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EDA GROUP HOLDINGS LIMITED

EDA集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2505)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the consolidated financial results of the Group for the six months ended 30 June 2024 (the “**Relevant Period**”).

FINANCIAL HIGHLIGHT

Compared to the financial results for the six months ended 30 June 2023, for the Relevant Period:

- Revenue increased by 61.6% to RMB745.4 million
- Gross profit increased by 39.3% to RMB117.3 million
- Profit for the Relevant Period increased by 3.5% to RMB30.0 million
- Adjusted net profit (a non-HKFRS measure and derived from the net profit of the Group excluding the effect of listing expenses and share-based payments expenses) for the Relevant Period increased by 42.1% to RMB56.6 million
- Basic earnings per share and diluted earnings per share were RMB0.08
- The Board has resolved to declare an interim dividend for the six months ended 30 June 2024 of HK3.5 cents (the “**Interim Dividend**”)

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

	<i>Notes</i>	Six months ended 30 June	
		2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
REVENUE	4	745,396	461,363
Cost of sales		<u>(628,142)</u>	<u>(377,167)</u>
Gross profit		117,254	84,196
Other income and gains	4	6,504	6,421
Selling and distribution expenses		(7,891)	(5,079)
Administrative expenses		(47,963)	(28,131)
Research and development expenses		(17,488)	(11,905)
Impairment losses on financial and contract assets, net		(5,322)	(3,293)
Other expenses		(2,501)	(1,518)
Finance costs	5	(5,769)	(5,544)
Share of results of an associate		<u>—</u>	<u>(232)</u>
PROFIT BEFORE TAX	6	36,824	34,915
Income tax expense	7	<u>(6,866)</u>	<u>(5,972)</u>
PROFIT FOR THE PERIOD		<u>29,958</u>	<u>28,943</u>
OTHER COMPREHENSIVE INCOME			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>(239)</u>	<u>(110)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		<u>(239)</u>	<u>(110)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>29,719</u>	<u>28,833</u>

	Six months ended 30 June	
<i>Notes</i>	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period attributable to:		
Owners of the parent	<u>29,958</u>	<u>28,943</u>
Total comprehensive income for the period attributable to:		
Owners of the parent	<u>29,719</u>	<u>28,833</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY OWNERS OF THE PARENT		
	9	
Basic		
— For profit for the period	<u>RMB0.08</u>	<u>RMB0.08</u>
Diluted		
— For profit for the period	<u>RMB0.08</u>	<u>N/A</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		12,703	5,382
Right-of-use assets	<i>10</i>	193,395	107,743
Goodwill		76,443	76,443
Other intangible assets		54,975	58,640
Deferred tax assets		7,591	8,013
		<hr/>	<hr/>
Total non-current assets		345,107	256,221
CURRENT ASSETS			
Trade receivables	<i>11</i>	154,088	142,431
Contract assets		—	268
Prepayments, deposits and other receivables		84,542	58,652
Financial assets at fair value through profit or loss	<i>12</i>	141,192	—
Cash and bank deposits	<i>13</i>	322,436	221,427
		<hr/>	<hr/>
Total current assets		702,258	422,778
CURRENT LIABILITIES			
Trade payables	<i>14</i>	131,155	127,875
Other payables and accruals		43,854	35,614
Borrowings	<i>15</i>	97,398	52,324
Lease liabilities	<i>10</i>	54,189	34,724
Tax payable		7,214	5,849
		<hr/>	<hr/>
Total current liabilities		333,810	256,386
		<hr/>	<hr/>
NET CURRENT ASSETS		368,448	166,392
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		713,555	422,613
		<hr/>	<hr/>

	<i>Notes</i>	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities	<i>10</i>	154,993	89,675
Borrowings	<i>15</i>	43	98
Deferred tax liabilities		8,246	8,796
		<hr/>	<hr/>
Total non-current liabilities		163,282	98,569
		<hr/>	<hr/>
Net assets		550,273	324,044
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital	<i>16</i>	31,279	15
Reserves		518,994	324,029
		<hr/>	<hr/>
Total equity		550,273	324,044
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These interim condensed consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and basis of preparation used in the preparation of these interim condensed consolidated financial statements are the same as those used in the accountants' report of the Group for the years ended 31 December 2021, 2022 and 2023 in the Group's global offering, except for the adoption of revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in note 2 below.

These interim condensed consolidated financial statements do not include all information and disclosures required in the Group's annual consolidated financial statements, and should be read in conjunction with the accountants' report of the Group for the years ended 31 December 2021, 2022 and 2023 in the Group's global offering.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of first-mile international freight services and last-mile fulfillment services, including overseas warehousing, other value-added services and deliveries for the cross-border e-commerce participants based in Chinese Mainland.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors of the Company reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical Information

Revenue from external customers

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
China	115,560	84,657
The United States	516,775	302,119
Canada	38,361	41,937
The United Kingdom	31,635	11,699
Germany	37,275	19,553
Australia	5,790	1,398
	<u>745,396</u>	<u>461,363</u>

The above revenue information is based on the location of the services rendered.

Non-current assets

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
China	65,861	65,592
The United States	82,770	91,691
The United Kingdom	5,021	8,122
Canada	4,777	6,353
Germany	102,322	—
Australia	322	7
	<u>261,073</u>	<u>171,765</u>

The above non-current assets information is based on the locations of the assets and excludes deferred tax assets and goodwill.

Information about major customers

During the six months ended 30 June 2024 and 2023, no revenue from transactions with a single external customer, including sales to a group of entities which are known to be under common control with that customer, amounted to 10% or more of the Group's total revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	<u>745,396</u>	<u>461,363</u>

Disaggregated revenue information

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Type of services		
First-mile international freight services	115,560	84,657
Last-mile fulfillment services	629,836	376,706
	<u>745,396</u>	<u>461,363</u>
Timing of revenue recognition		
Services transferred over time	<u>745,396</u>	<u>461,363</u>

Other Income and Gains

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income	2,416	573
Government grants	32	170
Surcharges from customers for overdue balances	609	46
Foreign exchange gain, net	2,089	4,472
Gain on fair value changes of financial assets at fair value through profit or loss	558	—
Gain on disposal of an associate	—	779
Others	800	381
	<u>6,504</u>	<u>6,421</u>

Government grants and subsidies mainly represent funding received from government authorities to support certain of the Group's daily operating activities. There are no unfulfilled conditions or contingencies related to these grants and subsidies.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expense on borrowings	1,075	948
Interest expense on lease liabilities	4,694	4,596
	<u>5,769</u>	<u>5,544</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of provision of first-mile international freight services	116,877	81,175
Cost of provision of last-mile fulfillment services	511,265	295,992
Depreciation of property, plant and equipment	1,608	1,802
Depreciation of right-of-use assets	22,428	16,866
Amortisation of other intangible assets	3,665	3,665
Total depreciation and amortisation	<u>27,701</u>	<u>22,333</u>
Lease payments not included in the measurement of lease liabilities	1,748	751
Listing expenses	10,454	10,891
Research and development expenses	17,488	11,905
Loss on disposal of items of property, plant and equipment	—	2
Gain on disposal of an associate	—	(779)
Fair value changes of financial assets at fair value through profit or loss	(558)	—
Impairment losses on trade receivables, net	5,329	3,201
Impairment losses on contract assets, net	(7)	92
Foreign exchange differences, net	<u>(2,089)</u>	<u>(4,472)</u>

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2024 and 2023, except for one Hong Kong subsidiary of the Group is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

PRC corporate income tax

The Group's income tax provision in respect of its operations in Mainland China has been calculated at the statutory tax rate of 25% on the taxable profits during the six months ended 30 June 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

One of the Group's PRC subsidiaries is qualified as High and New Technology Enterprises and is entitled to a preferential corporate income tax rate of 15% for the six months ended 30 June 2024 and 2023. Another PRC subsidiary is entitled to a preferential corporate income tax rate of 15% in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone since 1 August 2023.

Income tax for other jurisdictions

During the six months ended 30 June 2024 and 2023, income tax of other jurisdictions mainly arose from the United States, the United Kingdom, Canada, Germany and Australia.

The Company's subsidiaries incorporated in the United States for the Relevant Periods were subject to the federal tax at a rate of 21% and the state tax at the rates ranging from 8.8% to 11.5%. In addition, the United Kingdom profits taxes have been provided at a rate of 19%, Canada profits tax has been provided at a rate of 26.5%, Germany profits tax has been provided at a rate of 15% and Australia profits tax has been provided at a rate of 30% on the estimated assessable profits arising in the respective jurisdictions during the six months ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current		
Chinese Mainland	3,297	6,011
Hong Kong	2,828	999
The United States	384	488
Canada	251	236
Germany	239	—
The United Kingdom	73	—
Australia	48	6
	7,120	7,740
Deferred	(254)	(1,768)
Total tax charge for the year	<u>6,866</u>	<u>5,972</u>

8. DIVIDENDS

For the six months ended 30 June 2024, no dividends (six months ended 30 June 2023: RMB23,000,000) had been paid or declared by the Company.

Subsequent to the end of the Relevant Period, interim dividend of HK3.5 cents in respect of the six months ended 30 June 2024 per ordinary share in aggregate of HK\$15,400,000 has been declared by the Board to the owners of the Company whose names appear on the Company's register of members on 7 October 2024. The amount of interim dividend declared for the six months ended 30 June 2024 is calculated based on the number of issued shares, at the date of approval of these interim condensed consolidated financial statements.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 360,114,033 (2023: 342,315,000) in issue during the Relevant Period, as adjusted to reflect the rights issue during the Relevant Period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the Relevant Period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the parent	<u>29,958</u>	<u>28,943</u>
	Number of Shares	
	Six months ended 30 June	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	360,114,033	342,315,000
Effect of dilution-weighted average number of ordinary shares:		
Adjustment for share option scheme	6,365,833	—
Adjustment for restricted share unit	<u>2,604,501</u>	<u>—</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>369,084,367</u>	<u>342,315,000</u>

The weighted average number of shares used to calculate the basic earnings per share for the six months ended 30 June 2023 includes the pro forma issued share capital of 342,315,000 shares, which comprised the following:

- (i) 228,210 shares in issue at 1 January 2023; and
- (ii) On the Listing Date, the Company allotted and issued a total of 342,086,790 shares credited as fully paid at par to the holders of shares whose names appeared on the register of members of the Company on the day preceding the Listing Date in proportion to their then existing shareholdings by capitalising the relevant sum from the share premium account of the Company.

The weighted average number of shares used to calculate the basic earnings per share for the six months ended 30 June 2024 includes the weighted average of 97,625,000 shares issued upon the listing of the Company's shares on the Stock Exchange on the Listing Date, namely 17,799,033 shares and the above mentioned 342,315,000 ordinary shares.

No adjustment had been made to the basic earnings per share amounts presented for the six months ended 30 June 2023 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during that period.

10. LEASES

(a) Right-of-use assets

The Group has lease contracts for some warehouses and offices used in its operations. During the Relevant Period, the Group additionally recognised the right-of-use assets, with an aggregate cost of RMB108,057,000 (six months ended 30 June 2023: Nil). Depreciation of RMB22,428,000 (six months ended 30 June 2023: RMB16,866,000) was charged, and no right-of-use-assets (six months ended 30 June 2023: Nil) were derecognised due to the early termination of leases.

(b) Lease liabilities

During the Relevant Period, the Group recognised the new lease liabilities of RMB108,057,000 (six months ended 30 June 2023: Nil) and interest expense of RMB4,694,000 (six months ended 30 June 2023: RMB4,596,000) was charged. Furthermore, the Group paid for the lease liabilities of RMB28,068,000 (six months ended 30 June 2023: RMB19,944,000), and no lease liabilities of (six months ended 30 June 2023: Nil) were derecognised due to the early termination of leases.

11. TRADE RECEIVABLES

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	168,330	151,459
Impairment	(14,242)	(9,028)
	<u>154,088</u>	<u>142,431</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 10 days from the date of billing, extending up to two months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. The Group's trade receivables from third parties relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivable as at the end of each of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 3 months	148,818	141,771
3 to 6 months	4,956	333
Over 6 months	314	327
	<u>154,088</u>	<u>142,431</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
At 1 January	9,028	17,907
Impairment losses	5,329	2,508
Amount written off as uncollectible	(115)	(11,387)
	<u>14,242</u>	<u>9,028</u>

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Funds	122,744	—
Wealth management products	18,293	—
Listed equity securities	155	—
	<u>141,192</u>	<u>—</u>

The Group's funds, wealth management products and listed equity securities are classified as financial assets at fair value through profit or loss as their contractual cash flows do not qualify for solely payments of principal and interest.

13. CASH AND BANK DEPOSITS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Restricted cash:		
Pledged deposit for bank acceptance bill	10,000	—
Cash and cash equivalents:		
Cash and bank balances	312,436	211,427
Time deposit	—	10,000
	<u>322,436</u>	<u>221,427</u>
Cash and bank deposits	<u>322,436</u>	<u>221,427</u>
Denominated in:		
RMB (<i>note</i>)	161,377	127,610
United States dollar (“ <i>US\$</i> ”)	68,339	86,873
HK\$	88,616	23
EURO	295	511
Great Britain pound	1,413	4,440
Australian dollar	447	346
Canadian dollar (“ <i>CAD</i> ”)	1,949	1,624
	<u>322,436</u>	<u>221,427</u>

Note: The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposit is made for a period of three years and earn interest at the respective time deposit rate. However, the Group can withdraw the time deposit in a period less than the pre-determined period of three years and such time deposit then earns interest at floating rates based on daily bank deposit rates. Therefore, management considers that such time deposit is held for short term cash commitment. The bank balances and time deposit are deposited with creditworthy banks with no recent history of default.

14. TRADE PAYABLES

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables		
Related parties	—	166
Third parties	131,155	127,709
	<u>131,155</u>	<u>127,709</u>
	<u>131,155</u>	<u>127,875</u>

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 1 year	130,412	127,272
1 to 2 years	255	84
2 to 3 years	35	35
Over 3 years	453	484
	<u>131,155</u>	<u>127,875</u>
	<u>131,155</u>	<u>127,875</u>

Trade payables are unsecured, interest-free and normally settled on terms of 30 to 60 days.

15. BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank overdrafts — unsecured	19.9%	On demand	1,094	19.9%	On demand	418
Bank loans — unsecured	2.85%–4.5%	2025	86,253	3.6%–4.47%	2024	51,800
Bank loans — secured	1.46%	2024	9,947	—	—	—
Current portion of long term bank loans — unsecured	2.8%	2025	104	2.8%	2024	106
			97,398			52,324
Non-current						
Bank loans — unsecured	2.8%	2025	43	2.8%	2025	98
			97,441			52,422
				30 June 2024	31 December 2023	
				RMB'000	RMB'000	
				(Unaudited)	(Audited)	

Analysed into:

Bank loans and overdrafts repayable:

Within one year or on demand

In the second year

97,398	52,324
43	98
97,441	52,422

Notes:

- (a) The Group's overdraft facilities amounting to RMB9,465,000 (31 December 2023: RMB9,479,000), of which RMB1,094,000 (31 December 2023: RMB418,000) had been utilised as at 30 June 2024.
- (b) As at 30 June 2024, certain of the Group's bank loans are secured or guaranteed by:
- (i) the secured bank loan is secured by cash and bank deposits of RMB10,000,000;

- (ii) a personal guarantee provided by the legal representative of a subsidiary of the Company;
and
- (iii) a guarantee provided by third-party financing guarantee corporations.

As at 31 December 2023, certain of the Group's bank loans are guaranteed by:

- (i) a personal guarantee provided by a shareholder of the Company and his spouse;
- (ii) a personal guarantee provided by the legal representative of a subsidiary of the Company;
and
- (iii) a guarantee provided by third-party financing guarantee corporations.

- (c) The Group's borrowings are denominated in:

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
RMB	96,200	51,800
CAD	717	622
US\$	524	—
	<u>97,441</u>	<u>52,422</u>

16. SHARE CAPITAL

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Issued and fully paid:		
439,940,000 (2023: 228,210) ordinary shares with par value of US\$0.01 each (2023: US\$0.01 each)	<u>31,279</u>	<u>15</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	228,210	15	—	15
Issuance of ordinary shares relating to IPO (<i>note (a)</i>)	97,625,000	6,941	195,794	202,735
Capitalisation issue (<i>note (b)</i>)	342,086,790	24,323	(24,323)	—
Share issue expenses	—	—	(22,405)	(22,405)
At 30 June 2024	<u>439,940,000</u>	<u>31,279</u>	<u>149,066</u>	<u>180,345</u>

Notes:

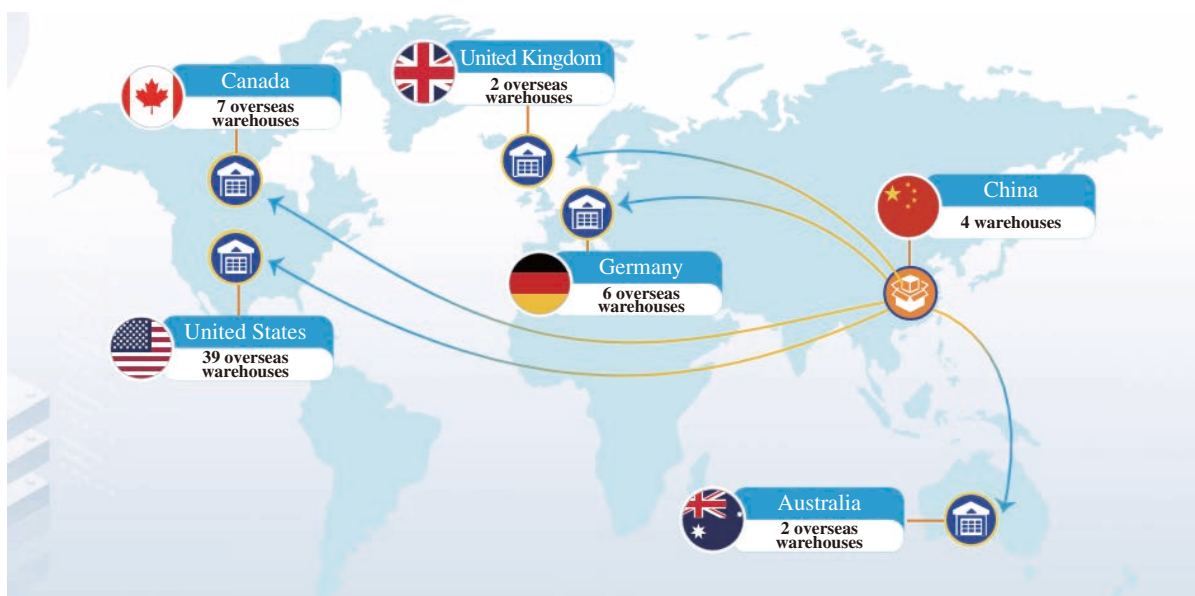
- (a) In connection with the IPO, 97,625,000 ordinary shares of a par value of US\$0.01 each were issued at a price of HK\$2.28 per share at a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of approximately HK\$222,585,000 (equivalent to RMB202,735,000).
- (b) On the Listing Date, the Company allotted and issued a total of 342,086,790 shares credited as fully paid at par to the holders of shares whose names appeared on the register of members of the Company on the day preceding the Listing Date in proportion to their then existing shareholdings by capitalising the relevant sum from the share premium account of the Company.

Corporate Profile

EDA Group Holdings Limited (Stock Code: 2505) is a one-stop end-to-end supply chain solutions provider for e-commerce vendors, empowering the fast-growing B2C export e-commerce industry in the PRC. With an unwavering commitment to delivering customer-centric, technology-driven and reliable solutions to our customers, we offer supply chain solutions which encompass cross-border logistics, overseas warehousing and fulfillment delivery services that are integrated into EDA Cloud, our self-developed cloud platform which houses a comprehensive range of digital supply management tools.

The Group has a large portfolio of carefully selected third-party logistics service providers, comprising over 60 third-party warehouse service providers, 300 international freight forwarding service providers, ocean carriers and air carriers and 80 local “last-mile” fulfillment service providers. We contracted 56 overseas warehouses in the United States, Canada, the United Kingdom, Germany and Australia, spanning three continents and over 40 cities in the world. Among our 56 overseas warehouses, 46 are partnered warehouses, making our network of partnered overseas warehouses one of the largest among our peers.

In addition to our overseas warehouses (which serve as storage and fulfillment centers), we also contracted four storage facilities in Guangzhou, Shenzhen, Shanghai and Qingdao in the PRC (which serve as temporary stock storage before their “first-mile” international freight).



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Since its inception, the Company has been committed to providing e-commerce vendors with one-stop end-to-end supply chain solutions, so as to empower the fast-growing B2C export e-commerce industry in the PRC. With an unwavering commitment to delivering customer-centric, technology-driven and reliable solutions to our customers, the Group offers supply chain solutions which encompass cross-border logistics, overseas warehousing and fulfillment delivery services that are integrated into EDA Cloud platform, our self-developed SaaS platform which houses a comprehensive range of digital supply management tools.

The listing of the Group on the Stock Exchange in Hong Kong on 28 May 2024 has further established the Group's important position in the B2C export e-commerce supply chain solutions market, greatly increased the Group's industry influence, credibility and brand awareness, and paved the way for its more steady strategic partnerships with various market participants, including e-commerce vendors, foreign and domestic third-party services providers, and cross-border e-commerce platforms, thereby further working towards a solid business base and expanding the Group's business presence. In the second quarter of 2024, the Group successfully connected its self-developed EDA Cloud platform with the TEMU system, becoming an official TEMU-Certified Warehouse.

In terms of performance, for the Relevant Period, the Group recorded revenue of RMB745,396,000 (RMB461,363,000 for the corresponding period in 2023), with a year-on-year increase of 61.6%. In particular, for the Relevant Period, revenue from first-mile international freight services amounted to RMB115,560,000, representing a year-on-year increase of RMB30,903,000 or 36.5% as compared with RMB84,657,000 for the corresponding period last year, while revenue from the provision of last-mile fulfillment services amounted to RMB629,836,000, representing a year-on-year increase of RMB253,130,000 or 67.2% as compared with RMB376,706,000 for the corresponding period last year. In terms of gross profit, the Group recorded a gross profit of RMB117,254,000 for the Relevant Period (RMB84,196,000 for the corresponding period in 2023), with a year-on-year increase of 39.3%. As for the profits, for the Relevant Period, the Group recorded a net profit of RMB29,958,000 (RMB28,943,000 for the corresponding period in 2023), representing a year-on-year increase of 3.5%, mainly attributable to the increase in the Company's revenue; and an adjusted net profit (a non-HKFRS measure and derived from the net profit of the Group excluding the effect of listing fees and share-based payment expenses) of RMB56,592,000 (RMB39,834,000 for the corresponding period in 2023), representing a year-on-year increase of 42.1%. For the Relevant Period, the Group's net profit margin and adjusted net profit margin (non-HKFRS measure) were 4.0% and 7.6% respectively, as compared with 6.3% and 8.6% respectively for the corresponding period last year. The decrease in net profit margin was mainly due to the decrease in gross

profit. The management of the Group believes that the presentation of the adjusted net profit as a non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures helps to identify underlying trends in the Group's business that could otherwise be distorted by the effect of non-operational or non-recurring expenses, and therefore provide useful information to investors and others in understanding and evaluating results of operation of the Group by eliminating potential impacts of such items. The management of the Group also believes that the use of non-HKFRS measures provide useful information about the Group's operating results, enhance the overall understanding of the Group's past performance and future prospects, and allow for greater visibility with respect to key metrics used by the Group's management in its financial and operational decision-making.

The following table reconciles the adjusted net profit (Non-HKFRS measure) presented in accordance with HKFRS:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit for the year	<u>29,958</u>	<u>28,943</u>
Add:		
Listing expenses	10,454	10,891
Share-based payments expenses	16,180	—
Adjusted net profit (Non-HKFRS measure)	<u>56,592</u>	<u>39,834</u>

As for the business, for the six months ended 30 June 2024, the Group contracted 6 new overseas warehouses, which are located in the United States, Canada, Germany and Australia respectively, with an increase in total area of approximately 100,000 square meters. As of 30 June 2024, the Group contracted a total of 56 overseas warehouses covering more than 40 cities in three continents of the world. For the Relevant Period, the number of the Group's core customers (customers which contributed more than RMB1.5 million of our revenue for the respective periods) was 73 (50 for the corresponding period in 2023) and sales to core customers amounted to RMB657,356,000, representing an increase of 44.3% as compared to the same period last year. During the Relevant Period, new branches were opened in Xiamen, Anji and Ezhou as domestic sales channels to promote local business development and customer services. In addition, the Group also made progress in the reconstruction and commercialization of its SaaS system. During the Relevant Period, the Group completed the reconstruction of the WMS/OMS templates of the SaaS system; and five users in foreign countries of the SaaS system were added. During the Relevant Period, revenue generated from SaaS services amounted to RMB168,000.

The Group will continuously commit itself to providing reliable and high-quality one-stop end-to-end supply chain solutions to its customers, so as to seize market opportunities, improve profitability, achieve long-term growth and maximize returns for the Shareholders.

BUSINESS OUTLOOK AND FUTURE STRATEGIES

According to the National Bureau of Statistics, in the first half of 2024, China's gross domestic product ("GDP") was RMB61,683.6 billion, representing a year-on-year growth of 5.0% calculated at constant prices. Net exports rose steadily. In the first half of 2024, net exports of goods and services contributed 13.9% to economic growth, with an increase of 0.7% in GDP growth. According to the statistics from the General Administration of Customs, in the first half of 2024, the total value of the import and export of China's trade in goods was RMB21.17 trillion, with a year-on-year growth of 6.1%. Among them, exports amounted to RMB12.13 trillion, with a year-on-year increase of 6.9%; imports amounted to RMB9.04 trillion, with a year-on-year increase of 5.2%; and the trade surplus amounted to RMB3.09 trillion, with a year-on-year increase of 12%. Overall, in the first half of this year, China's foreign trade exceeded RMB21 trillion for the first time, which was another record high in scale, and achieved leapfrog growth. Meanwhile, the quality of the import and export of China's trade in goods continued to improve.

Cross-border e-commerce transactions, as one of the important channels for foreign trade, had great development momentum. According to initial estimates of the General Administration of Customs, from January to June 2024, the imports and exports of cross-border e-commerce in China reached RMB1.22 trillion, with a year-on-year increase of 10.5%, which was higher than 4.4% of China's foreign trade as a whole in the same period. Meanwhile, in terms of the model configuration of cross-border e-commerce, B2C transactions grew rapidly and the proportion of B2C mode increased steadily. According to statistics from 100EC.cn, B2C transactions accounted for 29.8% of China's cross-border e-commerce transactions in 2023. The cross-border logistics industry mainly comprises a direct shipping model and a pre-sale stocking model. The pre-sale stocking model can shorten the distance between end-consumers and goods, enhance goods' quality control, and be more efficient. Thus, e-commerce vendors can provide after-sale services such as changing products or refunding to their end-consumers at lower costs in shorter delivery time.

According to Frost & Sullivan, the market size of China's B2C export e-commerce logistics solutions with the pre-sale stocking model surged from RMB48.6 billion to RMB203.9 billion from 2018 to 2023, with the market share of 45% and the CAGR of 33.2%. It is estimated that the market size will reach RMB387 billion by 2028, the market share will increase to 51%, and the CAGR will be 13.7%. These growth rates will be much higher than those of the traditional direct shipping model, which shows the huge market potential of the pre-sale stocking model. The Group believes that China's current cross-border e-commerce industry is booming in its golden age and has gradually become a significant driving force for the growth of foreign trade and GDP. In next few years, as the global e-commerce ecosystem continues to improve, the exports of the cross-border e-commerce industry in China are expected to maintain a high level of prosperity. Meanwhile, relying on the robust domestic manufacturing industry and support from the e-commerce supply chain, as well as the rapid overseas expansion of cross-border e-commerce platforms, China's cross-border B2C export e-commerce market has enormous growth potential, and the market size is expected to maintain rapid growth. In terms of the cross-border logistics mode, in May

2024, nine departments such as the Ministry of Commerce, jointly issued the Opinions on Expanding Cross-Border E-commerce Export and Promoting the Construction of Overseas Warehouses, which clearly point out the promotion of high-quality development of overseas warehouses for cross-border e-commerce and the enhancement of logistics support for cross-border e-commerce. The Group believes that there is enormous market potential for logistics solutions of pre-sale stocking model, which indicates a trend towards scale development and an increasing degree of automation.

As an “Internet + overseas warehouses” technological enterprise focusing on cross-border e-commerce services, the Group empowers its ecological partners, including cross-border e-commerce, logistics service providers, and warehousing service providers, through the EDA Cloud platform, so as to enable partners to reduce costs, improve efficiency, and achieve worry-free cross-border transactions and trading in the new business environment of cross-border e-commerce. For the six months ended 30 June 2024, the Group recorded revenue of RMB745,396,000, with a year-on-year increase of 61.6%; a gross profit of RMB117,254,000, with a year-on-year increase of 39.3%; a net profit of RMB29,958,000, with a year-on-year increase of 3.5%; and an adjusted net profit (non-HKFRS measure) of RMB56,592,000, with a year-on-year increase of 42.1%. In terms of business development, the Group has been actively expanding its overseas warehouse network all over the world. In the first half of 2024 6 new overseas warehouses were added to the Group, the number of its core customers increased from 50 to 73, and sales to its core customers increased by 44.3% year-on-year.

The Group believes that the following competitive advantages have contributed to our success and distinguished us from our competitors: 1) the Group utilizes efficient allocation of resources and manages various stakeholders in the area of supply chain and logistics market through consolidating fragmented information with the help of our EDA Cloud platform, and primarily adopts the pre-sale stocking model to bring our customers’ merchandise closer to the end-consumers; 2) the Group has contracted 56 overseas warehouses in major cross-border e-commerce markets, such as the United States, Canada, the United Kingdom, Germany and Australia, and has established a global logistics network; and 3) the Group’s self-developed EDA Cloud platform can effectively improve the efficiency of the cross-border supply chain and offer more value-added services that could potentially create profit for us.

Benefiting from the growth of the cross-border B2C export e-commerce market in the PRC, the Group’s business grew rapidly in the first half of 2024. In order to seize the potential growth opportunities in the industry, the Group will continue to increase our profitability through the following measures in the next phase: 1) investing in artificial intelligence, machine learning and internet of things (IoT) technologies with the aim of improving the analytic abilities of its EDA Cloud platform, so as to empower e-commerce vendors and digital transformation of overseas warehouse network and offer value-added services that could potentially create profit for the Group; 2) promoting cooperation with renowned cross-border e-commerce platforms to improve the Group’s ability to effectively attract new

customers and retain existing customers; 3) actively seeking potential high-quality mergers and acquisitions targets to expand the Group’s business scale; and 4) further expanding the Group’s overseas warehouse network and global logistics network to enhance our efficiency in providing e-commerce vendors with one-stop end-to-end supply chain solutions.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group recorded revenue of RMB745,396,000, representing a year-on-year increase of RMB284,033,000 or 61.6% as compared with RMB461,363,000 for the corresponding period last year. Revenue generated from first-mile international freight services amounted to RMB115,560,000, representing a year-on-year increase of RMB30,903,000 or 36.5% as compared with RMB84,657,000 for the corresponding period last year. Such increase was mainly attributable to an increase in the volume of containers transported through first-mile ocean freight services, and a significant increase in the unit price of first-mile ocean freight services as compared with the corresponding period last year, which was caused by the continuous increase in international transportation expenses. Revenue from last-mile fulfillment services amounted to RMB629,836,000, representing a year-on-year increase of RMB253,130,000 or 67.2% as compared with RMB376,706,000 for the corresponding period last year, which was mainly attributable to an increase in last-mile order quantity and the continuous increase in last-mile order prices which were affected by the prices of the local delivery service markets.

By categories of services

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
“First-mile” international freight services	115,560	15.5	84,657	18.3
“Last-mile” fulfillment services	629,836	84.5	376,706	81.7
Total	<u>745,396</u>	<u>100.0</u>	<u>461,363</u>	<u>100.0</u>

The Group’s revenue generated from the United States, the United Kingdom and Germany increased by RMB281,991,000 as compared with the same period last year, which was mainly attributable to the Group’s continuous investment in overseas warehouses and sales channels in these countries.

By country

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
United States	622,375	83.5	379,430	82.3
Canada	40,621	5.4	43,054	9.3
United Kingdom	36,267	4.9	13,960	3.0
Germany	40,135	5.4	23,396	5.1
Australia	5,998	0.8	1,523	0.3
Total	745,396	100.0	461,363	100.0

Cost of Sales

For the six months ended 30 June 2024, the Group recorded cost of sales of RMB628,142,000, representing a year-on-year increase of RMB250,975,000 or 66.5% as compared with RMB377,167,000 for the corresponding period last year. Cost of sales from first-mile international freight services amounted to RMB116,877,000, representing a year-on-year increase of RMB35,702,000 or 44.0% as compared with RMB81,175,000 for the corresponding period last year. Cost of sales from last-mile fulfillment services amounted to RMB511,265,000, representing a year-on-year increase of RMB215,273,000 or 72.7% as compared with RMB295,992,000 for the corresponding period last year.

By categories of services

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
“First-mile” international freight services	116,877	18.6	81,175	21.5
“Last-mile” fulfillment services	511,265	81.4	295,992	78.5
Total	628,142	100.0	377,167	100.0

Cost of sales primarily consists of logistics costs, warehouse operating costs, labor costs and share-based payments expenses. Among them, logistics costs amounted to RMB450,402,000, representing a year-on-year increase of RMB179,539,000 or 66.3% as compared with RMB270,863,000 for the corresponding period last year. Logistics costs primarily include international transportation expenses and last-mile delivery costs. Warehouse operating costs amounted to RMB90,925,000, representing a year-on-year increase of RMB30,250,000 or 49.9% as compared with RMB60,675,000 for the corresponding period last year. Warehouse operating costs mainly include warehouse rent, warehouse transshipment charges, warehouse material costs, property utilities and depreciation expenses. Labor costs amounted to RMB86,442,000, representing a year-on-year increase of RMB40,813,000 or 89.4% as compared with RMB45,629,000 for the corresponding period last year. Labor costs mainly include salary bonuses for overseas warehouse employees. Share-based payments expenses were RMB373,000, and no such expenses were incurred in the corresponding period last year.

By nature

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Logistics costs	450,402	71.7	270,863	71.8
Warehouse operating costs	90,925	14.4	60,675	16.1
— The PRC	1,171	0.2	965	0.3
— Overseas	89,754	14.2	59,710	15.8
Labor costs	86,442	13.8	45,629	12.1
Share-based payments expenses	373	0.1	—	—
Total	<u>628,142</u>	<u>100.0</u>	<u>377,167</u>	<u>100.0</u>

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2024, the Group recorded gross profit of RMB117,254,000, representing a year-on-year increase of RMB33,058,000 or 39.3% as compared with RMB84,196,000 for the corresponding period last year. The Group's overall gross profit margin was 15.7% for the Relevant Period, as compared to 18.2% for the corresponding period last year. The negative gross profit margin of first-mile services was 1.1% for the Relevant Period, as compared to gross profit margin of 4.1% for the corresponding period last year, mainly due to the negative gross profit margin of 20.9% of direct mail for small package air transportation for the Relevant Period, as compared to a negative gross profit margin of 1.8% for the corresponding period last year. The gross profit margin of last-mile services was 18.8% for the Relevant Period, as compared to 21.4% for the corresponding period last year.

The decrease in the gross profit margin of first-mile services in the Relevant Period was mainly due to the impact of continuous increase in first-mile ocean freight rates since the second quarter of this year, which was mainly due to: 1) the prolonged drought in the Panama Canal, which led to the increase in freight rates since the first quarter of this year; 2) difficulties in navigating the European shipping route caused by the Palestine-Israel Conflict, and a certain degree of panic in the shipping industry; and longer shipping routes and reduced transport capacities due to subsequent detours around the Cape of Good Hope; 3) shipment in advance arranged by some sellers due to the above situations, resulting in an early peak season and higher freight rates in the sellers' market; and 4) more losses on the small package air transportation business in the Relevant Period, mainly due to significant penalties given by counterparties.

The gross profit margin of last-mile services for the Relevant Period was 18.8%, as compared to 21.4% for the corresponding period last year. The slight decrease in the gross profit margin of last-mile services was mainly due to the increase in the unit price of overseas orders, the labor costs of overseas warehouses, and rent.

By categories of services

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	<i>Gross Profit</i>		<i>Gross Profit</i>	
	<i>RMB'000</i>	<i>Margin</i>	<i>RMB'000</i>	<i>Margin</i>
“First-mile” international freight services	(1,317)	(1.1%)	3,482	4.1%
“Last-mile” fulfillment services	<u>118,571</u>	<u>18.8%</u>	<u>80,714</u>	<u>21.4%</u>
Total	<u><u>117,254</u></u>	<u><u>15.7%</u></u>	<u><u>84,196</u></u>	<u><u>18.2%</u></u>

FINANCIAL POSITION

The Group continued to adopt prudent financial policies. Finance, fund utilisation and fund raising activities of the Group are subject to effective management and supervision. The Group keeps a reasonable gearing level and adequate liquidity.

As at the end of the Relevant Period, the Group had total debts (i.e. borrowings and lease liabilities) of RMB306,623,000. The effective interest rates of the Group's bank borrowings range from 1.46% to 4.5% per annum, and the maturity terms range from one to two years. As at the end of the Relevant Period, the Group's Gearing Ratio was at a healthy level of 47.5%; the Group's total equity increased from RMB324,044,000 as at 31 December 2023 to RMB550,273,000 as at 30 June 2024; the Group's current assets and current liabilities as at 30 June 2024 were RMB702,258,000 and RMB333,810,000 respectively; and the Group's Current Ratio increased from 1.6 as at 31 December 2023 to 2.1 as at 30 June 2024.

The Board believes that the Group will continue to generate positive cash flows from its operations. With cash and bank deposits, including restricted cash, of RMB322,436,000 as well as unutilised banking facilities, the Board considers that the Group has sufficient working capital for its operation and future development.

CONTINGENT LIABILITIES

As at the end of the Relevant Period, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

As at the end of the Relevant Period, the Group had a total of 312 employees, including directors of the Company, and most of them are based in the PRC. Total staff costs including share-based payment expenses were RMB133,390,000 during the Relevant Period. The Group ensures that the remuneration packages for employees are determined based on their work performance, professional abilities and industry practices. Discretionary year-end bonuses and share incentives may be granted to employees based on their individual performance. On 14 May 2024 the Company adopted the pre-IPO share option scheme, post-IPO share option scheme, pre-IPO RSU plan and post-IPO RSU plan to award directors, senior management, employees for their contributions to the Group.

INVESTMENT IN OVERSEAS WAREHOUSES

For the six months ended 30 June 2024, the Group leased six new properties as overseas warehouses, which are located in the United States, Canada, Germany and Australia respectively, with an increase in total area of approximately 100,000 square meters.

FINANCIAL INVESTMENT

As at the end of the Relevant Period, the Group had short-term financial investments of approximately RMB141,192,000. The investment portfolios include funds, wealth management products and shares of listed companies. During the Relevant Period, the Group recognised unrealised income at fair value of RMB110,000 and realised investment income of RMB448,000.

The funds and wealth management products which the Group purchased during the Relevant Period were all issued by banks and financial institutions in Hong Kong, and mainly included money market fund and guaranteed structured notes with non-guaranteed expected return rates ranging from 0.2% to 4.8% per annum and with maturity within one year. The funds purchased during the Relevant Period did not guarantee the return of principals upon maturity. During the Relevant Period, the Group preserved all its invested capital in these funds and wealth management products and did not encounter any default by the issuing banks or financial institutions. The Group's investments had not been pledged to secure its borrowings as at 30 June 2024.

Before making investment decisions, the Group prudently conducted research on the market and the information of potential investees, and prudently adjusted its investment strategies to minimize the impact of market fluctuations on the Group when necessary.

The Directors consider that the terms of the funds and wealth management products purchased during the Relevant Period are fair and reasonable, on normal commercial terms or better in the ordinary course of business of the Group, and are in the interests of the company and its Shareholders as a whole.

Any purchase and redemption of our investments in funds and wealth management products shall be reviewed and approved by chief finance officer of the Group or its subsidiaries.

During the Relevant Period, the Group has made multiple subscriptions for certain funds from E Fund Management (Hong Kong) Co., Limited, which in aggregate carry a value of 5 percent or more of the Group's total assets as at 30 June 2024:

Name of investment	Relevant Total Principal Amount HK\$	Fair value as at 30 June 2024 HK\$	Unrealised gain on fair value changes for the Relevant Period HK\$	Size relative to the Company's total assets (%)
E Fund (HK) Hong Kong Dollar Money Market Fund issued by E Fund Management (Hong Kong) Co., Limited	79,795,000	79,827,000	32,000	7.0%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Audit Committee

The audit committee of the Company has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024. Such condensed consolidated financial statements have not been audited but have been reviewed by the independent auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Corporate Strategy and Culture

The Company strategically adopts an asset-light model through leveraging third-party logistics service providers, which keeps us nimble in decision making. Through improving EDA Cloud platform and investing in R&D activities, the Company is able to optimize its operational efficiency, ultimately enhancing customer experience.

The Company aims to leverage our operational experience in popular B2C e-commerce delivery destinations to reach out to more emerging e-commerce vendors. We will continue to strengthen our presence across the globe as this will enable us to not only reach out to new customers, but also consolidate existing long-term business relationships with our customers, in particular, core customers.

A customer-centric culture values relationship with customers and drives to provide customers with reliable and quality solutions. The Company places heavy emphasis on our endeavors relating to our technologies, particularly the EDA Cloud platform. With our consistent enhancement of our platform, customer experience is improved.

The Company is committed to promoting a culture of integrity and compliance, and has therefore established an anti-corruption risk management policy. The Company has delivered and will continue to deliver trainings to our employees on preventing corruption.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to protect the interests of the Shareholders. The Company has adopted the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. From the Listing Date to 30 June 2024, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code governing securities transactions by directors of the Company. Having made specific enquiry to the directors of the Company, all of them confirmed that they have complied with the required standards as set out in the Model Code from the Listing Date to 30 June 2024.

The Model Code is also applicable to other specific senior management of the Company.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities from the Listing Date to 30 June 2024.

Change in Composition of the Board

There is no change to any information in respect of the directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules from the Listing Date and up to the date of this announcement.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Stock Exchange on 28 May 2024. The net proceeds from the Global Offering was approximately HK\$161.3 million, which will be utilized for the purposes as set out in the Company's prospectus. The following table shows a summary of the intended use of the net proceeds and the utilization as at 30 June 2024:

Intended use of net proceeds	Percentage of IPO proceeds to be utilized as disclosed in the Company's prospectus	Net proceeds received and expected to utilize <i>% HK\$ millions</i>	Utilization as at 30 June 2024 <i>HK\$ millions</i>	Remaining balance as at 30 June 2024 <i>HK\$ millions</i>	Expected time of use
Enhance our global logistics network through our unique asset-light model	62%	100.0	6.6	93.4	On or before 31 May 2027
Optimize our operational efficiency through improving our intelligent systems	16%	25.8	0.8	25.0	On or before 31 May 2027
Attract new customers and maintain relationships with core customers	16%	25.8	0.3	25.5	On or before 31 May 2027
General working capital	6%	9.7	0.5	9.2	On or before 31 May 2027
Total	100%	161.3	8.2	153.1	

Interim Dividend

The Board has resolved to declare an interim dividend for the six months ended 30 June 2024 of HK3.5 cents to the Shareholders and is expected to distribute the Interim Dividend to those entitled on or about Thursday, 31 October 2024.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 3 October 2024 to Monday, 7 October 2024, both dates inclusive, during this period, no transfer of shares of the Company will be registered. In order to be eligible to receive the Interim Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 2 October 2024.

Subsequent Events after the Relevant Period

The Group had no significant events after the Relevant Period and up to the date of this announcement.

Publication of Results Announcement and Interim Report

This announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company (www.edayun.com). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders and available on the above websites in due course.

By Order of the Board
EDA Group Holdings Limited
Liu Yong

Executive Director and Chairman of the Board

Shenzhen, 23 August 2024

As at the date of this announcement, the Board comprises (i) Mr. Liu Yong, Ms. Li Qin and Mr. Cheung Man Yu as executive directors; (ii) Mr. Zuo Manlun and Mr. Luo Jianfeng as non-executive directors; and (iii) Mr. Chan Kwok Cheung Kevin, Mr. Ng Cheuk Him and Mr. Wong Ping Yee Natalis as independent non-executive directors.

* *For identification purpose only*

Definitions

“Board”	the board of directors of the Company
“B2C”	business to consumer
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Company” or “our Company”	EDA Group Holdings Limited (previously named as EDA Cloud Technology Holdings Limited (易達雲科技控股有限公司)), an exempted company incorporated in the Cayman Islands on 17 September 2020 with limited liability
“Current Ratio”	the ratio of current assets to current liabilities
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“EDA Cloud”	a cloud-based technology infrastructure housing supply management tools
“Gearing Ratio”	the total debts divided by the sum of total debts and total equity
“Group”, “we”, “our” or “us”	our Company and our subsidiaries (as defined under the Listing Rules) at the relevant time and, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries of our Company at the relevant time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong” or “HK”	Hong Kong Special Administrative Region of the PRC
“Lesso Consortium”	refers to (i) LS DiDi Network Technology Limited; (ii) Samanea China Holdings Limited; (iii) Lesso Home International Holdings Limited; (iv) China Lesso Group Holdings Limited; (v) Mr. Wong Luen Hei (黃聯禧); (vi) Ms. Zuo Xiaoping (左笑萍); (vii) Zhan Hua Limited; (viii) Mr. Zuo Manlun (左滿倫), our non-executive Director; (ix) Dawnhill Group Limited; (x) Mr. Luo Jianfeng (羅建峰), our non-executive Director; (xi) LittleBear Investment Limited; (xii) Mr. Cheung Man Yu (張文宇), our executive Director; (xiii) QCJJ Group Limited; (xiv) QCZC Group Limited; (xv) Ms. Tang Jia Jia (唐佳佳); (xvi) QCBM Group Limited; and (xvii) Mr. Qian Yu Cheng (錢玉澄), each a Controlling Shareholder

“Listing Date”	28 May 2024
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“OMS”	order management system, a modular system designed to support and optimize orders management
“RMB”	Renminbi, the lawful currency of the PRC
“SaaS”	software as a service
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of US\$0.01 each
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WMS”	warehouse management system, a modular system designed to support the turnover of inventory in warehouses, the inventory records and the standardization of processes across different warehouses

The English or Chinese translations in this announcement, where indicated, denote for identification purposes only.

FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements. These forward-looking statements include, without limitation, statements related to revenue and earnings. The words “believe”, “intend”, “expect”, “anticipate”, “forecast”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are also intended to represent forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of the Company about the businesses, industries and markets in which the Company operates.