (to the extent not already exercised) on the expiry of the 10th anniversary from the date of grant. In addition, the 14,400,000, 9,600,000, 2,400,000<sup>1</sup>, 2,400,000 and 2,400,000 Share Options granted to Dr. Ji, Mr. Zhang, Mr. Xiang Wang, Mr. He Liang and Mr. Tong Jian are exercisable subject to the achievement of the business and financial milestones below, and will be exercisable in five equal tranches upon satisfaction of each of such milestones, with 20% per tranche. The Share Awards granted to Mr. Xiang Wang shall be vested in full at the end of six months after the date of grant.

<b>Business milestones – number of subscribed equipments</b> (in 10,000 units)	<b>Financial milestones – monthly revenue from subscription services</b> (RMB100 million)	<b>Financial milestones – monthly gross profit from subscription services</b> (RMB100 million)	<b>Number of Share Options to be exercisable</b>
120*	0.94*	0.48*	
147	1.15	0.59	20%
180	1.41	0.72	20%
220	1.72	0.88	20%
270	2.11	1.08	20%
330	2.58	1.32	20%

\* *The current level of selected performance indicators is set out herein for reference.*

A total of 6,838,900 Share Options granted to other 173 eligible participants have a mixed vesting schedule with a total vesting period of 48 months, during which the Share Options granted will be vested in four equal tranches of 25% each subject to the clawback mechanisms disclosed below. Certain tranche will be vested within 12 months from the Grant Date, and the last tranche will be vested after 12 months following the Grant Date. Under the 2023 Share Scheme, the Board may, in its sole discretion, determine that the vesting period of the Awards granted to the Employee Participants can be less than 12 months under certain circumstances, including circumstances where the Awards are granted with a mixed or accelerated vesting schedule. Certain Share Options of the 2,038,900 Share Options granted have vesting periods shorter than 12 months due to the Board's decision to adopt a mixed vesting schedule for the Share Options granted to such Employee Participants, which is permitted under the 2023 Share Scheme. There are no performance targets attached to the 2,038,900 Share Options granted.

<sup>1</sup> Since Mr. Xiang Wang has resigned as the Company's executive Director on July 17, 2024, the 2,400,000 share options granted to him have been lapsed.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

The vesting period for 58,073 Share Awards granted to Mr. He Liang, 115,011 Share Awards granted to Mr. Tong Jian and a total of 1,669,407 Share Awards granted to other 186 eligible participants is: (1) 58,073 Share Awards granted to Mr. He Liang, 115,011 Share Awards granted to Mr. Tong Jian and 1,117,907 Share Awards granted to other eligible participants shall be vested in full at the end of four months after the Grant Date. The Board considers that a vesting period of less than 12 months for the Share Awards granted is appropriate and consistent with the purpose of the 2023 Share Scheme, because (i) there were administrative and compliance reasons (including the Company's undertaking to the Stock Exchange not to issue any Shares within six months following the Listing, the compliance process required for the 2023 Share Scheme to be adopted with the approval of the Company's shareholders, and the blackout period immediately following the adoption of the 2023 Share Scheme as approved by the Company's shareholders and prior to the announcement of the Company's annual results), the Company was unable to grant the Share Awards to such Grantees immediately upon Listing, therefore, the Board and the Remuneration Committee of the Board have decided to shorten the vesting period of the Share Awards granted so as to put such Grantees in the same position as they would have been in had the grant been made at an earlier time; (ii) it serves to reward such Grantees for their significant contributions to the development and growth of the Group; (iii) it serves to incentivize such Grantees to further provide their necessary commitments to the longterm strategic development of the Group; and (iv) it is in line with the Group's remuneration policy. (2) 551,500 Share Awards granted to other eligible participants have a mixed vesting schedule with a total vesting period of 48 months, during which the Share Awards granted will be vested in four equal tranches of 25% each subject to the clawback mechanisms disclosed below. Certain tranche will be vested within 12 months from the Grant Date, and the last tranche will be vested after 12 months following the Grant Date. Under the 2023 Share Scheme, the Board may, in its sole discretion, determine that the vesting period of the Awards granted to the Employee Participants can be less than 12 months under certain circumstances, including circumstances where the Awards are granted with a mixed or accelerated vesting schedule. Certain of the 551,500 Share Awards granted above have vesting periods shorter than 12 months due to the Board's decision to adopt a mixed vesting schedule for the Share Awards granted to such Employee Participants, which is permitted under the 2023 Share Scheme.

There are no performance targets attached to the Share Awards granted for a total of 1,669,407 Share Awards granted to 186 eligible participants.

The Share Options and Share Awards granted to Dr. Ji, Mr. Zhang, Mr. Xiang Wang, Mr. He Liang, Mr. Tong Jian and other grantees are subject to the following clawback mechanism:

Subject to the rules in the 2023 Share Scheme, an award shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any award or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any award or any part thereof granted to such grantee to the extent not already exercised. In the event that prior to or on the vesting date, a grantee is found to be an excluded participant or is deemed to cease to be an eligible participant, the relevant award made to such grantee shall automatically lapse forthwith and the relevant awarded shares shall not be vested on the relevant vesting date and, in the case of a Share Award, shall remain part of the trust fund. In respect of a grantee who died or retired by agreement with a member of the Group at any time prior to or on the vesting date, all the awarded interests of the relevant grantee shall be deemed to be vested and (in the case Share Options) deemed to be exercised on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

In the event of the death of a grantee, the trustee shall directly or indirectly hold the vested awarded interests upon trust to transfer the same to the legal personal representatives or lawful successors of the selected participant within (i) 2 years of the death of the grantee (or such longer period as the trustee and the Board shall agree from time to time); (ii) the duration of the 2023 Share Scheme; or (iii) the trust period (whichever is shorter). If such vested awarded interests fails to be transferred or would otherwise become bona vacantia for any reason, such vested awarded interests shall be forfeited and cease to be transferable and the awarded interests shall remain part of the trust fund.

Unless otherwise determined by the Board: (i) if a grantee ceases to be an eligible participant, or where the grantee's employment or contractual engagement with the Group is terminated, for reasons other than those set out above; or (ii) where the grantee's employment or contractual engagement with the Group has been suspended, or the grantee's position within or in relation to the Group has been vacated, for more than six months: a grantee may exercise any vested Share Options within 6 months of such cessation or within the exercise period, whichever is shorter, or such other period as the Board may decide in its sole and absolute discretion. If a Share Option is not exercised within the time mentioned above, the Share Option shall lapse automatically. Any outstanding Share Awards not yet vested shall be immediately forfeited and shall lapse automatically and any awarded interests thereof shall remain part of the trust fund, unless the Board determines otherwise at their sole and absolute discretion.

The aforementioned grant of Share Options and Share Awards has been further approved by Shareholders on January 26, 2024, and the Shares that may be allotted and issued under all awards granted under the 2023 Share Scheme have been approved by the Listing Committee of the Stock Exchange and will take effect after listing and trading. For details, please refer to the circular of the Company dated January 9, 2024 and announcements dated December 18, 2023 and January 26, 2024.

At the beginning of the Reporting Period, the number of Shares available for future grant under the plan authorization limit of the 2023 Share Scheme were 31,078,557 Shares. At the end of the Reporting Period, the number of Shares available for future grant under the plan authorization limit of the 2023 Share Scheme were 17,628,266 Shares. During the Reporting period, the number of Shares issuable (i.e. 40,112,581 Shares) in respect of Share Options and Share Awards granted under all share schemes of the Company divided by the weighted average number of Shares issued (excluding treasury share) during the Reporting Period of 577,795,367 Shares is approximately 6.9%.

Saved as disclosed above, as at the Latest Practicable Date, none of the grantees (i) is the Director, chief executive or substantial shareholders of the Company or their respective associates (as defined under the Listing Rules); (ii) is a participant who is granted or will be granted share options and share awards over the individual limit of 1% of issued Shares in the 12-month period up to and including the date of grant under Rule 17.03D of the Listing Rules; or (iii) is a participant of associated entity of service provider who is granted or will be granted share options and share awards over 0.1% of issued Shares in any 12-month period.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this interim report, during the six-month period ended June 30, 2024, no Director or their respective spouses or minor children were authorized to purchase Shares or debentures of the Company through no rights to benefit from the certificates, nor have the Directors exercised any such rights, and neither the Company nor any of its holding companies, fellow subsidiaries and subsidiaries has been a party to any arrangement whereby the Directors may obtain such rights from any other company.

### **CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES**

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

### **APPROVAL OF THE INTERIM REPORT**

The Board has approved and authorized the publication of the Group's interim report and unaudited interim condensed consolidated results for the six months ended June 30, 2024 on August 30, 2024.



**TO THE BOARD OF DIRECTORS OF EDIANYUN LIMITED**

易點雲有限公司

(incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Edianyun Limited (the “**Company**”) and its subsidiaries set out on pages 37 to 63, which comprise the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

August 30, 2024

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	Notes	Six months ended	
		June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Revenue	4	<b>646,888</b>	635,963
Cost of sales		<b>(369,917)</b>	(353,194)
Gross profit		<b>276,971</b>	282,769
Selling and marketing expenses		<b>(80,726)</b>	(78,112)
Research and development expenses		<b>(32,987)</b>	(39,546)
General and administrative expenses		<b>(70,830)</b>	(53,583)
Other income	5	<b>6,811</b>	11,729
Other gains and losses, net	6	<b>(6,372)</b>	(12,070)
Loss on changes in fair value of financial liabilities at fair value through profit or loss ("FVTPL")		–	(887,983)
Impairment losses under expected credit loss ("ECL") model, net of reversal	7	<b>(13,704)</b>	(14,614)
Listing expenses		–	(13,230)
Finance costs	8	<b>(57,894)</b>	(71,713)
Profit (loss) before tax		<b>21,269</b>	(876,353)
Income tax expense	9	<b>(4,788)</b>	(5,330)
Profit (loss) and total comprehensive income (expense) for the period	10	<b>16,481</b>	(881,683)
Earnings (loss) per share			
– Basic (RMB Yuan)	11	<b>0.03</b>	(4.07)
– Diluted (RMB Yuan)	11	<b>0.03</b>	(4.07)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	<i>Notes</i>	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Rental computer devices	13	<b>1,502,422</b>	1,480,945
Right-of-use assets	13	<b>598,641</b>	503,017
Intangible assets		<b>35</b>	240
Trade and other receivables and prepayments	14	<b>190,128</b>	190,130
Deferred tax assets		<b>38,671</b>	41,247
		<b>2,329,897</b>	2,215,579
<b>Current assets</b>			
Inventories		<b>1,520</b>	1,604
Trade and other receivables and prepayments	14	<b>259,250</b>	320,098
Financial assets at FVTPL	15	<b>249,262</b>	246,690
Pledged bank deposits, time deposits and restricted cash		<b>32,220</b>	37,513
Cash and cash equivalents		<b>392,094</b>	490,390
		<b>934,346</b>	1,096,295
<b>Total assets</b>		<b>3,264,243</b>	3,311,874

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Notes	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	18	200	199
Reserves		4,154,491	4,141,429
Accumulated losses		(2,893,160)	(2,909,641)
<b>Total equity</b>		<b>1,261,531</b>	1,231,987
<b>Non-current liabilities</b>			
Borrowings	17	548,322	667,769
Lease liabilities		224,937	159,016
Deferred tax liabilities		2,059	–
		<b>775,318</b>	826,785
<b>Current liabilities</b>			
Trade and other payables	16	101,083	132,062
Deposits received for rental computer devices		10,639	12,591
Advance lease payments		59,286	61,853
Contract liabilities		18,269	12,341
Income tax payable		3,838	3,838
Borrowings	17	814,636	852,051
Lease liabilities		219,643	178,366
		<b>1,227,394</b>	1,253,102
<b>Total liabilities</b>		<b>2,002,712</b>	2,079,887
<b>Total equity and liabilities</b>		<b>3,264,243</b>	3,311,874



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Statutory reserve RMB'000 (Note a)	Capital reserve RMB'000 (Note b)	Treasury shares RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>As at January 1, 2024 (audited)</b>	199	4,036,077	104,391	2,073	(1,112)	-	(2,909,641)	1,231,987
Profit and total comprehensive income for the period	-	-	-	-	-	-	16,481	16,481
Exercise of share options	1	16,306	(13,986)	-	-	-	-	2,321
Recognition of equity-settled share-based payments (Note 19)	-	-	14,233	-	-	-	-	14,233
Repurchase of shares (to be cancelled) (Note d)	-	-	-	-	-	(3,483)	-	(3,483)
Transaction costs attributable to repurchase of shares (Note d)	-	-	-	-	-	(8)	-	(8)
<b>At June 30, 2024 (unaudited)</b>	<b>200</b>	<b>4,052,383</b>	<b>104,638</b>	<b>2,073</b>	<b>(1,112)</b>	<b>(3,491)</b>	<b>(2,893,160)</b>	<b>1,261,531</b>
<b>As at January 1, 2023 (audited)</b>	43	3,530	94,122	956	(1,112)	-	(2,007,887)	(1,910,348)
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(881,683)	(881,683)
Recognition of equity-settled share-based payments (Note 19)	-	-	8,798	-	-	-	-	8,798
Issue of new shares upon global offering (Note c)	6	161,315	-	-	-	-	-	161,321
Share issue costs attributable to issue of new shares	-	(8,210)	-	-	-	-	-	(8,210)
Automatic conversion of preferred shares into ordinary shares upon global offering	149	3,872,192	-	-	-	-	-	3,872,341
<b>At June 30, 2023 (unaudited)</b>	<b>198</b>	<b>4,028,827</b>	<b>102,920</b>	<b>956</b>	<b>(1,112)</b>	<b>-</b>	<b>(2,889,570)</b>	<b>1,242,219</b>

### Notes:

- In accordance with the articles of association of the subsidiaries established in the People's Republic of China (the "PRC") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after tax, which is determined in accordance with the Accounting Standards for Business Enterprises and Financial Regulations applicable in the PRC to a statutory reserve until the balance of such fund has reached 50% of the registered capital of the respective subsidiaries. Statutory reserve can only be used to offset accumulated losses or to increase capital of the relevant subsidiaries.
- Capital reserve represents the difference between the then paid in capital of Beijing Ediantao Internet Technology Co., Ltd. ("Beijing Ediantao"), a subsidiary of the Company after repurchase of its ordinary shares and the consideration paid by Edianzu Hong Kong Limited, a subsidiary of the Company, to Ji Peng Cheng and Zhang Bin, co-founders and the executive directors of the Company resulting from the group reorganisation.
- On May 25, 2023, the Company offered a total of 17,572,500 new ordinary shares of United States dollars ("USD") 0.00005 each at the price of Hong Kong Dollar ("HKD") 10.19 per share by means of global offering.
- The Company repurchased the existing shares on the market. For the six months ended June 30, 2024, the Company repurchased 1,182,000 ordinary shares, with a total consideration of RMB3,491,000, at a price ranging from HK\$2.87 (equivalent to RMB2.61) per share to HK\$3.69 (equivalent to RMB3.35) per share. The cancellation process of the shares repurchased during the current interim period has not yet completed.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
<b>Net cash from operating activities</b>	<b>244,199</b>	209,270
<b>Investing activities</b>		
Purchases of financial assets at FVTPL	<b>(248,323)</b>	(303,352)
Withdrawal of financial assets at FVTPL	<b>249,278</b>	–
Placement of pledged bank deposits and time deposits	<b>(22,944)</b>	(39,127)
Withdrawal of pledged bank deposits, time deposits and restricted cash	<b>28,237</b>	40,350
Repayments from shareholders	–	41
<b>Net cash from/(used in) investing activities</b>	<b>6,248</b>	(302,088)
<b>Financing activities</b>		
Proceeds from bank and other borrowings	<b>368,235</b>	818,995
Repayments of bank and other borrowings	<b>(522,658)</b>	(734,288)
Repayment of bond payable	–	(7,500)
Exercise of share options	<b>2,321</b>	–
Payments for share repurchase	<b>(3,483)</b>	–
Transaction costs attributable to repurchase of shares	<b>(8)</b>	–
Repayments to shareholders	–	(1,841)
Repayments of leases liabilities	<b>(132,731)</b>	(127,122)
Interest paid	<b>(60,333)</b>	(69,801)
Proceeds from issuance of new shares upon global offering	–	161,321
Proceeds from sale shares to be paid to former shareholders	–	150,176
Payment of issue costs	<b>(241)</b>	(6,648)
<b>Net cash (used in)/from financing activities</b>	<b>(348,898)</b>	183,292
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(98,451)</b>	90,474
Cash and cash equivalents at beginning of period	<b>490,390</b>	505,803
Effect of foreign exchange rate changes	<b>155</b>	5,832
<b>Cash and cash equivalents at end of period</b>	<b>392,094</b>	602,109

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 1. GENERAL INFORMATION

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”) which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As at June 30, 2024, the Company and its subsidiaries (collectively referred to as the “**Group**”) had current assets less than current liabilities by RMB293,048,000. The Group assesses its liquidity by its ability to generate cash from operating activities and attract additional capital and/or finance funding. Based on the Group’s historical performance and management’s operating and financing plans, the Group has performed a working capital forecast for the next twelve months. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, operating cash flows and financing cash flows from banking facilities and borrowings from other financial institutions, the directors of the Company believe that the Group will have sufficient financial resources to satisfy its future working capital in the next twelve months from the end of the reporting period. The directors of the Company consider that it is appropriate that the condensed consolidated financial statements are prepared on a going concern basis.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as appropriate.

Other than the additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those followed the Group’s audited financial statements for the year ended December 31, 2023.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 4. REVENUE AND SEGMENT INFORMATION

The Group's principal business is engaged in providing office Internet Technology ("IT") integrated solution and other services to its customers.

The Group's chief operating decision maker, who has been identified as the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment.

As the Group's non-current assets are all located in the PRC and all the Group's revenue are derived from the PRC, no geographical information is presented. During the current interim period, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue (six months ended June 30, 2023: none).

	<b>Six months ended</b>	
	<b>June 30, 2024 RMB'000 (unaudited)</b>	June 30, 2023 RMB'000 (unaudited)
<b>Revenue</b>		
Pay-as-you-go* office IT integrated solution revenue		
– device subscription services recognised as lease income under IFRS 16	<b>334,459</b>	553,364
– office IT technical subscription services	<b>242,416</b>	–
Sales of devices	<b>64,077</b>	73,861
Software-as-a-Service ("SaaS") and others	<b>5,936</b>	8,738
<b>Total</b>	<b>646,888</b>	635,963

\* Pay-as-you-go described the subscription method of the Group where customers can subscribe and unsubscribe for the office IT integrated solution which contains hardware and service based on their ever-changing actual needs.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 4. REVENUE AND SEGMENT INFORMATION – continued

### (a) Disaggregation of revenue from contracts with customers

#### Types of goods or service

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
<b>Pay-as-you-go office IT integrated solution revenue</b>		
Office IT technical subscription services	242,416	–
<b>Sales of devices</b>		
Devices	62,854	73,063
Computer accessories	1,223	798
Total	64,077	73,861
<b>SaaS and others</b>		
SaaS	3,112	2,880
Other services	2,824	5,858
Total	5,936	8,738
<b>Timing of revenue recognition</b>		
A point in time	64,077	75,562
Over time	248,352	7,037
Total	312,429	82,599

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 4. REVENUE AND SEGMENT INFORMATION – continued

### (b) Performance obligations for contracts with customers and revenue recognition policies

#### Pay-as-you-go office IT integrated solution revenue – office IT technical subscription services

The Group provides office IT technical subscription services coupled with the device subscription services during the subscription period. During the six months ended June 30, 2024, certain contracts (six months ended June 30, 2023: nil) are assessed to include both lease (as disclosed in Note 4(c) below) and non-lease components (office IT technical subscription services), the Group applies IFRS 15 to allocate the consideration to separate lease and non-lease components on a relative stand-alone selling price basis.

Revenue relating to office IT technical subscription services, which primarily include providing stand-ready services to solve problems and repairs and maintenance services in relation to the computer devices, is satisfied over time as services are rendered, which is measured based on output method.

#### Sales of devices

The Group sells devices and computer accessories directly to customers through internet sales.

Revenue is recognised when the customer obtains control of the goods, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. When the customer initially purchases the goods online, the transaction price received by the Group is recognised as contract liabilities until the goods have been delivered to the customer.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 4. REVENUE AND SEGMENT INFORMATION – continued

### (b) Performance obligations for contracts with customers and revenue recognition policies – continued

#### SaaS and others

The SaaS services arise from the Group's self-developed "Ebandian" system which is designed to provide SaaS to enterprise customers in managing their assets and inventories.

Other services mainly include the maintenance support and assistance to customers of the Group.

The performance obligation is satisfied over time as services are rendered, which is measured based on output method. Short term advances are normally required before rendering the services. Services provided are for periods of one year or less, and are billed based on the time incurred.

### (c) Pay-as-you-go office IT integrated solution revenue recognised as lease income under IFRS 16

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
For operating leases:		
Lease payments that are fixed	<b>334,459</b>	553,364

The Group leases out self-owned or leased-in computer devices under the pay-as-you-go subscription method, which affords customers the freedom of subscribing for a flexible term, generally on a monthly basis, or up to three years, at a monthly fixed fee subject to termination penalties. Subscription deposits are waived as long as the enterprise customer met the required credit information and passed the Group's internal risk assessment. Monthly payments are automatically withdrawn on the payment dates from the customers' accounts. The Group normally grant a credit period up to 5 days after the issuance of billing to customers.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 5. OTHER INCOME

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Interest income from banks	3,554	5,570
Interest income from trade receivable under instalment sales	598	1,138
Government grants ( <i>Note i</i> )	1,293	740
Compensation income ( <i>Note ii</i> )	1,366	572
Additional value added tax ("VAT") input deduction ( <i>Note iii</i> )	-	3,709
<b>Total</b>	<b>6,811</b>	<b>11,729</b>

*Notes:*

- i. Government grants mainly represent subsidies received from local governments for subsidizing the job stabilization of certain subsidiaries of the Group.
- ii. Compensation income represents devices damage compensations paid by the Group's customers.
- iii. Additional VAT input deduction were recognised in profit or loss due to the VAT reform. In accordance with Taxation Announcement No.1 of 2023, the Group is eligible for additional VAT input deduction by 5% of the current period VAT payable from January 1, 2023 to December 31, 2023. The policy was expired since January 1, 2024.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

### 6. OTHER GAINS AND LOSSES, NET

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Gain on changes in fair value of financial assets at FVTPL	3,527	6,073
Subscription fee of financial assets at FVTPL <i>(Note i)</i>	–	(2,814)
Loss on written-off of rental computer devices <i>(Note ii)</i>	(11,218)	(18,700)
Others	1,319	3,371
<b>Total</b>	<b>(6,372)</b>	<b>(12,070)</b>

*Notes:*

- i. The subscription fee is the initial fee paid to acquire cash management portfolio linked note and the investment in a private fund.
- ii. For the customers with six months overdue billings, the Group ceases to recognise revenue and recognises loss on written-off of rental computer devices held by the customers, which the management of the Group believed are unable to be recovered.

### 7. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Impairment losses, net of reversal, recognised on:		
Trade receivables	14,262	13,577
Other receivables	(558)	1,037
<b>Total</b>	<b>13,704</b>	<b>14,614</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 8. FINANCE COSTS

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Interest on borrowings	43,531	56,348
Interest on lease liabilities	14,363	14,997
Interest on bond payable	–	368
<b>Total</b>	<b>57,894</b>	<b>71,713</b>

## 9. INCOME TAX EXPENSE

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Current enterprise income tax	153	78
Deferred tax	4,635	5,252
<b>Total</b>	<b>4,788</b>	<b>5,330</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

### 10. PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Cost of pay-as-you-go office IT integrated solution	301,701	271,987
Cost of sales of devices	66,963	80,257
Cost of SaaS and others	1,253	950
Promotion and advertising expenses	2,245	3,417
Employee benefit expenses		
– Salaries, allowances and benefits	116,111	117,291
– Retirement benefits	22,354	24,655
– Share-based payments ( <i>Note 19</i> )	14,233	8,798
Total employee benefit expenses	152,698	150,744
Expenses related to short-term leases	1,781	2,324
Depreciation of other right-of-use assets	12,086	11,823
Amortisation of intangible assets	205	205

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 11. EARNINGS (LOSS) PER SHARE

	Six months ended	
	June 30, 2024 (unaudited)	June 30, 2023 (unaudited)
Earnings (loss) for the period attributable to the owners of the Company for the purpose of calculating basic and diluted earnings (loss) per share (RMB'000)	<b>16,481</b>	(881,683)
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<b>577,795,367</b>	216,731,998
Effect of dilutive potential ordinary shares: Share options	<b>1,625,270</b>	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	<b>579,420,637</b>	216,731,998

For the six months ended June 30, 2024, 1,182,000 ordinary shares repurchased by the Company are excluded from the computation of basic earnings (loss) per share since the date of repurchase.

The exercise price of the Company's certain share options was higher than the average market price for shares, which has not taken into consideration for computing the diluted loss per share for the six months ended June 30, 2024.

The computation of diluted loss per share for the six months ended June 30, 2023 did not assume conversion of the preferred shares and the exercise of the over-allotment option since their assumed conversion and exercise would result in a decrease in loss per share. Accordingly, diluted loss per share for the six months ended June 30, 2023 is the same as basic loss per share.

## 12. DIVIDEND

No dividends were paid, declared or proposed during the current interim period (2023: nil). The directors of the Company have determined that no dividend will be paid in respect of the interim period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 13. RENTAL COMPUTER DEVICES AND RIGHT-OF-USE ASSETS

During the current interim period, certain rental computer devices of the Group were disposed of or transferred to inventories with an aggregate carrying amount of RMB78,392,000 (six months ended June 30, 2023: RMB78,075,000), and exercised of purchase option of leased-in rental computer devices with an aggregate carrying amount of RMB97,378,000 (six months ended June 30, 2023: RMB69,806,000).

In addition, during the current interim period, the Group purchased rental computer devices of RMB184,533,000 (six months ended June 30, 2023: RMB78,505,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 13 to 36 months (six months ended June 30, 2023: 13 months to 87 months). On date of lease commencement, the Group recognised right-of-use assets of RMB241,541,000 (six months ended June 30, 2023: RMB180,751,000) and lease liabilities of RMB238,417,000 (six months ended June 30, 2023: RMB179,121,000). The Group is required to make fixed monthly, quarterly, or semi-annually payments.

## 14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
Trade receivables		
Trade receivables – Pay-as-you-go office IT integrated solution	<b>214,798</b>	163,975
Trade receivables – contracts with customers	<b>78,079</b>	102,158
Less: allowance for credit losses	<b>(150,124)</b>	(135,862)
	<b>142,753</b>	130,271
Other receivables and prepayments	<b>306,625</b>	379,957
<b>Total</b>	<b>449,378</b>	510,228
Analysed as:		
Total current portion	<b>259,250</b>	320,098
Total non-current portion	<b>190,128</b>	190,130

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

### 14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – continued

The following is an aged analysis of trade receivables, net of impairment losses under ECL model, presented based on the date of billing issued to customers at the end of each relevant period.

	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
Within 30 days	<b>133,250</b>	120,942
31 to 60 days	<b>4,086</b>	4,645
61 to 90 days	<b>1,709</b>	1,924
91 to 180 days	<b>2,319</b>	2,144
181 to 270 days	<b>830</b>	437
271 to 360 days	<b>232</b>	67
Over 360 days	<b>327</b>	112
	<b>142,753</b>	130,271

The Group granted a credit period up to 5 days after the issuance of billing to customers.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 15. FINANCIAL ASSETS AT FVTPL

	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
Structured deposits ( <i>Note i</i> )	<b>35,453</b>	35,343
Cash management products ( <i>Note ii</i> )	<b>213,809</b>	211,347
<b>Total</b>	<b>249,262</b>	246,690

*Notes:*

- i. The structured deposits were issued by a bank in the PRC with expected rates of return (not guaranteed) which is linked to the fluctuation of Euro exchange rate against USD. The structured deposits were classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.
- ii. The cash management products were issued by financial institutions, denominated in USD and linked to funds managed by fund managers.

Details of fair value measurements are set out in Note 21.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

### 16. TRADE AND OTHER PAYABLES

	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
Trade payables	<b>49,209</b>	61,578
Salary and welfare payables	<b>32,423</b>	42,475
Others	<b>19,451</b>	28,009
<b>Total</b>	<b>101,083</b>	132,062

The following is an aged analysis on trade payables of the Group presented based on the invoice date:

	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
Within 12 months	<b>30,910</b>	49,410
1 to 2 years	<b>11,171</b>	6,658
2 to 3 years	<b>1,727</b>	689
Over 3 years	<b>5,401</b>	4,821
<b>Total</b>	<b>49,209</b>	61,578

### 17. BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings amounting to RMB368,235,000 (six months ended June 30, 2023: RMB818,995,000). The borrowings carry interest at fixed market rates ranging from 3.15% to 12.00% (December 31, 2023: 3.30% to 12.10%) and are repayable in instalments over a period less than five years. The proceeds were used to finance the operating activities of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 18. SHARE CAPITAL

	Number of Shares	Amount USD	Amount RMB'000
Authorised			
At January 1, 2024 (audited), June 30, 2024 (unaudited) of USD0.00005 each	<b>1,400,000,000</b>	<b>70,000</b>	<b>460</b>
Issued			
At January 1, 2024 (audited)	<b>575,919,460</b>	<b>28,797</b>	<b>199</b>
Exercise of share options	<b>3,787,390</b>	<b>189</b>	<b>1</b>
At June 30, 2024 (unaudited)	<b>579,706,850</b>	<b>28,986</b>	<b>200</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 19. SHARE-BASED PAYMENTS

### (a) Pre-IPO Option Plan

The Company established and adopted an employee share option plan in March 2016, and amended the employee share option plan in August 2017 and September 2018, and on February 25, 2022, the Company's employee share option scheme were defined as Pre-IPO Option Plan, which was ratified by the shareholders of the Company. Other than the movements for share options granted for the relevant periods below, the information of Pre-IPO Option Plan in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those followed the Group's audited financial statements for the year ended December 31, 2023.

Details and movements for share options granted for the relevant periods are presented as follows:

	Numbers of share options	Weighted average exercise price USD	Weighted average remaining term Year
Outstanding as at January 1, 2024 (audited)	27,617,930	0.59	1.20
Exercised	(3,787,390)		
Forfeited	(1,311,470)		
Outstanding as at June 30, 2024 (unaudited)	22,519,070	0.66	0.93

The weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK\$3.90.

The number of exercisable share options as at June 30, 2024 was 15,602,490 (December 31, 2023: 19,053,540).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 19. SHARE-BASED PAYMENTS – continued

### (b) 2023 Share Scheme

A new share scheme of the Company (the “**2023 Share Scheme**”) was adopted pursuant to a resolution passed on January 26, 2024 for the primary purpose of providing incentives to eligible employees and directors. The Company granted share options to eligible directors and employees of the Company and its subsidiaries since the adoption of the 2023 Share Scheme.

Details of the employee share option scheme are as follows:

Numbers of share options	Vesting condition
36,000,000	vested upon the achievement of relevant business and financial milestones in five equal tranches of 20% each upon the achievement of each milestone
2,590,400	a mixed vesting schedule with a total vesting period of 48 months, during which the share options granted will be vested in four equal tranches of 25% each
1,290,991	vested in full at the end of four months after the grant date
320,429	vested in full at the end of six months after the grant date

Details and movements for share options granted to employees under 2023 Share Scheme are presented as follows:

	Numbers of share options	Weighted average exercise price HKD	Weighted average remaining term Year
Outstanding as of January 1, 2024 (audited)	–		
Granted	40,201,820		
Forfeited	(89,239)		
Outstanding as at June 30, 2024 (unaudited)	40,112,581	4.92	7.86

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 19. SHARE-BASED PAYMENTS – continued

### (b) 2023 Share Scheme – continued

The closing price of the Company's shares immediately before January 26, 2024 and April 26, 2024, the dates of grant, was HK\$3.90 and HK\$2.83 respectively.

The number of exercisable share options under 2023 Share Scheme as at June 30, 2024 was 111,000 (December 31, 2023: nil).

The valuation of the share options under 2023 Share Scheme was performed by an independent qualified professional valuer. Options were priced using a binomial option pricing model. The main inputs used in the model include fair value of the Company's share as at the grant date, exercise price, expected volatility, expected life and risk-free interest rate. The inputs used in the model are as follows:

Grant date	January 26, 2024	April 26, 2024
Exercise price (HKD)	0.000–5.606	0.000–5.637
Expected volatility	49.22%	48.98%
Risk-free rate	3.60%	4.02%
Expected dividend yield	0%	0%
Expected life	10 years	10 years
Fair value (HKD)	1.78–3.89	0.82–3.07

During the current interim period, the Group recognised total expenses of RMB14,233,000 related to the share options granted (six months ended June 30, 2023: RMB8,798,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

### 20. OPERATING LEASE ARRANGEMENT

#### The Group as a lessor

The Group leases out computer devices which are self-owned or leased-in as an intermediate lessor.

Undiscounted lease payments receivable on leases are as follows:

	<b>As at June 30, 2024 RMB'000 (unaudited)</b>	As at December 31, 2023 RMB'000 (audited)
Within one year	<b>150,503</b>	153,028
In the second year	<b>56,466</b>	54,492
In the third year	<b>19,270</b>	18,983
In the fourth year	<b>697</b>	238
In the fifth year	<b>76</b>	125
<b>Total</b>	<b>227,012</b>	226,866

### 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about the fair value hierarchy of the Group's financial assets:

	<b>Level 2 RMB'000</b>	<b>Total RMB'000</b>
As at June 30, 2024 (unaudited)		
Assets		
Financial assets at FVTPL		
Structured deposits	<b>35,453</b>	<b>35,453</b>
Cash management products	<b>213,809</b>	<b>213,809</b>
<b>Total</b>	<b>249,262</b>	<b>249,262</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – continued

The following table gives information about how the fair values of financial assets at FVTPL are determined (in particular, the valuation techniques and inputs used).

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at June 30, 2024 RMB'000 (unaudited)	As at December 31, 2023 RMB'000 (audited)		
Financial assets at FVTPL Structured deposits	35,453	35,343	Level 2	Discounted cash flow: Future cash flows are estimated based on estimated return
Cash management products	213,809	211,347	Level 2	Discounted cash flow: Future cash flows are estimated based on estimated return

For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the reporting period. During the relevant periods, there were no transfers among different levels of fair values measurement.

*Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

For the financial assets and financial liabilities that are not measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2024

## 22. RELATED PARTY TRANSACTIONS

### Key management personnel compensation

The remuneration of directors and other key management personnel is as follows:

	Six months ended	
	June 30, 2024 RMB'000 (unaudited)	June 30, 2023 RMB'000 (unaudited)
Short-term employee benefits	4,239	4,095
Retirement benefits	522	453
Share-based payments	9,533	2,761
Total	14,294	7,309



## DEFINITIONS

“Board”	the board of Directors
“Cayman Islands”	the Cayman Islands, a British Overseas Territory
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this document only, Hong Kong, the Macau Special Administrative Region and Taiwan
“Co-founder(s)”	Dr. Ji and Mr. Zhang
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	Edianyun Limited (易點雲有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 18, 2015
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Dr. Ji”	Dr. Ji Pengcheng (紀鵬程), our Co-founder, chairman of the Board, an executive Director, the chief executive officer and a member of our Single Largest Shareholders Group
“Dr. Ji Entity”	JPC Edianzu Holdings Limited, a limited company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Dr. Ji and a member of the Single Largest Shareholders Group
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “the Group”, “we”, “us” or “our”	the Company, its subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huaqing Hongyi”	Tianjin Huaqing Hongyi Enterprise Management Partnership (Limited Partnership) (天津華清詒易企業管理合夥企業(有限合夥)), a member of our Single Largest Shareholders Group
“Huaqing Kuaiyi”	Tianjin Huaqing Kuaiyi Enterprise Management Partnership (Limited Partnership) (天津華清快易企業管理合夥企業(有限合夥)), the general partner of each of Huaqing Hongyi and Huaqing Yuyi, and a member of our Single Largest Shareholders Group

## DEFINITIONS

“Huaqing Yuyi”	Tianjin Huaqing Yuyi Enterprise Management Partnership (Limited Partnership) (天津華清或易企業管理合夥企業(有限合夥)), a member of our Single Largest Shareholders Group
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Koala Fund”	referring to a group of companies comprising Beijing Koala Kunlue Internet Industry Investment Fund (Limited Partnership) (北京考拉昆略互聯網產業投資基金(有限合夥)), previously known as Beijing Lakala Internet Industry Investment Fund (Limited Partnership) (北京拉卡拉互聯網產業投資基金(有限合夥)), Lakala Technology Limited and Tianjin Tongrun Enterprise Management Partnership (Limited Partnership) (天津同潤企業管理合夥企業(有限合夥)), etc., collectively or respectively
“Latest Practicable Date”	September 19, 2024
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date was on May 25, 2023, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Matrix”	referring to a group of companies comprising Matrix Partners China IV, L.P., Matrix Partners China IV-A, L.P. and Matrix Partners China IV Hong Kong Limited, collectively or respectively
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Zhang”	Mr. Zhang Bin (張斌), our Co-founder, an executive Director, the chief operating officer and a member of our Single Largest Shareholders Group
“Mr. Zhang Entity”	ZB Edianzu Holdings Limited, a limited company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Mr. Zhang and a member of the Single Largest Shareholders Group
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%)
“Ordinary Share(s)”	Ordinary shares of US\$0.00005 each in the capital of the Company entitle the holders of Ordinary Shares to one vote per share in respect of any resolution proposed at a general meeting of the Company, in which case they are entitled to one vote per share

## DEFINITIONS

“Prospectus”	Prospectus of the Company dated May 15, 2023
“Reporting Period”	For the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of our Shares
“Shares”	Ordinary Shares of US\$0.00005 each in the capital of the Company
“Single Largest Shareholders Group”	refers to Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi
“Source Code”	referring to a group of companies comprising Geometry Ventures Limited, Sonorous Venture Ltd., YDZ Ventures Limited, Ease Villa Venture Ltd., EasyRent Venture Ltd., Entropy Investment L.P., Quark Venture Limited, Index Capital Hong Kong Limited (指數資本香港有限公司), Silver Spring Capital Hong Kong Limited, Yuanli Capital Hong Kong Limited (源力資本香港有限公司), Wellspring Capital Hong Kong Limited, Yilian Capital Hong Kong Limited (易聯資本香港有限公司), Suzhou Yuanqi Equity Investment Capital Center (Limited Partnership) (蘇州源啟股權投資中心(有限合夥)), Jiaxing Yuanyu Equity Investment Partnership (Limited Partnership) (嘉興源域股權投資合夥企業(有限合夥))and Fountain Capital Hong Kong Limited, collectively or respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“treasury shares”	has the meaning ascribed thereto in the Listing Rules
“US\$” or “USD”	the lawful currency of the United States
“%”	per cent