易点云
Edianyun.com

易點雲有限公司
Edianyun Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2416

Interim Report
2023

CONTENTS

CORPORATE INFORMATION

Executive Directors

Dr. Ji Pengcheng
(Chairman and Chief Executive Officer)
Mr. Zhang Bin
Mr. Zheng Tao
Mr. Xiang Zheng

Independent Non-executive Directors

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

Audit Committee

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

Nomination Committee

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

Remuneration Committee

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

Joint Company Secretaries

Mr. Dou Sen
Ms. Chu Cheuk Ting

Authorised Representatives

Mr. Xiang Zheng
Ms. Chu Cheuk Ting

Head Office and Principal Place of Business in PRC

Edianyun Building
No. 41 Xixiaokou Road
Haidian District
Beijing
PRC

Principal Place of Business in Hong Kong

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

Registered Office

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

Auditor

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

Legal Advisors

As to Hong Kong law:
Clifford Chance
27/F, Jardine House
One Connaught Place
Hong Kong

As to Cayman Islands law:
Harney Westwood & Riegels
3501, The Centre
99 Queen's Road Central
Hong Kong

Compliance Adviser

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Share Registrar

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

Principal Banks

China Merchants Bank Co., Ltd.,
Beijing Tsinghua Garden Branch
Ziguang Building
No. 1 Yard Zhongguancun East Road
Haidian District
Beijing
PRC

China Merchants Bank Co., Ltd.,
Beijing Shangdi Sub-branch
Ground floor, Block B, No. 2 Building
No. 1 Yard Nongda South Road
Haidian District
Beijing
PRC

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

Stock Code

Stock code: 2416

Company's Website

https://edianyun.com/

Listing Date

May 25, 2023

	For the six months ended June 30,		
	2023	2022	Change (%)
	(RMB in thousands, except for percentages)		
	(Unaudited)	(Unaudited)	
Revenue	**635,963**	655,473	-3.0
Cost of sales	**(353,194)**	(322,047)	9.7
Gross profit	**282,769**	333,426	-15.2
Loss before tax	**(876,353)**	(609,526)	43.8
Loss and total comprehensive loss for the period	**(881,683)**	(624,504)	41.2
Adjusted net profit*	**28,328**	73,734	-61.6
Adjusted EBITDA*	**303,546**	366,234	-17.1

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

BUSINESS REVIEW

In the first half of 2023, we endeavor to make office IT easier and aim to become the go-to partner for enterprises for improved 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. We enjoy a number of competitive advantages over traditional device rental service providers, primarily in that (i) we offer broad technical support for ongoing operations to meet the customer's expected service levels; and (ii) we offer other value-added services such as asset and device stock management tools and offerings of accessory packages. As such, our services meet the majority of clients' operational needs, offering more convenience and better customer experience. As of June 30, 2023, the Group had 45,040 active customers, representing a year-on-year increase of 11.8%. We also maintained a high customer retention rate, largely unchanged from the same period last year. In the first half of 2023, we continued to make efforts in digital transformation and environmental, social and corporate governance ("**ESG**") practice. Our self-developed remanufacturing technology won the "National Enterprise Digital Transformation and Empowerment Excellent Cases (全國企業數字化轉型與賦能優秀案例)" at the "2023 Global Digital Economy Conference and the Second National Enterprise Digital Transformation Summit Forum (2023全球數字經濟大會第二屆全國企業數字化轉型高峰論壇)", won the "2022 Excellent Practice Cases of Green and Low-carbon Development of Enterprises (2022企業綠色低碳發展優秀實踐案例)" at the "2023 Industrial Green Development Conference (2023工業綠色發展大會)", and won the "Top Ten Scientific and Technological Innovation Achievements of Digital Technology Empowering Green Transformation (數字技術賦能綠色轉型十大科技創新成果)" at the "First Digital Technology Empowering Green Transformation Promotion Conference (第一屆數字技術賦能綠色轉型推進會)". On May 25, 2023, the Company was listed on the Main Board of the Stock Exchange with the stock code "2416".

We primarily provide one-stop office IT services on a subscription basis to enterprise customers consisting mainly of SMEs. In the first half of 2023, 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.

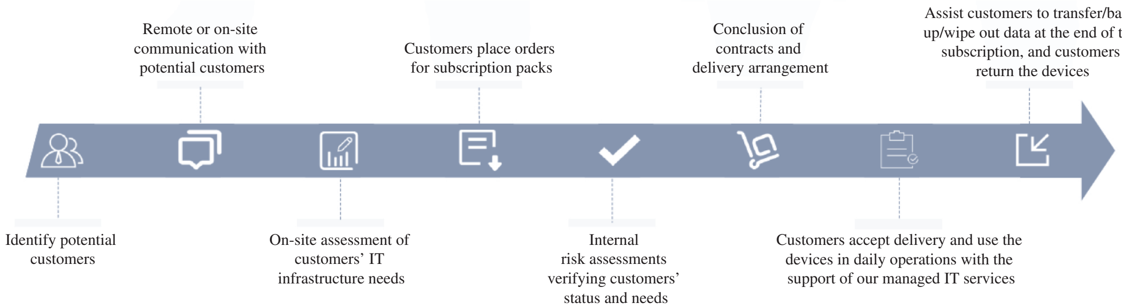
- **SaaS and other services:** We developed our SaaS product to meet customers' multiple digitalization needs. Our SaaS product, Epandian, is designed to help enterprise customers manage their assets and inventories from asset procurement and storage to usage and disposal for an annual subscription fee. 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.

In particular, focusing on customers' IT experience, we provide office IT integrated solutions, covering (a) IT devices, such as desktops, laptops and monitors, pre-installed with operating systems, selected software including, but not limited to, office suite, drivers, anti-virus programs, instant messengers and our self-developed office IT management tools such as printer auto-configuration programs; and (b) managed IT services, including device configuration, device/engineer deployment, operation and maintenance support, performance optimization, data migration, back-up and erasing, and various device management services, such as order placement, subscription management, on-site inspection and bulk shipment of the devices, to address our customers' needs through all stages of the use of the devices. We have also developed a SaaS product, Epandian, to meet customers' digitalization needs.

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. Differentiated from device repair and replacement/maintenance process, our remanufacturing process involves precise identification of the cause of the malfunction, and repair of only the faulty unit as necessary, reconditioning a device to at least its original performance specifications and default configurations and extending the device's service life. For example, we might replace only the broken LED component on a laptop screen, which is more cost-efficient than traditional refurbishment method, which typically replaces the defective screen as a whole. Furthermore, to improve our operational efficiency, we have developed Nebula system, containing a collection of internal management functions such as visualization for devices, capacity planning, customer relationship management, and service capability, connecting our operations from front-end to backend. As of June 30, 2023, we had approximately 45,000 active enterprise customers and approximately 1.15 million devices under service.

OUR BUSINESS FLOWS

Business flow of our office IT integrated solutions



The operational process of our office IT integrated solutions includes the following steps: (i) our salespeople identify potential customers; (ii) we communicate with potential customers through our sales team either remotely or through on-site visits; (iii) we conduct on-site assessment of customers' needs for IT devices installed with systems and software through our sales team, customer success team, and engineers; (iv) customers place orders for subscription packs with subscription term on a monthly basis, usually ranging from one month to three years; (v) we conduct internal risk assessments verifying a customer' status and needs; (vi) we sign contracts with customers and arrange delivery of the devices; (vii) customers inspect and accept delivery; (viii) customers use the devices during daily operations with the support of our managed IT services; and (ix) customers return the devices at the end of the subscription and we offer on-site return services to those customers who have a large number of devices under subscription, from on-site device inspection to bulk shipment. Such services are contained in our subscription packs and we do not charge customers based on different elements of our services.

We provide an array of IT hardware and devices for the use of our customers' employees at work, such as desktops, laptops and monitors, under our subscription packs. Most of the IT hardware and devices provided are owned by ourselves. We purchase new IT hardware and devices from third parties such as personal computer and other hardware brands or distributors and in turn offer both brand new devices and used devices to our customers as part of the subscription package. We also provide a portion of leased-in devices which we acquire from third parties through finance leasing arrangements. As of June 30, 2023, the net carrying amount of our self-owned devices amounted to RMB1,368.85 million, and the net carrying amount of our leased-in rental computer devices amounted to RMB536.40 million.

Business flow of our sales of devices

We offer customers the opportunity to purchase our devices. The operational process for sales of our devices includes the following steps: (i) our existing subscribing customers initiate the requests to our salespeople or customer success team to buy out their devices in-use, or new or existing customers initiate the requests to our salespeople or customer success team to purchase our devices directly; (ii) we sign contracts with customers; (iii) for the customers who are not buying out the devices already in their possession, we arrange delivery of the devices and customers inspect and accept delivery; and (iv) customers who purchase in installments use the devices during daily operation with the support of our managed IT services.

In addition, we also sell pre-owned devices at commercially favorable prices through our online bidding platform, Epaiji. The operational process for sales of our devices on Epaiji includes the following steps: (i) we first sort our surplus devices into different categories, such as laptops, desktops, and device components; (ii) we post the information of such devices on our platform with an opening bid; (iii) after at least ten bidding rounds with over five participants, the customer offering the highest bid wins and receives the devices at the second highest bid price; and (iv) we sign contracts with the customers and arrange delivery of the devices.

Business flow of our SaaS and other services

The operational process of our SaaS includes the following steps: (i) our salespeople identify potential customers; (ii) we communicate with potential customers through our sales team either remotely or through on-site visits; (iii) we sign contracts with customers; and (iv) we provide product knowledge training sessions to the subscribing customers.

DISCLOSURE OF KEY OPERATING DATA

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

	As of June 30, 2022	As of December 31, 2022	**As of June 30, 2023**
Number of active customers[1]	40,282	43,313	**45,040**
– Number of subscribing customers[2]	39,525	42,343	**43,976**
– Number of non-subscribing customers who purchased device(s) in installments[3]	757	970	**1,064**
Number of SaaS customers	2,018	2,060	**2,080**
Number of devices under service	1,139,654	1,115,468	**1,149,932**
– Number of devices under subscription	1,110,573	1,092,857	**1,131,523**
– Number of devices under installment purchase	29,081	22,611	**18,409**

	Six months ended June 30,	
	2022	**2023**
Average monthly subscription fee per subscribing customer[4]	2,457	**2,097**
– Customer retention rate[5]	85%	**85%**
Number of devices sold[6]	58,136	**66,324**
– Number of additional devices sold under installments	9,206	**6,564**
– Number of devices sold under buyout of subscribing customer	16,034	**19,611**
– Number of devices disposed of through Epaiji platform	32,896	**40,149**
Number of remanufactured devices[7]	334,622	**396,194**
Average remanufacturing cost/unit	65	**66**

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 2,218, 2,062 and 1,828 subscribing customers who also purchased devices in installments and had not completed full payments as of June 30, 2022, December 31, 2022 and June 30, 2023, 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, 2022, December 31, 2022 and June 30, 2023.

(4) 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, 2023 was lower than that of the same period, primarily due to a decrease in number of devices each subscribing customer subscribed to on average as impacted by the COVID-19 pandemic.

(5) 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.

(6) 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 sell through Epaiji. During the Reporting Period, most of devices we sold were used devices.

(7) 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 through our online bidding platform, Epaiji, which in turn lowers the volume of idle devices and increases our device utilization and operational efficiency. In the first half of 2023, we have implemented comprehensive inventory management measures and have achieved a utilization rate of our devices, being approximately 89%. 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

During the first half of 2023, the number of our active customers experienced a continuous increase. Such growth was driven by, among others, (i) the growing number of SMEs in China, their adoption and acceptance of managed IT services and the resulting growth of demand for digitalization; (ii) our enhanced brand image resulting from our listing on the Main Board of the Stock Exchange and improved customer experience; (iii) our diversified service offerings and deepening penetration into office IT service scenarios, such as development of self-service office IT management tools, including automated network diagnostic softwares, automatic printer installation tools and smart technical support tools; and (iv) our adoption of a more effective sales strategy, which has helped us to acquire better quality customers.

We leveraged our well-established reputation and extensive sales network to further expand our customer base. We continue to expand our sales network to better acquire customers across the country and adopt a new customer go-to strategy to increase market penetration and improve the quality of potential customers. Under the new customer go-to strategy, we divide a target city market into smaller units considering both existing geographical boundaries and the density of potential enterprise customers. We then assign an individual salesperson to each unit and such salesperson is responsible for expanding all customers in such area.

In the first half of 2023, under the new customer go-to strategy, the number of our active customers increased, the average number of devices under subscription of new customers increased year-on-year simultaneously. The number of our new subscribing customers increased from 7,426 for the half year ended June 30, 2022 to 8,150 for the half year ended June 30, 2023, and the average number of devices under subscription of our new subscribing customers increased from 13 units per customer for the half year ended June 30, 2022 to 15 units per customer for the half year ended June 30, 2023.

THE IMPACT OF COVID

In early 2023, as our repeat customers ceased and reduced their business activities during the concentrated outbreak of COVID-19, many of our customers, especially those from industries that required on-site or face-to-face operations like the retail industry and education industry, although they basically maintained business relationships with us, experienced a sharp decline in their business operations and even layoffs, resulting in a shrinking demand for devices under subscriptions and a reduction in number of device under subscription. Such reduction in the number of devices under service was primarily concentrated at the beginning of the year, which had a negative cumulative impact on our results for the first half of the year.

However, in the next several months, with the recovery of the economic environment, the rebound of market demand, and the smooth development of our new customers, the number of our devices under service has rebounded month by month. During the six months ended June 30, 2023, our cumulative annual net increase in devices under service was approximately 35,000 units, reaching approximately 1.15 million units, higher than the historical level for the same period. As our devices under service experienced a reduction and gradual ramp-up in the first half of the year, which will be reflected in a lagged effect on the revenue side, it is expected to provide a good foundation for the results in the second half of 2023.

OUTLOOK

Our customers are targeting a large number of small and medium-sized enterprises across the country, and our performance is closely related to their business performance. Despite facing certain challenges in the first half of 2023, the growth in the number of active customers and devices under service indicates that we have gradually overcome the adverse effects left over by COVID-19 and economic recovery.

Recently, the Chinese government has implemented various measures to stimulate China's economic development, which is conducive to the development of small and medium-sized enterprises. Meanwhile, the digital economy and ESG practices, which represent more modern, green and sustainable development concepts, are receiving more and more attention and recognition. The impact of COVID-19 has prompted business owners to adopt asset-light and highly flexible business concepts, and to change the concept of one-off purchasing expenditures. We believe that the penetration rate of the office IT integrated solutions market will continue to increase.

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 by expanding customer base and improving market penetration, enriching service offerings and promoting service innovation, enhancing our remanufacturing capability and expanding our SaaS product offerings.

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 will soon be 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 of equipment experience.

At the same time, we remain committed to making a lasting and positive ESG impact on our customers, partners and the wider community. We achieve high levels of energy efficiency and control of greenhouse gas emissions while adhering to social value and sustainability. 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. In addition, in response to the growing awareness of carbon neutrality and the acceptance of remanufactured devices among enterprises, we consciously promote the environmental sustainability features of our subscription packages to potential customers, not only catering to their green business philosophies, but also creating social and economic value for them. ESG integrates into all aspects of our business model, driving our business profitability.

LISTED IN HONG KONG

On May 25, 2023, the Company was listed on the Main Board of the Stock Exchange and completed the initial public offering and Global Offering of 58,575,000 Ordinary Shares at the Offer Price of HKD10.19 per Share with the stock code of "2416".

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there have been no events subsequent to the Reporting Period and up to the date of this interim report 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, 2023, 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, 2023, our revenue was RMB636.0 million, representing a decrease of 3.0% as compared with RMB655.5 million for the six months ended June 30, 2022, which was primarily due to the decrease in revenue from our 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,			
	2023 (unaudited)		2022 (unaudited)	
	RMB'000	**%**	RMB'000	%
Pay-as-you-go office IT integrated solutions	**553,364**	**87.0%**	582,712	88.9%
Sales of devices	**73,861**	**11.6%**	67,161	10.2%
SaaS and other services	**8,738**	**1.4%**	5,600	0.9%
	635,963	**100.0%**	655,473	100.0%

Pay-as-you-go office IT integrated solutions

For the six months ended June 30, 2023, our revenue from pay-as-you-go office IT integrated solutions was RMB553.4 million, representing a decrease of 5.0% as compared with that of RMB582.7 million for the six months ended June 30, 2022, which was primarily because the Company reduced the subscription fees for mainstream equipment based on the market situation to obtain an increase in the number of devices under subscription.

Sales of devices

For the six months ended June 30, 2023, revenue from our sales of devices was RMB73.9 million, representing an increase of 10.0% as compared with RMB67.2 million for the six months ended June 30, 2022, which was mainly attributable to the increase in sales of devices as compared with that of the corresponding period.

SaaS and other services

For the six months ended June 30, 2023, revenue from our SaaS and other services was RMB8.7 million, representing an increase of 56.0% as compared with that of RMB5.6 million for the six months ended June 30, 2022, which was mainly attributable to the increase in system development revenue and IT 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, 2023, our cost of sales was RMB353.2 million, representing an increase of 9.7% as compared to RMB322.0 million for the six months ended June 30, 2022. This was mainly due to the increase in cost of sales of pay-as-you-go office IT integrated solutions and sales of devices.

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,			
	2023 (unaudited)		2022 (unaudited)	
	RMB'000	**%**	RMB'000	%
Pay-as-you-go office IT integrated solutions	**271,987**	**77.0%**	255,807	79.5%
Sales of devices	**80,257**	**22.7%**	65,455	20.3%
SaaS and other services	**950**	**0.3%**	785	0.2%
	353,194	**100.0%**	322,047	100.0%

Pay-as-you-go office IT integrated solutions

For the six months ended June 30, 2023, cost of sales of our pay-as-you-go office IT integrated solutions amounted to RMB272.0 million, representing an increase of 6.3% as compared to RMB255.8 million for the six months ended June 30, 2022, which was primarily due to the increase in depreciation costs caused by growth in the volumes of devices.

Sales of devices

For the six months ended June 30, 2023, cost of our sales of devices was RMB80.3 million, representing an increase of 22.6% as compared to RMB65.5 million for the six months ended June 30, 2022, which was primarily due to the increase in the amount of devices sold during the same period.

GROSS PROFIT AND GROSS PROFIT MARGIN

As a result of the foregoing, our gross profit decreased by 15.2% from RMB333.4 million for the six months ended June 30, 2022 to RMB282.8 million for the six months ended June 30, 2023.

Gross profit margin is calculated based on gross profit divided by revenue. For the six months ended June 30, 2023 and June 30, 2022, the Group's gross profit margin was 44.5% and 50.9%, 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,			
	2023 (unaudited)		2022 (unaudited)	
	Gross profit/(loss) RMB'000	**Gross profit/ (loss) margin %**	Gross profit RMB'000	Gross profit margin %
Pay-as-you-go office IT integrated solutions	**281,377**	**50.8%**	326,905	56.1%
Sales of devices	**(6,396)**	**(8.7%)**	1,706	2.5%
SaaS and other services	**7,788**	**89.1%**	4,815	86.0%
Total gross profit/Overall gross profit margin	**282,769**	**44.5%**	333,426	50.9%

Pay-as-you-go office IT integrated solutions

For the six months ended June 30, 2023, the gross profit of our pay-as-you-go office IT integrated solutions was RMB281.4 million, representing a decrease of 13.9% as compared with that of RMB326.9 million for the six months ended June 30, 2022, and the gross profit margin decreased to 50.8% for the six months ended June 30, 2023 from 56.1% for the six months ended June 30, 2022, primarily due to the combined effect of price reduction of mainstream devices under subscription and the increase in depreciation cost as a result of growth in the number of devices.

Sales of devices

The Group's gross profit on sales of devices decreased by 474.9% from a gross profit of RMB1.7 million for the six months ended June 30, 2022 to a loss of RMB6.4 million for the six months ended June 30, 2023, and the gross profit margin decreased from 2.5% for the six months ended June 30, 2022 to a loss margin of 8.7% for the six months ended June 30, 2023, primarily due to the declined demand in the personal computer market, lower purchase price of sales of devices and lower profit margins.

SaaS and other services

For the six months ended June 30, 2023, the Group's gross profit from SaaS and other services was RMB7.8 million, representing an increase of 61.7% as compared to RMB4.8 million for the six months ended June 30, 2022, and the gross profit margin increased from 86.0% for the six months ended June 30, 2022 to 89.1% for the six months ended June 30, 2023, mainly due to the combined effect of the increase in the number of customers and cost savings from economies of scale.

COST CONTROL

Our selling and marketing expenses, research and development expenses and general and administrative expenses mainly comprise employee salaries and benefit expenses. For the six months ended June 30, 2023, our selling and marketing expenses, research and development expenses and general and administrative expenses amounted to RMB78.1 million, RMB39.5 million and RMB53.6 million, respectively, representing an increase of RMB1.7 million, RMB2.8 million and RMB5.4 million as compared with RMB76.4 million, RMB36.7 million and RMB48.2 million for the six months ended June 30, 2022, which was mainly due to the increase in employee salaries, share-based compensation and rental expenses.

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 various cities, including 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, 2023, our other income amounted to RMB11.7 million, representing a decrease of 69.8% as compared to RMB38.8 million for the six months ended June 30, 2022, which was mainly due to the decrease in percentage of deduction from 10% to 5% together with decrease in amounts of purchase of rental computer devices, resulting in a decrease in the amounts of additional VAT input deduction being recognized during the six months ended June 30, 2023.

OTHER GAINS AND LOSSES

Our other gains and losses primarily consist of: (i) fair value changes of financial assets at FVTPL in connection with financial assets we purchased; and (ii) loss on written-off of rental computer devices.

For the six months ended June 30, 2023, the Group's net loss amounted to RMB12.1 million, representing an increase of 34.8% from RMB9.0 million for the six months ended June 30, 2022. The above increase was mainly attributable to the increased loss on written-off of rental computer devices during the Reporting Period.

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, 2023, the Group's loss on fair value changes on financial liabilities at FVTPL amounted to RMB888.0 million, representing an increase of RMB206.9 million from RMB681.1 million for the six months ended June 30, 2022, mainly due to the increase in the valuation of the Group.

IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

For the six months ended June 30, 2023, the Group's impairment losses under ECL model, net of reversal amounted to RMB14.6 million, representing a decrease of RMB17.7 million from RMB32.3 million for the six months ended June 30, 2022, primarily due to our strengthened risk control measures which reduce the amount of long-term trade receivables and alleviate the credit risk we are exposed to.

FINANCE COSTS

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

For the six months ended June 30, 2023, the Group's finance costs amounted to RMB71.7 million, representing a decrease of RMB12.8 million from RMB84.5 million for the six months ended June 30, 2022, primarily because the Group's average balance of interest-bearing liabilities (the average of the opening and closing balances of current borrowings, non-current borrowings, lease liabilities and bond payable) amounted to RMB1,756.2 million for the period ended June 30, 2023, representing a decrease of 6.5% from RMB1,878.5 million for the period ended June 30, 2022. In addition, the Group's average finance cost ratio (the average of the current period's finance costs divided by the balance of interest-bearing liabilities at the beginning and end of the period) also decreased from 9.0% for the period ended June 30, 2022 to 8.2% for the period ended June 30, 2023.

In addition, being listed on the Main Board of the Stock Exchange will also help us obtain more favorable terms of finance terms. According to statistics, in the first half of 2023, the weighted average term of our newly signed finance contracts for procurement was approximately 34 months, representing an increase of approximately 8 months compared to approximately 26 months in the first half of 2022.

INCOME TAX EXPENSE

For the six months ended June 30, 2023, the Group's income tax expense amounted to RMB5.3 million, while the income tax expense for the six months ended June 30, 2022 amounted to RMB15.0 million. The tax expense recorded during the Reporting Period was mainly due to the deferred tax recognized by the Group.

LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD

As a result of the above, the Group's loss for the period increased from RMB624.5 million for the six months ended June 30, 2022 to 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,	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Loss and total comprehensive loss for the period	**(881,683)**	(624,504)
Add:		
Share-based payment expenses	**8,798**	3,514
Loss on changes in fair value of financial liabilities at FVTPL	**887,983**	681,064
Listing expenses	**13,230**	13,660
Adjusted net profit for the period (non-IFRS measure)	**28,328**	73,734

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,	
	2023	2022
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Loss and total comprehensive loss for the period	**(881,683)**	(624,504)
Add:		
Net finance costs	**66,143**	82,270
Income tax expense	**5,330**	14,978
Depreciation	**203,540**	195,047
Amortization	**205**	205
EBITDA (non-IFRS measure)	**(606,465)**	(332,004)
Add:		
Share-based payment expenses	**8,798**	3,514
Loss on changes in fair value of financial liabilities at FVTPL	**887,983**	681,064
Listing expenses	**13,230**	13,660
Adjusted EBITDA (non-IFRS measure)	**303,546**	366,234

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 AND CASH EQUIVALENTS

As of June 30, 2023, the Group's cash and cash equivalents increased by RMB96.3 million to RMB602.1 million from RMB505.8 million as of December 31, 2022. The Group's cash and cash equivalents are mainly denominated in RMB, HKD and USD.

BORROWINGS

Borrowings of the Group refer to borrowings and other loans. For the period 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%) (all denominated in RMB). For the period ended June 30, 2022, the Group's borrowing rates ranged from 3.7% to 12.6% (the borrowing rates from banks ranged from 3.7% to 11.9% and those from other financial institutions ranged from 4.6% to 12.6%) (all denominated in RMB).

For the period ended June 30, 2023, the Group's average current borrowings balance and non-current borrowings balance (the average of the opening and closing borrowings balances) amounted to RMB1,436.5 million, representing a decrease of 7.1% from RMB1,547.0 million for the period ended June 30, 2022. Of these borrowings, RMB1,054.8 million and RMB424.9 million were due within one year and two years to five years, respectively. During the six months ended June 30, 2023, the Group repaid borrowings of RMB734.3 million.

GEARING RATIO

As of June 30, 2023, the Group's gearing ratio (calculated by dividing the total amount of borrowings, lease liabilities and bond payable by total equity) was 146.4%. As of December 31, 2022, total equity was a net deficit with no basis for comparison.

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, 2023, the Company did not have any material contingent liabilities.

CHARGE OVER THE GROUP'S ASSETS

As of June 30, 2023, the Group's rental computer devices with a net book value of approximately RMB1,016.7 million were pledged mainly for bank and other financial institutions borrowings for procurement purpose, and to a lesser extent, to supplement liquidity.

CAPITAL EXPENDITURE

As of the first half of 2023 and 2022, our capital expenditure amounted to RMB259.3 million and RMB299.6 million, respectively, consisted of (i) additions to rental computer devices of RMB78.5 million and RMB147.3 million, respectively; and (ii) additions to right-of-use assets of RMB180.8 million and RMB152.3 million, respectively. We finance capital expenditure mainly through cash flow from customers' subscription fees and bank and other borrowings.

SIGNIFICANT INVESTMENTS HELD

During the first half of the year, the Group subscribed for a redeemable cash management type of wealth management product (the "**Wealth Management Product**") issued by Shenwan Hongyuan Financial Products Company Limited with cash from its own surplus for a subscription amount of USD29.47 million. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shenwan Hongyuan Financial Products Company Limited and its ultimate beneficial owner are third parties independent of the Company or its connected persons.

The Directors are of the view that (i) appropriate wealth management with low risk exposure is conducive to enhancing the utilization of capital and increasing income from idle funds of the Group; (ii) diversified, readily redeemable investments in cash management products are conducive to enhancing the safety and flexibility of cash management; and (iii) the subscription was funded by the Group's surplus cash reserves, and thus would not affect the Group's working capital position or operation. Accordingly, the Directors consider that the subscription is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. For further details of the Wealth Management Product, please refer to the announcement of the Company dated May 30, 2023.

As of June 30, 2023, the fair value of the Wealth Management Product was USD29,537,873, which recorded a gain on changes in fair value of USD67,873.

Except as disclosed above, we did not have any significant investment 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, 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of June 30, 2023, we did not have detailed future plans for material investments or capital assets.

EMPLOYEES AND REMUNERATION

As of June 30, 2023, the Group had 1,770 full-time employees (as of June 30, 2022: 1,763 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 2023, employee remuneration (excluding Directors' remuneration) amounted to approximately RMB148 million (as of half year ended June 30, 2022: approximately RMB136 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. Please refer to "Appendix IV – Statutory and General Information – D. Pre-IPO Option Plan" in the Prospectus for details.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the Listing Date and up to the date of this interim report, we have complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except as described below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance 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 Corporate Governance 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 Corporate Governance Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry with all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code since the Listing Date and up to the date of this interim report.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2023.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended June 30, 2023 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, 2023 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

From the Listing Date to June 30, 2023, neither the Company nor any of the subsidiaries of the Group has purchased, redeemed or sold any of the listed securities of the Company or any of its subsidiaries.

MATERIAL LITIGATION

During the six months ended June 30, 2023, the Company was not involved in any litigation or arbitration of material importance. The Directors are also not aware of any material litigation or claim pending or threatened against the Company since the Listing Date and up to the date of this interim report.

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, as follows:

		Net proceeds (HKD million)			
Intended utilization	**Percentage (%)**	**Available**	**Utilized as of the date of this interim report**	**Unutilized as of the date of this interim report**	**Expected timeline for the unutilized balance**
Investment in market promotion and sales and service networks improvement	40.0	38.8	2.3	36.5	By the end of 2025
Research and development investment and diversification of our service offerings	30.0	29.1	1.1	28.0	By the end of 2025
Enhance remanufacturing capabilities and operational efficiency	20.0	19.4	4.3	15.1	By the end of 2025
Working capital and general corporate purposes	10.0	9.7	2.9	6.8	By the end of 2023
Total	**100.0**	**97.0**	**10.6**	**86.4**	

Note:

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

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

CHANGES IN INFORMATION OF DIRECTORS

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the six months ended June 30, 2023.

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

As at June 30, 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) entered into the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Nature of interest	Number of Shares held[1]	Approximate percentage of shareholding in our Company[2]
Dr. Ji	Interest in controlled corporation[3]	77,372,780	13.47%
	Interests held jointly with other person[4]	57,502,580	10.01%
Mr. Zhang	Interest in controlled corporation[5]	51,581,860	8.98%
	Interests held jointly with other person[4]	83,293,500	14.50%
Mr. Zheng Tao	Beneficial owner	3,768,660[6]	0.66%
	Interest in controlled corporation	5,920,720[8]	1.03%
Mr. Xiang Zheng	Beneficial owner	2,338,860[7]	0.41%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 574,259,030 Ordinary Shares in issue as at June 30, 2023.

(3) Dr. Ji Entity which is wholly owned by Dr. Ji, is interested in 77,372,780 Shares. As such, Dr. Ji is deemed to be interested in the Shares held by Dr. Ji Entity.

(4) Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi and Huaqing Yuyi have confirmed that they have been acting in concert with Dr. Ji and Dr. Ji Entity under the proxy arrangement contained in the proxy and power of attorney dated February 21, 2022 entered into by Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi and Huaqing Yuyi ("**Mr. Zhang and Huaqing Proxy Arrangement**"). Huaqing Kuaiyi is the general partner of each of Huaqing Hongyi and Huaqing Yuyi. Therefore, Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi constitute the Single Largest Shareholders Group, and each of Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi is deemed to be interested in the Shares held by other members of the Single Largest Shareholders Group.

(5) Mr. Zhang Entity, which is wholly owned by Mr. Zhang, is interested in 51,581,860 Shares. As such, Mr. Zhang is deemed to be interested in the Shares held by Mr. Zhang Entity.

(6) Being the 3,768,660 Shares granted to Mr. Zheng Tao under the Pre-IPO Option Plan.

(7) Being the 2,338,860 Shares granted to Mr. Xiang Zheng under the Pre-IPO Option Plan.

(8) Huaqing Yuyi and Huaqing Hongyi are interested in 3,358,580 Shares and 2,562,140 Shares, respectively. The general partner of Huaqing Yuyi is Huaqing Kuaiyi, which is owned as to 50% by Mr. Zheng Tao. Huaqing Kuaiyi is also the general partner of Huaqing Hongyi. Thus, Mr. Zheng Tao is deemed to be interested in Shares held by Huaqing Yuyi and Huaqing Hongyi.

Save as disclosed above, as at June 30, 2023, to the best of the Company's knowledge, information and belief, none of the Directors or chief executives of the Company had or was deemed to have interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2023, so far as the Directors are aware, the following persons (other than the Directors and chief executives of the Company, whose interests have been disclosed in this interim report) had interests or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register kept by the Company:

Name	Nature of interest	Number of Shares held[1]	Approximate percentage of shareholding in our Company[2]
Dr. Ji Entity	Beneficial owner[3]	77,372,780	13.47%
	Interests held jointly with other person[4]	57,502,580	10.01%
Mr. Zhang Entity	Beneficial owner[5]	51,581,860	8.98%
	Interests held jointly with other person[4]	83,293,500	14.50%
Huaqing Kuaiyi	Interest in controlled corporation[4]	5,920,720	1.03%
	Interests held jointly with other person[4]	128,954,640	22.46%
Huaqing Hongyi	Beneficial owner	2,562,140	0.45%
	Interests held jointly with other person[4]	132,313,220	23.04%
Huaqing Yuyi	Beneficial owner	3,358,580	0.58%
	Interests held jointly with other person[4]	131,516,780	22.90%
Source Code[6]	Beneficial owner	121,789,300	21.21%
Matrix[7]	Beneficial owner	77,440,370	13.49%
Shunwei[8]	Beneficial owner	61,847,550	10.77%
Koala Fund[9]	Beneficial owner	42,800,450	7.45%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 574,259,030 Ordinary Shares in issue as at June 30, 2023.

(3) Dr. Ji Entity, which is wholly owned by Dr. Ji, is interested in 77,372,780 Shares. As such, Dr. Ji is deemed to be interested in the Shares held by Dr. Ji Entity.

(4) Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi and Huaqing Yuyi have confirmed that they have been acting in concert with Dr. Ji and Dr. Ji Entity under Mr. Zhang and Huaqing Proxy Arrangement. Huaqing Kuaiyi is the general partner of each of Huaqing Hongyi and Huaqing Yuyi. Therefore, Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi constitute the Single Largest Shareholders Group, and each of Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi is deemed to be interested in the Shares held by other members of the Single Largest Shareholders Group.

(5) Mr. Zhang Entity, which is wholly owned by Mr. Zhang, is interested in 51,581,860 Shares. As such, Mr. Zhang is deemed to be interested in the Shares held by Mr. Zhang Entity.

(6) Source Code holds 11,071,470 Shares through Geometry Ventures Limited ("**Geometry**"), 19,511,320 Shares through Sonorous Venture Ltd. ("**Sonorous**"), 5,535,730 Shares through YDZ Ventures Limited ("**YDZ**"), 27,730,930 Shares through Ease Villa Venture Ltd. ("**Ease Villa**"), 18,085,390 Shares through EasyRent Venture Ltd. ("**EasyRent**"), 12,726,380 Shares through Entropy Investment L.P. ("**Entropy**") and 27,128,080 Shares through Quark Venture Limited ("**Quark**"). Each of Geometry, Sonorous, YDZ, Ease Villa, EasyRent, Entropy, Quark is controlled by Source Code Super Holdings Co.. Source Code Super Holdings Co. is beneficially owned by Trident Trust Company Limited as the trustee of Enlightenment Trust with Mr. Charlie Cao (曹毅) and his families as beneficiaries, via Joywood Wealth Management Limited, Gauss Ventures Limited and Whealth Holdings Limited.

(7) Matrix holds 70,401,040 Shares through Matrix Partners China IV, L.P. ("**Matrix IV**") and 7,039,330 Shares through Matrix Partners China IV-A, L.P. ("**Matrix IV-A**"). The general partner of Matrix IV and Matrix IV-A is Matrix China Management IV, L.P. ("**Matrix China**"), the general partner of Matrix China is Matrix China IV GP GP, Ltd.

(8) Shunwei holds 61,847,550 Shares through Talented Ventures III Limited ("**Talented Ventures**"). Talented Ventures is wholly owned by Shunwei China Internet Fund III, L.P. ("**Shunwei China**"). The general partner of Shunwei China is Shunwei Capital Partners III GP, L.P., the general partner of which is Shunwei Capital Partners III GP Limited. Silver Unicorn Ventures Limited ("**Silver Unicorn**") holds 75% of the issued and outstanding shares of Shunwei Capital Partners III GP Limited, and Silver Unicorn is wholly owned by Mr. Koh Tuck Lye.

(9) Koala Fund holds 42,800,450 Shares through Tianjin Tongrun Enterprise Management Partnership (Limited Partnership) (天津同潤企業管理合夥企業(有限合夥)) ("**Tianjin Tongrun**"). The general partner of Tianjin Tongrun is Beijing Koala Kunlun Investment Management Co., Ltd. (北京考拉昆侖投資管理有限公司) ("**Koala Kunlun**"), which is owned as to 70% and 30% by Mr. Tian Wenkai (田文凱) and Mr. Sun Taoran (孫陶然), respectively. The only limited partner of Tianjin Tongrun is Beijing Koala Kunlue Internet Industry Investment Fund (Limited Partnership) (北京考拉昆略互聯網產業投資基金(有限合夥)), the general partner of which is Beijing Kunlun Nanshan Investment Management Center (Limited Partnership) (北京昆侖南山投資管理中心(有限合夥)) ("**Kunlun Nanshan**"). The general partner of Kunlun Nanshan is Koala Kunlun. The only limited partner of Kunlun Nanshan is Dazi County Hengmai Network Technology Partnership (Limited Partnership) (達孜縣恒邁網絡科技合夥企業(有限合夥)) which is ultimately controlled by Mr. Tian Wenkai (田文凱).

(10) In the above table, the information on the companies in which the interests are held, the capacity/nature of such interests and the number of Shares or underlying shares is based on information available on the website of the Stock Exchange (http://www.hkexnews.hk/).

Save as disclosed above, as at June 30, 2023, to the best of the Company's knowledge, information and belief, there were no other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register required to be kept.

PRE-IPO OPTION PLAN

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

As of the Listing Date, the Company has granted options to a total of 466 eligible participants to subscribe for an aggregate of 30,641,020 shares under the Pre-IPO Option Plan. Movement of the options, which were granted under the Pre-IPO Option Plan from the Listing Date up to June 30, 2023 (the "**Period**") is as follows:

Grantee	Position held	Date of grant	Vesting Schedule *(Note 1)*	Balance as at May 25, 2023 *(Note 2)*	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at June 30, 2023 *(Note 2)*	Exercise price (USD per exercisable share)	Expiration date of the options
Directors, chief executive, substantial shareholders and associates											
Zheng Tao (鄭韜)	Executive Director and vice president of the Company	June 1, 2018 to March 1, 2023	a; b; c; d	3,768,660	0	0	0	0	3,768,660	0.00005 to 0.99742	June 1, 2028 to March 1, 2033
Xiang Zheng (向征)	Executive Director and chief financial officer of the Company	August 16, 2021	a	2,338,860	0	0	0	0	2,338,860	0.00005 to 0.99742	August 16, 2031
Subtotal				6,107,520	0	0	0	0	6,107,520		
Other grantees in category											
464 employee participants		November 1, 2016 to March 1, 2023	a; c; d; e; f; g	24,533,500	0	0	0	0	24,533,500	0.00005 to 0.99742	November 1, 2026 to March 1, 2033
Subtotal				24,533,500	0	0	0	0	24,533,500		
Total				30,641,020	0	0	0	0	30,641,020		

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

Note 2: As of June 30, 2023, among 30,641,020 shares, 732,860 shares were proposed to grant to eligible employees, but not yet amortised.

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

For details of the basis of measurement for the fair value of share options granted, please refer to note 20 of the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the six months ended June 30, 2023 were there rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, nor were there any such rights exercised by any Directors; nor was the Company or any of its holding companies, fellow subsidiaries and subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other company.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

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

APPROVAL OF INTERIM REPORT

The publication of the Group's interim report and unaudited interim condensed consolidated results for the six months ended June 30, 2023 have been approved and authorised by the Board on August 25, 2023.

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF EDIANYUN LIMITED
易點雲有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Edianyun Limited (the "**Company**") and its subsidiaries set out on pages 35 to 64, which comprise the condensed consolidated statement of financial position as of June 30, 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 25, 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2023

	Notes	Six months ended June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Revenue	*4*	**635,963**	655,473
Cost of sales		**(353,194)**	(322,047)
Gross profit		**282,769**	333,426
Selling and marketing expenses		**(78,112)**	(76,401)
Research and development expenses		**(39,546)**	(36,743)
General and administrative expenses		**(53,583)**	(48,184)
Other income	*5*	**11,729**	38,837
Other gains and losses, net	*6*	**(12,070)**	(8,951)
Loss on changes in fair value of financial liabilities at fair value through profit or loss ("**FVTPL**")	*17*	**(887,983)**	(681,064)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*7*	**(14,614)**	(32,279)
Listing expenses		**(13,230)**	(13,660)
Finance costs	*8*	**(71,713)**	(84,507)
Loss before tax		**(876,353)**	(609,526)
Income tax expense	*9*	**(5,330)**	(14,978)
Loss and total comprehensive loss for the period	*10*	**(881,683)**	(624,504)
Loss per share			
–Basic (RMB Yuan)	*11*	**(4.07)**	(5.30)
–Diluted (RMB Yuan)	*11*	**(4.07)**	(5.30)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Notes	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Assets			
Non-current Assets			
Rental computer devices	*13*	**1,368,853**	1,456,992
Right-of-use assets	*13*	**554,237**	495,220
Intangible assets		**444**	649
Trade and other receivables and prepayments	*14*	**184,663**	220,442
Pledged bank deposits and time deposits		**44,221**	45,504
Deferred tax assets		**33,930**	39,182
		2,186,348	2,257,989
Current Assets			
Inventories		**4,147**	3,929
Contract costs		**–**	1,337
Trade and other receivables and prepayments	*14*	**256,927**	214,118
Amounts due from shareholders		**–**	41
Financial assets at FVTPL	*15*	**306,611**	–
Pledged bank deposits and time deposits		**54,436**	54,376
Cash and cash equivalents		**602,109**	505,803
		1,224,230	779,604
Total Assets		**3,410,578**	3,037,593

	Notes	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	*19*	**198**	43
Reserves		**4,131,591**	97,496
Accumulated losses		**(2,889,570)**	(2,007,887)
Total Equity (Net Deficits)		**1,242,219**	(1,910,348)
Non-current Liabilities			
Borrowings	*18*	**424,902**	320,586
Lease liabilities		**149,191**	103,362
Financial liabilities at FVTPL		**–**	2,984,358
		574,093	3,408,306
Current Liabilities			
Trade and other payables	*16*	**266,713**	188,563
Amounts due to shareholders		**–**	1,841
Deposits received for rental computer devices		**14,430**	12,032
Advance lease payments		**51,871**	51,285
Contract liabilities		**12,780**	12,385
Income tax payable		**3,838**	3,838
Borrowings	*18*	**1,054,819**	1,072,717
Lease liabilities		**186,072**	185,934
Bond payable		**3,743**	11,040
		1,594,266	1,539,635
Total Liabilities		**2,168,359**	4,947,941
Total Equity and Liabilities		**3,410,578**	3,037,593

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2023

	Share capital RMB'000	Share premium RMB'000	Share-based payments reserve RMB'000	Statutory reserve RMB'000 *(Note a)*	Capital reserve RMB'000 *(Note b)*	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2023 (audited)	43	3,530	94,122	956	(1,112)	(2,007,887)	(1,910,348)
Loss and total comprehensive expense for the period	–	–	–	–	–	(881,683)	(881,683)
Recognition of equity-settled share-based payments *(Note 20)*	–	–	8,798	–	–	–	8,798
Issue of new shares upon global offering *(Note c)*	6	161,315	–	–	–	–	161,321
Share issue costs attributable to issue of new shares	–	(8,210)	–	–	–	–	(8,210)
Automatic conversion of preferred shares into ordinary shares upon global offering *(Note 17)*	149	3,872,192	–	–	–	–	3,872,341
At June 30, 2023 (unaudited)	198	4,028,827	102,920	956	(1,112)	(2,889,570)	1,242,219
As at January 1, 2022 (audited)	43	3,530	77,613	366	(1,112)	(1,395,690)	(1,315,250)
Loss and total comprehensive expense for the period	–	–	–	–	–	(624,504)	(624,504)
Recognition of equity-settled share-based payments *(Note 20)*	–	–	3,514	–	–	–	3,514
At June 30, 2022 (unaudited)	43	3,530	81,127	366	(1,112)	(2,020,194)	(1,936,240)

Notes:

a. In accordance with the articles of association of the subsidiaries established in the People's Republic of China (the "**PRC**") and relevant PRC laws and regulations, these subsidiaries are required to transfer at least 10% of their profit after tax, which is determined in accordance with the Accounting Standards for Business Enterprises and Financial Regulations applicable in the PRC to a statutory reserve until the balance of such fund has reached 50% of the registered capital of the respective subsidiaries. Statutory reserve can only be used to offset accumulated losses or to increase capital of the relevant subsidiaries.

b. Capital reserve represents the difference between the then paid in capital of Beijing Ediantao Internet Technology Co., Ltd. ("**Beijing Ediantao**"), a subsidiary of the Company after repurchase of its ordinary shares and the consideration paid by Edianzu Hong Kong Limited, a subsidiary of the Company, to Ji Peng Cheng and Zhang Bin, co-founders and the executive directors of the Company resulting from the group reorganisation.

c. On May 25, 2023, the Company offered a total of 17,572,500 new ordinary shares of United States dollars ("**USD**") 0.00005 each at the price of Hong Kong Dollar ("**HK$**") 10.19 per share by means of global offering.

For the six months ended June 30, 2023

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Net cash from operating activities	**209,270**	264,901
Investing activities		
Purchases of financial assets at FVTPL	**(303,352)**	(32,000)
Withdrawal of financial assets at FVTPL	**–**	32,434
Placement of pledged bank deposits and time deposits	**(39,127)**	(900)
Withdrawal of pledged bank deposits and time deposits	**40,350**	11,000
Repayments from shareholders	**41**	–
Net cash (used in)/from investing activities	**(302,088)**	10,534
Financing activities		
Proceeds from bank and other borrowings	**818,995**	905,151
Repayments of bank and other borrowings	**(734,288)**	(1,022,722)
Repayment of bond payable	**(7,500)**	(7,500)
Redemption of ordinary shares with preferred rights	**–**	(549,734)
Proceeds from issue of preferred shares	**–**	549,734
Repurchase of ordinary shares of Beijing Ediantao	**–**	(7,522)
Repayments to shareholders	**(1,841)**	(1,779)
Advances from shareholders	**–**	1,841
Repayments of leases liabilities	**(127,122)**	(117,243)
Interest paid	**(69,801)**	(83,685)
Proceeds from issuance of new shares upon global offering	**161,321**	–
Proceeds from sale shares to be paid to former shareholders	**150,176**	–
Payment of issue costs	**(6,648)**	(3,109)
Net cash from/(used in) financing activities	**183,292**	(336,568)
Net increase/(decrease) in cash and cash equivalents	**90,474**	(61,133)
Cash and cash equivalents at beginning of period	**505,803**	542,568
Effect of foreign exchange rate changes	**5,832**	12,182
Cash and cash equivalents at end of period	**602,109**	493,617

1. GENERAL INFORMATION

The shares of Edianyun Limited (the "**Company**") have been listed on the Main Board of The Stock Exchange of Hong Kong limited (the "**SEHK**") with effect from May 25, 2023.

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 ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on SEHK.

As at June 30, 2023, the Company and its subsidiaries (collectively referred to as the "**Group**") had current assets less than current liabilities by RMB370,036,000. 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 and financing cash flows, 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 accounting policies resulting from application of new and 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, 2023 are the same as those followed the Group's audited financial statements for the year ended December 31, 2022.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied the following new and 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, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

Except as described below, the application of the new and 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.

3. PRINCIPAL ACCOUNTING POLICIES – continued

Impacts and changes in accounting policies on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

The Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after January 1, 2022;

(ii) the Group also, at January 1, 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax liabilities of RMB56,932,000 and deferred tax assets of RMB39,987,000 on a gross basis but it has no impact on the accumulated losses at the earliest period presented.

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 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Revenue		
Pay-as-you-go* office IT integrated solution revenue recognised as lease income under IFRS 16 "Lease"	**553,364**	582,712
Sales of devices	**73,861**	67,161
Software-as-a-Service ("**SaaS**") and others	**8,738**	5,600
Total	**635,963**	655,473

* 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.

4. REVENUE AND SEGMENT INFORMATION – continued

(a) Disaggregation of revenue from contracts with customers

Types of goods or service

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Sales of devices		
Devices	**73,063**	66,404
Computer accessories	**798**	757
Total	**73,861**	67,161
SaaS and others		
SaaS	**2,880**	2,838
Other services	**5,858**	2,762
Total	**8,738**	5,600
Timing of revenue recognition		
A point in time	**75,562**	67,161
Over time	**7,037**	5,600
Total	**82,599**	72,761

4. REVENUE AND SEGMENT INFORMATION – continued

(b) Performance obligations for contracts with customers

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, assistance to customers of the Group and software development service.

Except for software development service which is recognised at a point in time, SaaS and other remaining services are satisfied over time as services are rendered, which are measured based on output method. Short term advances are normally required before rendering the services. SaaS and other services provided are for periods of one year or less.

(c) Transaction price allocated to the remaining performance obligations for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of all the contracts from customers of the Group are within one year or less.

4. REVENUE AND SEGMENT INFORMATION – continued

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

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
For operating leases:		
Lease payments that are fixed	**553,364**	582,712

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, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Interest income from banks	**5,570**	2,237
Interest income from trade receivable under installment sales	**1,138**	2,798
Government grants	**740**	365
Compensation income	**572**	451
Additional value added tax ("**VAT**") input deduction *(Note i)*	**3,709**	32,986
Total	**11,729**	38,837

Note:

(i) Additional VAT input deduction were recognised in profit or loss due to the VAT reform. In accordance with Taxation Announcement No. 11 of 2022, the Group is eligible for additional VAT input deduction by 10% of the current period VAT payable from January 1, 2022 to December 31, 2022. 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 decrease in percentage of deduction from 10% to 5% together with decrease in amounts of purchase of rental computer devices, resulted in a decrease in the amounts of additional VAT input deduction being recognised during the six months ended June 30, 2023.

6. OTHER GAINS AND LOSSES, NET

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Gain on changes in fair value of financial assets at FVTPL	**6,073**	432
Subscription fee of financial assets at FVTPL *(Note i)*	**(2,814)**	–
Loss on written-off of rental computer devices *(Note ii)*	**(18,700)**	(14,085)
Others	**3,371**	4,702
Total	**(12,070)**	(8,951)

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 EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Impairment losses, net of reversal, recognised on:		
Trade receivables	**13,577**	32,175
Other receivables	**1,037**	104
Total	**14,614**	32,279

8. FINANCE COSTS

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Interest on borrowings	**56,348**	68,875
Interest on lease liabilities	**14,997**	15,008
Interest on bond payable	**368**	624
Total	**71,713**	84,507

9. INCOME TAX EXPENSE

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Current enterprise income tax	**78**	795
Deferred tax	**5,252**	14,183
Total	**5,330**	14,978

10. LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Cost of pay-as-you-go office IT integrated solution revenue recognised as lease income under IFRS 16	**271,987**	255,807
Cost of sales of devices	**80,257**	65,455
Cost of SaaS and others	**950**	785
Promotion and advertising expenses	**3,417**	3,585
Employee benefit expenses		
– Salaries, allowances and benefits	**117,291**	118,446
– Retirement benefits	**24,655**	16,786
– Share-based payments *(Note 20)*	**8,798**	3,514
Total employee benefit expenses	**150,744**	138,746
Expenses related to short-term leases	**2,324**	2,719
Depreciation of other right-of-use assets	**11,823**	11,729
Amortisation of intangible assets	**205**	205

11. LOSS PER SHARE

	Six months ended	
	June 30, 2023 RMB'000 (unaudited)	June 30, 2022 RMB'000 (unaudited)
Loss for the period attributable to the owners of the Company for the purpose of calculating basic and diluted loss per share (RMB'000)	**(881,683)**	(624,504)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share*	**216,731,998**	117,920,720

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that the share subdivision as described in Note 19 had been effective since January 1, 2022.

The computation of diluted loss per share for the six months ended June 30, 2023 and 2022 did not assume conversion of the preferred shares for both periods, and the exercise of the over-allotment option for the six months ended June 30, 2023 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 and 2022 are the same as basic loss per share of the respective periods.

* The weighted average number of ordinary shares for six months ended June 30, 2022 were excluded 16,954,640 shares which are not entitled to participate in dividend.

12. DIVIDEND

No dividends were paid, declared or proposed during the current interim period (2022: nil).

13. RENTAL COMPUTER DEVICES AND RIGHT-OF-USED ASSETS

During the current interim period, the Group disposed and transferred to inventories of certain rental computer devices with an aggregate carrying amount of RMB78,075,000 (six months ended June 30, 2022: RMB80,728,000), and exercised of purchase option of leased-in rental computer devices with an aggregate carrying amount of RMB69,806,000 (six months ended June 30, 2022: RMB13,410,000).

In addition, during the current interim period, the Group purchased rental computer devices of RMB78,505,000 (six months ended June 30, 2022: RMB147,272,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 13 to 87 months (six months ended June 30, 2022: 13 months to 36 months). On date of lease commencement, the Group recognised right-of-use assets of RMB180,751,000 (six months ended June 30, 2022: RMB152,251,000) and lease liabilities of RMB179,121,000 (six months ended June 30, 2022: RMB152,056,000). The Group is required to make fixed monthly, quarterly, or semi-annually payments.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Trade receivables	**153,412**	162,818
Other receivables and prepayments	**288,178**	271,742
Total	**441,590**	434,560
Analysed as:		
Total current portion	**256,927**	214,118
Total non-current portion	**184,663**	220,442

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, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Within 30 days	**137,225**	149,959
31 to 60 days	**4,748**	3,529
61 to 90 days	**1,768**	1,932
91 to 180 days	**4,215**	2,962
181 to 270 days	**2,106**	1,263
271 to 360 days	**1,233**	1,216
Over 360 days	**2,117**	1,957
	153,412	162,818

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

15. FINANCIAL ASSETS AT FVTPL

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Structured deposits *(Note i)*	35,343	–
Cash management portfolio linked note *(Note ii)*	213,435	–
Investment in a private fund *(Note iii)*	57,833	–
Total	306,611	–

Notes:

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

(ii) The cash management portfolio linked note was issued by a financial institution. The subscribed principal amount of cash management portfolio linked note is USD29,470,000. The cash management portfolio linked note is denominated in USD and linked to a fund managed by a fund manager.

(iii) The Group participated in a private fund which invested in bonds and other fixed or floating rate securities. The investment portfolio of this private fund is managed by a fund manager.

Details of fair value measurements are set out in Note 22.

16. TRADE AND OTHER PAYABLES

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Trade payables	41,212	103,709
Salary and welfare payables	28,626	40,295
Payable to former shareholders *(Note i)*	153,858	–
Others	43,017	44,559
Total	266,713	188,563

Note:

(i) The amount represents the proceeds from the shares offered for purchase by the former shareholders at the offer price under the global offering.

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

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Within 12 months	32,588	95,741
1 to 2 years	2,683	1,101
2 to 3 years	1,243	1,289
Over 3 years	4,698	5,578
Total	41,212	103,709

17. FINANCIAL LIABILITIES AT FVTPL

During the years from 2015 to 2021, the Group entered into several share subscription agreements with independent investors and issued eight series of preferred shares.

All the preferred shares were automatically converted into 421,811,170 ordinary shares of the Company (adjusted for the effect of the share subdivision as detailed in Note 19) upon the global offering on May 25, 2023. As a result of the automatic conversion, fair value change of the preferred shares amounting to RMB887,983,000 was recognised immediately in profit or loss with reference to the offer price of HK$10.19 per share of the global offering on the same date.

Movements in financial liabilities at FVTPL during the relevant periods is set out in Note 22.

18. BORROWINGS

During the current interim period, the Group obtained new bank and other borrowings amounting to RMB818,995,000 (six months ended June 30, 2022: RMB905,151,000). The borrowings carry interest at fixed market rates ranging from 3.30% to 12.10% and are repayable in instalments over a period less than five years. The proceeds were used to finance the operating activities of the Group.

19. SHARE CAPITAL

	Number of Shares	Amount	Amount
		USD	RMB'000
Authorised			
At January 1, 2022 and December 31, 2022			
USD0.0005 each (audited)	140,000,000	70,000	460
Subdivision *(Note i)*	1,260,000,000	–	–
At June 30, 2023			
USD0.00005 each (unaudited)	**1,400,000,000**	**70,000**	**460**
Issued			
At January 1, 2022			
and December 31, 2022 (audited)	13,487,536	6,744	43
Subdivision *(Note i)*	121,387,824	–	–
Issuance of new shares upon global offering	17,572,500	879	6
Automatic conversion of preferred shares into			
ordinary shares upon global offering	421,811,170	21,091	149
As of June 30, 2023 (unaudited)	**574,259,030**	**28,714**	**198**

Note:

(i) On May 25, 2023, the Company underwent a share subdivision whereby each issued and unissued share of nominal value USD0.0005 each in the Company's authorised share capital was subdivided into 10 shares of USD0.00005 nominal value each.

20. SHARE-BASED PAYMENTS

(a) Details of the employee share option scheme of the Company

The Company established and adopted an employee share option plan in March 2016, and amended the employee share option plan in August 2017 and September 2018, and on February 25, 2022, the Company's employee share option scheme were defined as Pre-IPO Option Plan, which was ratified by the shareholders of the Company. Up to a total of 45,540,600 ordinary shares (adjusted for the effect of the share subdivision) shall be reserved for issuance of share options pursuant to the terms and conditions under the employee share option plan. The Company granted share options to eligible directors and employees of the Company and its subsidiaries since the adoption of the employee share option plan. The share options granted to directors and eligible employees were scheduled to be vested immediately or with a range of 30 days up to four years.

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

	Numbers of share options	**Weighted average exercise price**	**Weighted average remaining term**
		USD	Year
Outstanding as at January 1, 2022 (audited)	2,521,852	4.35	1.61
Granted	214,730		
Forfeited or cancelled	(327,686)		
Outstanding as at June 30, 2022 (unaudited)	2,408,896	5.18	1.65
Outstanding as at January 1, 2023 (audited)	**2,818,614**	**5.45**	**1.60**
Subdivision	**25,367,526**		
Granted	**4,484,200**		
Forfeited or cancelled	**(2,762,180)**		
Outstanding as at June 30, 2023 (unaudited)	**29,908,160**	**0.57**	**1.51**

20. SHARE-BASED PAYMENTS – continued

(a) Details of the employee share option scheme of the Company – continued

The number of exercisable share options as at June 30, 2023 was 16,627,618 (adjusted for the effect of the share subdivision) (December 31, 2022: 1,387,788).

(b) Fair value of share options granted

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

Grant date	January 1, 2023 to March 31, 2023	April 1, 2023 to June 30, 2023
Exercise price (USD)	0.00005-0.99742	0.00005-0.99742
Expected volatility	46.86%	47.03%
Risk-free rate	3.47%	3.73%
Expected dividend yield	0%	0%
Expected life	10 years	10 years
Fair value (USD)	0.57-1.16	0.79-1.45

During the current interim period, the Group recognised total expenses of RMB8,798,000 related to the share options granted (six months ended June 30, 2022: RMB3,514,000).

21. OPERATING LEASE ARRANGEMENT

The Group as a lessor

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

Undiscounted lease payments receivable on leases are as follows:

	As at June 30, 2023 RMB'000 (unaudited)	As at December 31, 2022 RMB'000 (audited)
Within one year	**255,338**	258,959
In the second year	**82,805**	98,912
In the third year	**23,603**	23,418
In the fourth year	**98**	148
In the fifth year	**41**	11
Total	**361,885**	381,448

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at June 30, 2023 (unaudited)				
Assets				
Financial assets at FVTPL				
Structured deposits	–	35,343	–	35,343
Cash management portfolio linked note	–	213,435	–	213,435
Investment in a private fund	–	–	57,833	57,833
Total	–	248,778	57,833	306,611

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at December 31, 2022 (audited)				
Liabilities				
Financial liabilities at FVTPL	–	–	2,984,358	2,984,358

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – continued

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

Financial assets	Fair value As at June 30, 2023 RMB'000 (unaudited)	Fair value As at December 31, 2022 RMB'000 (audited)	Fair value hierarchy	Valuation technique(s) and key input(s)
Financial assets at FVTPL				
Structured deposits	**35,343**	–	Level 2	Discounted cash flow: Future cash flows are estimated based on estimated return
Cash management portfolio linked note	**213,435**	–	Level 2	Discounted cash flow: Future cash flows are estimated based on estimated return
Investment in a private fund	**57,833**	–	Level 3	Recent transaction price

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

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – continued

Reconciliation of Level 3 fair value measurements:

	Financial liabilities at FVTPL	**Investment in a private fund**
	RMB'000	RMB'000
As at January 1, 2022 (audited)	2,282,188	–
Changes in fair value *(Note i)*	702,170	–
As at December 31, 2022 (audited)	2,984,358	–
Purchase	–	57,031
Changes in fair value *(Note i)*	887,983	802
Automatic conversion of preferred shares upon global offering	(3,872,341)	–
As at June 30, 2023 (unaudited)	**–**	**57,833**

Note:

(i) Change in fair value presented in RMB includes effect of exchange on translation from USD balances.

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

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

23. RELATED PARTY TRANSACTIONS

Key management personnel compensation

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

	Six months ended	
	2023 **RMB'000** **(unaudited)**	2022 RMB'000 (unaudited)
Short-term employee benefits	**4,095**	3,657
Retirement benefits	**453**	451
Share-based payments	**2,761**	1,482
Total	**7,309**	5,590

"Board"	the board of Directors
"Cayman Islands"	the Cayman Islands, a British Overseas Territory
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this document only, Hong Kong, the Macau Special Administrative Region and Taiwan
"Co-founder(s)"	Dr. Ji and Mr. Zhang
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	Edianyun Limited (易點雲有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 18, 2015
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Dr. Ji"	Dr. Ji Pengcheng (紀鵬程), our Co-founder, chairman of the Board, an executive Director, the chief executive officer and a member of our Single Largest Shareholders Group
"Dr. Ji Entity"	JPC Edianzu Holdings Limited, a limited company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Dr. Ji and a member of the Single Largest Shareholders Group
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "the Group", "we", "us" or "our"	the Company, its subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Huaqing Hongyi"	Tianjin Huaqing Hongyi Enterprise Management Partnership (Limited Partnership) (天津華清竑易企業管理合夥企業(有限合夥)), a member of our Single Largest Shareholders Group
"Huaqing Kuaiyi"	Tianjin Huaqing Kuaiyi Enterprise Management Partnership (Limited Partnership) (天津華清快易企業管理合夥企業(有限合夥)), the general partner of each of Huaqing Hongyi and Huaqing Yuyi, and a member of our Single Largest Shareholders Group
"Huaqing Yuyi"	Tianjin Huaqing Yuyi Enterprise Management Partnership (Limited Partnership) (天津華清彧易企業管理合夥企業(有限合夥)), a member of our Single Largest Shareholders Group
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board
"Koala Fund"	referring to a group of companies comprising Beijing Koala Kunlue Internet Industry Investment Fund (Limited Partnership) (北京考拉昆略互聯網產業投資基金(有限合夥)), previously known as Beijing Lakala Internet Industry Investment Fund (Limited Partnership) (北京拉卡拉互聯網產業投資基金(有限合夥)), Tianjin Tongrun Enterprise Management Partnership (Limited Partnership) (天津同潤企業管理合夥企業(有限合夥)), Beijing Koala Kunlun Investment Management Co., Ltd. (北京考拉昆侖投資管理有限公司), Beijing Kunlun Nanshan Investment Management Center (Limited Partnership) (北京昆侖南山投資管理中心(有限合夥)) and Dazi County Hengmai Network Technology Partnership (Limited Partnership) (達孜縣恒邁網絡科技合夥企業(有限合夥)), etc., collectively or respectively
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date was on May 25, 2023, on which the Shares are listed and on which dealings in the Shares are first permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Matrix"	referring to a group of companies comprising Matrix Partners China IV, L.P., Matrix Partners China IV-A, L.P., Matrix China Management IV, L.P. and Matrix China IV GP GP, Ltd., etc., collectively or respectively
"Mr. Zhang"	Mr. Zhang Bin (張斌), our Co-founder, an executive Director, the chief operating officer and a member of our Single Largest Shareholders Group
"Mr. Zhang Entity"	ZB Edianzu Holdings Limited, a limited company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Mr. Zhang and a member of the Single Largest Shareholders Group
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%)
"Ordinary Share(s)"	Ordinary shares of US$0.00005 each in the capital of the Company entitle the holders of Ordinary Shares to one vote per share in respect of any resolution proposed at a general meeting of the Company, in which case they are entitled to one vote per share
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Pre-IPO Option Plan"	the pre-IPO option plan adopted, confirmed and ratified by the Company on February 25, 2022, as amended or otherwise modified from time to time
"Prospectus"	Prospectus of the Company dated May 15, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	For the six months ended June 30, 2023
"SFO"	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time

"Shares"	Ordinary Shares of US$0.00005 each in the capital of the Company
"Shareholder(s)"	holder(s) of our Shares
"Shunwei"	referring to Talented Ventures III Limited (formerly known as Gifted Ventures II Limited), Shunwei China Internet Fund III, L.P., Shunwei Capital Partners III GP, L.P., Shunwei Capital Partners III GP Limited and Silver Unicorn Ventures Limited, etc., collectively or respectively
"Single Largest Shareholders Group"	refers to Dr. Ji, Dr. Ji Entity, Mr. Zhang, Mr. Zhang Entity, Huaqing Hongyi, Huaqing Yuyi and Huaqing Kuaiyi
"Source Code"	referring to a group of companies comprising Geometry Ventures Limited, Sonorous Venture Ltd., YDZ Ventures Limited, Ease Villa Venture Ltd., EasyRent Venture Ltd., Entropy Investment L.P., Quark Venture Limited, Source Code Super Holdings Co., Joywood Wealth Management Limited, Gauss Ventures Limited, Whealth Holdings Limited and Trident Trust Company Limited, etc., collectively or respectively
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"%"	per cent