Edianyun Limited
易點雲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2416)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The board (the "**Board**") of directors (the "**Directors**") of Edianyun Limited (the "**Company**") is pleased to announce the unaudited condensed interim consolidated results (the "**Interim Results**") of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2023. The Interim Results were prepared in accordance with International Financial Reporting Standards ("**IFRSs**"). These Interim Results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

In this announcement, "we," "us," and "our" refer to the Company and where the context otherwise requires, the Group.

FINANCIAL PERFORMANCE HIGHLIGHTS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2024

		Six months ended	
	NOTES	**June 30, 2024** ***RMB'000*** **(unaudited)**	June 30, 2023 *RMB'000* (unaudited)
Revenue	*4*	**646,888**	635,963
Cost of sales		**(369,917)**	(353,194)
Gross profit		**276,971**	282,769
Selling and marketing expenses		**(80,726)**	(78,112)
Research and development expenses		**(32,987)**	(39,546)
General and administrative expenses		**(70,830)**	(53,583)
Other income	*5*	**6,811**	11,729
Other gains and losses, net	*6*	**(6,372)**	(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*	**(13,704)**	(14,614)
Listing expenses		**–**	(13,230)
Finance costs	*8*	**(57,894)**	(71,713)
Profit (loss) before tax		**21,269**	(876,353)
Income tax expense	*9*	**(4,788)**	(5,330)
Profit (loss) and total comprehensive income (expense) for the period		**16,481**	(881,683)
Earnings (loss) per share			
– Basic (RMB Yuan)	*10*	**0.03**	(4.07)
– Diluted (RMB Yuan)	*10*	**0.03**	(4.07)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	NOTES	**As at June 30, 2024** *RMB'000* **(unaudited)**	As at December 31, 2023 *RMB'000* (audited)
ASSETS			
Non-current assets			
Rental computer devices		**1,502,422**	1,480,945
Right-of-use assets		**598,641**	503,017
Intangible assets		**35**	240
Trade and other receivables and prepayments	*12*	**190,128**	190,130
Deferred tax assets		**38,671**	41,247
		2,329,897	2,215,579
Current assets			
Inventories		**1,520**	1,604
Trade and other receivables and prepayments	*12*	**259,250**	320,098
Financial assets at FVTPL		**249,262**	246,690
Pledged bank deposits, time deposits and restricted cash		**32,220**	37,513
Cash and cash equivalents		**392,094**	490,390
		934,346	1,096,295
Total assets		**3,264,243**	3,311,874
EQUITY AND LIABILITIES			
Equity			
Share capital	*14*	**200**	199
Reserves		**4,154,491**	4,141,429
Accumulated losses		**(2,893,160)**	(2,909,641)
Total equity		**1,261,531**	1,231,987

	NOTES	As at June 30, 2024 RMB'000 (unaudited)	As at December 31, 2023 RMB'000 (audited)
Non-current liabilities			
Borrowings		**548,322**	667,769
Lease liabilities		**224,937**	159,016
Deferred tax liabilities		**2,059**	–
		775,318	826,785
Current liabilities			
Trade and other payables	*13*	**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		**814,636**	852,051
Lease liabilities		**219,643**	178,366
		1,227,394	1,253,102
Total liabilities		**2,002,712**	2,079,887
Total equity and liabilities		**3,264,243**	3,311,874

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.

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.

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).

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

(a) Disaggregation of revenue from contracts with customers

Types of goods or service

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

(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.

SaaS and others

The SaaS services arise from the Group's self-developed "Epandian" 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	June 30, 2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
For operating leases:		
Lease payments that are fixed	**334,459**	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.

5. OTHER INCOME

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

Notes:

i. Government grants mainly represent subsidies received from local governments for subsidizing the job stablization 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.

6. OTHER GAINS AND LOSSES, NET

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

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

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
Total	**57,894**	71,713

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
Total	**4,788**	5,330

10. 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)*	**16,481**	(881,683)
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**577,795,367**	216,731,998
Effect of dilutive potential ordinary shares:		
Share options	**1,625,270**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	**579,420,637**	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.

11. 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.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

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.

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

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

13. TRADE AND OTHER PAYABLES

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

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

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

14. SHARE CAPITAL

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Leveraging our nationwide service capability, self-developed system named "Nebula" 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.

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**
Number of active customers (1)	45,040	46,789	**49,737**
– Number of subscribing customers (2)	43,976	45,757	**48,705**
– Number of non-subscribing customers who purchased device(s) in installments (3)	1,064	1,032	**1,032**
Number of listed customers(4)	22,709	23,777	**26,436**
Number of SaaS customers	2,080	2,127	**2,118**
Number of devices under service	1,149,932	1,204,876	**1,329,721**
– Number of devices under subscription	1,131,523	1,187,518	**1,307,215**
– Number of devices under installment purchase	18,409	17,358	**22,506**

	Six months ended June 30,	
	2023	**2024**
Average subscription fee per subscribing customer (5)	2,097	**1,974**
– Customer retention rate (6)	85%	**85%**
Average number of devices under subscription per subscribing customer (7)	26.0	**26.8**
Number of devices sold (8)	66,324	**48,293**
– Number of additional devices sold under installments	6,564	**11,633**
– Number of devices sold under buyout of subscribing customer	19,611	**11,358**
–Number of pre-owned devices disposed of through auction	40,149	**25,302**
Number of remanufactured devices (9)	396,194	**438,840**
Average remanufacturing cost/unit	66	**70**

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 subcontracting 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.

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 Yizhihui 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 its shareholders (the "**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 announcement, there have been no events subsequent to the Reporting Period and up to the date of this announcement 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.

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

	For the six months ended June 30,			
	2024		2023	
	(unaudited)		(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%
	646,888	**100.0%**	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.

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		2023	
	(unaudited)		(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%
	369,917	**100.0%**	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		2023	
	(unaudited)		(unaudited)	
	Gross profit/ (loss)	**Gross profit/ (loss) margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
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	**276,971**	**42.8%**	282,769	44.5%

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 of Hong Kong Limited (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.

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	2023
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit (loss) and total comprehensive income (expense) for the period	**16,481**	(881,683)
Add:		
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
Adjusted net profit for the period (non-IFRS measure)	**30,714**	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	2023
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit (loss) and total comprehensive income (expense) for the period	**16,481**	(881,683)
Add:		
Net finance costs	**54,340**	66,143
Income tax expense	**4,788**	5,330
Depreciation	**230,581**	203,540
Amortization	**205**	205
EBITDA (non-IFRS measure)	**306,395**	(606,465)
Add:		
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
Adjusted EBITDA (non-IFRS measure)	**320,628**	303,546

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, Hong Kong dollar ("**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.

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 RMB213,809,000, 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.

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 of the Company dated May 15, 2023 (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 Pengcheng ("**Dr. Ji**") and Mr. Zhang Bin, and 2,400,000 share options[1] 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:

Business milestones – number of subscribed devices *(in 10,000 units)*	**Financial milestones – monthly revenue from subscription services** *(RMB100 million)*	**Financial milestones – monthly gross profit from subscription services** *(RMB100 million)*	**Number of share options to be vested**
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.

1 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 cancelled.

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.

OTHER INFORMATION

Interim Dividend

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

Compliance with the Corporate Governance Code

For the six months ended June 30, 2024 and up to the date of this announcement, we have complied with all applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") 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.

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 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.

Audit Committee

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 results announcement 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".

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

For the six months ended June 30, 2024 and up to the date of this announcement, 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 2,918,500 ordinary shares of the Company for an aggregate consideration of HKD6,426,705 (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)* Highest *(HKD)*	Lowest *(HKD)*	Total consideration (before deduction of expenses) *(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
Total	**2,918,500**			**6,426,705**

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 date of this announcement,1,182,000 ordinary shares of the Company repurchased during the Reporting Period have not yet been cancelled, and 1,736,500 ordinary shares repurchased in July 2024 are held as treasury shares, subject to compliance with the Listing Rules, the Company may consider cancelling such treasury shares.

Save as disclosed above, for the six months ended June 30, 2024 and up to the date of this announcement, 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 date of this announcement, the Company was not involved in any litigation or arbitration of material importance, and the Directors are 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:

	Net proceeds (HKD million)						
Intended utilization	**Percentage (%)**	**Available**	**Unutilized as of December 31, 2023**	**Utilized as of the six months period ended June 30, 2024**	**Utilized as of June 30, 2024**	**Unutilized as of June 30, 2024**	**Expected timeline for the unutilized balance**
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
Total	**100.0**	**97.0**	**47.8**	**22.6**	**71.8**	**25.2**	

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.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://edianyun.com). The interim report for the six months ended June 30, 2024 will be available on the above websites of the Stock Exchange and the Company.

By order of the Board
Edianyun Limited
Ji Pengcheng
Chairman and Chief Executive Officer

Beijing, the PRC, August 30, 2024

As at the date of this announcement, the Board comprises Dr. Ji Pengcheng, Mr. Zhang Bin, Mr. He Liang and Mr. Tong Jian as executive Directors; and Mr. Hong Weili, Mr. Song Shiji, Mr. Wang Jingbo and Ms. Li Dan as independent non-executive Directors.