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**Edianyun Limited**  
**易點雲有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2416)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of Edianyun Limited (the “**Company**”) is pleased to announce the audited consolidated annual results (the “**Annual Results**”) of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2024 (the “**Reporting Period**”), together with comparative figures for the corresponding period in 2023. The aforesaid Annual Results have been prepared in accordance with IFRS Accounting Standards and have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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

**FINANCIAL PERFORMANCE HIGHLIGHTS**

|                          | <b>For the year ended December 31,</b>            |             |                   |
|--------------------------|---|-------------|-------------------|
|                          | <b>2024</b>                                       | <b>2023</b> | <b>Change (%)</b> |
|                          | <i>(RMB in thousands, except for percentages)</i> |             |                   |
| Revenue                  | <b>1,356,885</b>                                  | 1,270,741   | 6.8               |
| Cost of sales            | <b>(800,328)</b>                                  | (718,393)   | 11.4              |
| Gross profit             | <b>556,557</b>                                    | 552,348     | 0.8               |
| Profit (loss) before tax | <b>77,725</b>                                     | (902,384)   | -108.6            |
| Adjusted net profit*     | <b>80,169</b>                                     | 15,213      | 427.0             |
| Adjusted EBITDA*         | <b>676,288</b>                                    | 566,336     | 19.4              |

\* To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit/(loss) (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards. We define adjusted net profit/(loss) for the year (non-IFRS measure) as net profit/(loss) for the year adjusted by adding back (i) share-based payment expense; (ii) fair value changes on financial liabilities at fair value through profit or loss; and (iii) listing expenses. We define EBITDA as the profit (loss) and total comprehensive income (expense) for the year after adding back (i) net finance costs; (ii) income tax expense/(credit); (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/(loss) (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 Accounting Standards.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED DECEMBER 31, 2024*

|   |              | <b>Year ended December 31,</b> |                  |
|---|--------------|--------------------------------|------------------|
|   | <i>NOTES</i> | <b>2024</b>                    | 2023             |
|   |              | <b><i>RMB'000</i></b>          | <i>RMB'000</i>   |
| Revenue   | 4            | <b>1,356,885</b>               | 1,270,741        |
| Cost of sales   |              | <u><b>(800,328)</b></u>        | <u>(718,393)</u> |
| <b>Gross profit</b>   |              | <b>556,557</b>                 | 552,348          |
| Selling and marketing expenses  |              | <b>(157,520)</b>               | (160,068)        |
| Research and development expenses   |              | <b>(69,108)</b>                | (81,768)         |
| General and administrative expenses   |              | <b>(128,933)</b>               | (132,634)        |
| Other income  | 5            | <b>23,434</b>                  | 31,724           |
| Other gains and losses, net   | 6            | <b>1,593</b>                   | (25,601)         |
| Loss on changes in fair value of<br>financial liabilities at fair value<br>through profit or loss (“FVTPL”) |              | –                              | (887,983)        |
| Impairment losses under expected<br>credit loss (“ECL”) model, net of reversal                              | 7            | <b>(25,694)</b>                | (40,763)         |
| Listing expenses  |              | –                              | (13,230)         |
| Finance costs   | 8            | <u><b>(122,604)</b></u>        | <u>(144,409)</u> |
| <b>Profit (loss) before tax</b>   |              | <b>77,725</b>                  | (902,384)        |
| Income tax (expense) credit   | 9            | <u><b>(13,001)</b></u>         | <u>1,747</u>     |
| <b>Profit (loss) and total comprehensive income<br/>(expense) for the year</b>                              | 10           | <u><b>64,724</b></u>           | <u>(900,637)</u> |
| Earnings (loss) per share   |              |                                |                  |
| – Basic (RMB Yuan)  | 11           | <u><b>0.11</b></u>             | <u>(2.27)</u>    |
| – Diluted (RMB Yuan)  | 11           | <u><b>0.11</b></u>             | <u>(2.27)</u>    |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT DECEMBER 31, 2024*

|   | <i>NOTES</i> | <b>As at December 31,</b><br><b>2024</b><br><b>RMB'000</b> | 2023<br><b>RMB'000</b> |
|---|--------------|--|------------------------|
| <b>ASSETS</b>                               |              |  |                        |
| <b>Non-current assets</b>                   |              |  |                        |
| Rental computer devices                     |              | <b>1,505,741</b>   | 1,480,945              |
| Right-of-use assets                         |              | <b>620,038</b>   | 503,017                |
| Intangible assets                           |              | <b>1,234</b>   | 240                    |
| Trade and other receivables and prepayments | <i>13</i>    | <b>175,109</b>   | 190,130                |
| Pledged bank deposits                       |              | <b>41,424</b>  | –                      |
| Deferred tax assets                         |              | <b>31,892</b>  | 41,247                 |
|   |              | <u><b>2,375,438</b></u>                                    | <u>2,215,579</u>       |
| <b>Current assets</b>                       |              |  |                        |
| Inventories                                 |              | <b>2,720</b>   | 1,604                  |
| Trade and other receivables and prepayments | <i>13</i>    | <b>339,695</b>   | 320,098                |
| Financial assets at FVTPL                   |              | <b>239,277</b>   | 246,690                |
| Pledged bank deposits and restricted cash   |              | –  | 37,513                 |
| Cash and cash equivalents                   |              | <b>556,685</b>   | 490,390                |
|   |              | <u><b>1,138,377</b></u>                                    | <u>1,096,295</u>       |
| <b>Total assets</b>                         |              | <u><b>3,513,815</b></u>                                    | <u>3,311,874</u>       |
| <b>EQUITY AND LIABILITIES</b>               |              |  |                        |
| <b>Equity</b>                               |              |  |                        |
| Share capital                               | <i>15</i>    | <b>200</b>   | 199                    |
| Reserves                                    |              | <b>4,080,931</b>   | 4,141,429              |
| Accumulated losses                          |              | <b>(2,845,381)</b>   | (2,909,641)            |
| <b>Total equity</b>                         |              | <u><b>1,235,750</b></u>                                    | <u>1,231,987</u>       |

|   |       | As at December 31,      |                         |
|---|-------|-------------------------|-------------------------|
|   | NOTES | 2024                    | 2023                    |
|   |       | RMB'000                 | RMB'000                 |
| <b>Non-current liabilities</b>                |       |                         |                         |
| Borrowings                                    |       | 679,892                 | 667,769                 |
| Lease liabilities                             |       | 214,388                 | 159,016                 |
| Deferred tax liabilities                      |       | 3,323                   | –                       |
|   |       | <u>897,603</u>          | <u>826,785</u>          |
| <b>Current liabilities</b>                    |       |                         |                         |
| Trade and other payables                      | 14    | 105,441                 | 132,062                 |
| Deposits received for rental computer devices |       | 10,860                  | 12,591                  |
| Advance lease payments                        |       | 39,094                  | 61,853                  |
| Contract liabilities                          |       | 32,811                  | 12,341                  |
| Income tax payable                            |       | 3,838                   | 3,838                   |
| Borrowings                                    |       | 936,867                 | 852,051                 |
| Lease liabilities                             |       | 251,551                 | 178,366                 |
|   |       | <u>1,380,462</u>        | <u>1,253,102</u>        |
| <b>Total liabilities</b>                      |       | <u><u>2,278,065</u></u> | <u><u>2,079,887</u></u> |
| <b>Total equity and liabilities</b>           |       | <u><u>3,513,815</u></u> | <u><u>3,311,874</u></u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Edianyun Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the Company’s registered office is Suite#4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands. The principal place of business of the Company is Edianyun Building, No. 41, Xixiaokou Road, Haidian District, Beijing, the People’s Republic of China (the “**PRC**”). The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on May 25, 2023.

The Company is an investment holding company, the Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in providing office Internet Technology (“**IT**”) integrated solution to small-and medium-sized enterprises in the PRC.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

### Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## **New and Amendments to IFRS Accounting Standards in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

|   |  |
|---|--|
| Amendments to IFRS 9 and IFRS 7         | Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>             |
| Amendments to IFRS 9 and IFRS 7         | Contracts Referencing Nature-dependent Electricity <sup>3</sup>                                    |
| Amendments to IFRS 10 and IAS 28        | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup> |
| Amendments to IFRS Accounting Standards | Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>3</sup>                          |
| Amendments to IAS 21                    | Lack of Exchangeability <sup>2</sup>   |
| IFRS 18                                 | Presentation and Disclosure in Financial Statements <sup>4</sup>                                   |

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after January 1, 2025.

<sup>3</sup> Effective for annual periods beginning on or after January 1, 2026.

<sup>4</sup> Effective for annual periods beginning on or after January 1, 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### **IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

### **3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

As at December 31, 2024, the Group had current assets less than current liabilities by RMB242,085,000. The Group assesses its liquidity by its ability to generate cash from operating activities and/or finance funding. Based on the Group’s historical performance and management’s operating and financing plans, the Group has performed a working capital forecast for the next twelve months. Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, operating cash flows and financing cash flows from banking facilities and borrowings from other financial institutions, the directors of the Company believe that the Group will have sufficient financial resources to satisfy its future working capital in the next twelve months from the end of the reporting period. The directors of the Company consider that it is appropriate that the consolidated financial statements are prepared on a going concern basis.

### **4. REVENUE AND SEGMENT INFORMATION**

The Group’s principal business is engaged in providing office 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 year ended December 31, 2024, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group’s revenue (2023: none).



|   | <b>Year ended December 31,</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2024</b>                    | <b>2023</b>      |
|   | <b>RMB'000</b>                 | <b>RMB'000</b>   |
| <b>Revenue</b>  |                                |                  |
| Pay-as-you-go* office IT integrated solution revenue                    |                                |                  |
| – device subscription services recognized as lease income under IFRS 16 | <b>678,061</b>                 | 1,060,592        |
| – office IT technical subscription services                             | <b>510,120</b>                 | 55,087           |
| Sales of devices  | <b>157,620</b>                 | 138,470          |
| Software-as-a-Service (“SaaS”) and others                               | <b>11,084</b>                  | 16,592           |
|   | <u><b>1,356,885</b></u>        | <u>1,270,741</u> |
| Total   | <u><b>1,356,885</b></u>        | <u>1,270,741</u> |

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

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

***Types of goods or service***

|  | <b>Year ended December 31,</b> |                |
|--|--------------------------------|----------------|
|  | <b>2024</b>                    | <b>2023</b>    |
|  | <b>RMB'000</b>                 | <b>RMB'000</b> |
| <b>Pay-as-you-go office IT integrated solution revenue</b> |                                |                |
| Office IT technical subscription services                  | <u><b>510,120</b></u>          | <u>55,087</u>  |
| <b>Sales of devices</b>                                    |                                |                |
| Devices  | <b>155,052</b>                 | 136,639        |
| Computer accessories                                       | <u><b>2,568</b></u>            | <u>1,831</u>   |
| Total  | <u><b>157,620</b></u>          | <u>138,470</u> |
| <b>SaaS and others</b>                                     |                                |                |
| SaaS   | <b>6,235</b>                   | 5,798          |
| Other services   | <u><b>4,849</b></u>            | <u>10,794</u>  |
| Total  | <u><b>11,084</b></u>           | <u>16,592</u>  |

|                                      | <b>Year ended December 31,</b> |                |
|--------------------------------------|--------------------------------|----------------|
|                                      | <b>2024</b>                    | 2023           |
|                                      | <b><i>RMB'000</i></b>          | <i>RMB'000</i> |
| <b>Timing of revenue recognition</b> |                                |                |
| At a point in time                   | <b>157,620</b>                 | 138,470        |
| Over time                            | <b>521,204</b>                 | 71,679         |
|                                      | <hr/>                          | <hr/>          |
| Total                                | <b>678,824</b>                 | 210,149        |
|                                      | <hr/> <hr/>                    | <hr/> <hr/>    |

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

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

The Group provides office IT technical subscription services coupled with the device subscription services during the subscription period. Certain contracts are assessed to include both lease (as disclosed in Note 4(d) below) and non-lease components (office IT technical subscription services), the Group applies IFRS 15 to allocate the consideration to separate lease and non-lease components on a relative stand-alone selling price basis.

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

***Sales of devices***

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

Revenue is recognized 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 recognized 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 "Ebandian" system which is designed to provide SaaS to enterprise customers in managing their assets and inventories.

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

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

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

For office IT technical subscription services, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2024 and the expected timing of recognizing revenue are as follows:

|  | Year ended December 31, |                |
|--|-------------------------|----------------|
|  | 2024                    | 2023           |
|  | <i>RMB'000</i>          | <i>RMB'000</i> |
| For operating leases:                          |                         |                |
| Within one year                                | <b>103,088</b>          | 78,997         |
| More than one year but not more than two years | <b>41,052</b>           | 28,847         |
| More than two years                            | <b>11,736</b>           | 10,805         |
|  | <hr/>                   | <hr/>          |
| Total  | <b>155,876</b>          | 118,649        |
|  | <hr/> <hr/>             | <hr/> <hr/>    |

For sales of devices and provision of SaaS and other services, 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.

(d) **Pay-as-you-go office IT integrated solution revenue – device subscription services recognized as lease income under IFRS 16**

|                               | Year ended December 31, |                |
|-------------------------------|-------------------------|----------------|
|                               | 2024                    | 2023           |
|                               | <i>RMB'000</i>          | <i>RMB'000</i> |
| For operating leases:         |                         |                |
| Lease payments that are fixed | <b>678,061</b>          | 1,060,592      |
|                               | <hr/>                   | <hr/>          |

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

|  | Year ended December 31, |               |
|--|-------------------------|---------------|
|  | 2024                    | 2023          |
|  | RMB'000                 | RMB'000       |
| Interest income from banks   | 6,530                   | 9,512         |
| Interest income from trade receivables under installment sales         | 1,052                   | 1,951         |
| Government grants ( <i>Note i</i> )                                    | 11,632                  | 10,923        |
| Compensation income ( <i>Note ii</i> )                                 | 4,220                   | 2,642         |
| Additional value added tax (“VAT”) input deduction ( <i>Note iii</i> ) | —                       | 6,696         |
| Total  | <u>23,434</u>           | <u>31,724</u> |

### Notes:

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

**6. OTHER GAINS AND LOSSES, NET**

|  | <b>Year ended December 31,</b> |                        |
|--|--------------------------------|------------------------|
|  | <b>2024</b>                    | <b>2023</b>            |
|  | <b>RMB'000</b>                 | <b>RMB'000</b>         |
| Gain on changes in fair value of financial assets at FVTPL       | 9,260                          | 4,324                  |
| Net exchange gain  | 1,588                          | 561                    |
| Loss on written-off of rental computer devices ( <i>Note i</i> ) | (14,556)                       | (26,503)               |
| Gain (loss) on termination of lease contracts                    | 638                            | (657)                  |
| Subscription fee of financial assets at FVTPL ( <i>Note ii</i> ) | –                              | (2,814)                |
| Gain on wavier of payables                                       | 3,636                          | –                      |
| Others   | 1,027                          | (512)                  |
|  | <u>1,593</u>                   | <u>(25,601)</u>        |
| Total  | <u><u>1,593</u></u>            | <u><u>(25,601)</u></u> |

*Notes:*

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

**7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL**

|  | <b>Year ended December 31,</b> |                      |
|--|--------------------------------|----------------------|
|  | <b>2024</b>                    | <b>2023</b>          |
|  | <b>RMB'000</b>                 | <b>RMB'000</b>       |
| Impairment losses, net of reversal, recognized on: |                                |                      |
| Trade receivables                                  | 26,230                         | 38,576               |
| Other receivables                                  | (536)                          | 2,187                |
|  | <u>25,694</u>                  | <u>40,763</u>        |
| Total  | <u><u>25,694</u></u>           | <u><u>40,763</u></u> |

## 8. FINANCE COSTS

|                               | Year ended December 31, |                   |
|-------------------------------|-------------------------|-------------------|
|                               | 2024                    | 2023              |
|                               | <i>RMB'000</i>          | <i>RMB'000</i>    |
| Interest on borrowings        | 90,639                  | 118,142           |
| Interest on lease liabilities | 31,965                  | 25,749            |
| Interest on bond payable      | —                       | 518               |
|                               | <u>          </u>       | <u>          </u> |
| Total                         | <u>122,604</u>          | <u>144,409</u>    |

## 9. INCOME TAX EXPENSE (CREDIT)

|                               | Year ended December 31, |                   |
|-------------------------------|-------------------------|-------------------|
|                               | 2024                    | 2023              |
|                               | <i>RMB'000</i>          | <i>RMB'000</i>    |
| Current enterprise income tax | 323                     | 318               |
| Deferred tax                  | 12,678                  | (2,065)           |
|                               | <u>          </u>       | <u>          </u> |
| Total                         | <u>13,001</u>           | <u>(1,747)</u>    |

**10. PROFIT (LOSS) AND TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR**

|   | Year ended December 31, |         |
|---|-------------------------|---------|
|   | 2024                    | 2023    |
|   | RMB'000                 | RMB'000 |
| Cost of pay-as-you-go office IT integrated solution | 635,625                 | 562,227 |
| Cost of sales of devices                            | 160,892                 | 153,900 |
| Cost of SaaS and others                             | 3,811                   | 2,266   |
| Promotion and advertising expenses                  | 6,219                   | 6,416   |
| Employee benefit expenses                           |                         |         |
| – Salaries, allowances and benefits                 | 243,937                 | 244,831 |
| – Retirement benefits                               | 45,076                  | 48,613  |
| – Share-based payments                              | 15,445                  | 14,637  |
| Total employee benefit expenses                     | 304,458                 | 308,081 |
| Expenses related to short-term leases               | 4,032                   | 6,044   |
| Depreciation of other right-of-use assets           | 22,990                  | 23,733  |
| Amortization of intangible assets                   | 438                     | 409     |
| Auditor's remuneration                              | 3,050                   | 3,200   |

**11. EARNINGS (LOSS) PER SHARE**

|   | Year ended December 31, |           |
|---|-------------------------|-----------|
|   | 2024                    | 2023      |
|   | RMB'000                 | RMB'000   |
| Profit (loss) for the year attributable to the owners of the Company for the purpose of calculating basic and diluted earnings (loss) per share | 64,724                  | (900,637) |

|   | Year ended December 31, |             |
|---|-------------------------|-------------|
|   | 2024                    | 2023        |
|   |                         |             |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share   | 572,731,736             | 397,105,826 |
| Effect of dilutive potential ordinary shares:   |                         |             |
| Share options   | 1,746,226               | –           |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share | 574,477,962             | 397,105,826 |

The exercise price of the Company's certain share options was higher than the average market price for shares, which were not taken into consideration in computing the diluted earnings per share for the years ended December 31, 2024.

The computation of diluted loss per share for the year ended December 31, 2023 did not assume conversion of the preferred shares and the exercise of the over-allotment option for the year ended December 31, 2023 since their assumed conversion and exercise would result in a decrease in loss per share. Accordingly, diluted loss per share for the year ended December 31, 2023 is the same as basic loss per share.

## 12. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

|   | <b>As at December 31,</b> |                       |
|---|---------------------------|-----------------------|
|   | <b>2024</b>               | <b>2023</b>           |
|   | <b>RMB'000</b>            | <b>RMB'000</b>        |
| <b>(a) Trade receivables</b>                                    |                           |                       |
| Trade receivables – Pay-as-you-go office IT integrated solution | 225,700                   | 163,975               |
| Trade receivables – contracts with customers                    | 70,912                    | 102,158               |
| Less: allowance for credit losses                               | <u>(162,092)</u>          | <u>(135,862)</u>      |
| Subtotal  | <u>134,520</u>            | <u>130,271</u>        |
| <b>(b) Other receivables and prepayments</b>                    |                           |                       |
| Staff advances  | 2,695                     | 2,036                 |
| Advance to suppliers  | 46,762                    | 41,684                |
| Recoverable VAT   | 46,290                    | 11,568                |
| Rental and other deposits                                       | 273,065                   | 285,740               |
| Others  | 11,784                    | 39,777                |
| Less: allowance for credit losses                               | <u>(312)</u>              | <u>(848)</u>          |
| Subtotal  | <u>380,284</u>            | <u>379,957</u>        |
| <b>Analyzed as:</b>   |                           |                       |
| Total current portion   | <u>339,695</u>            | <u>320,098</u>        |
| Total non-current portion                                       | <u><u>175,109</u></u>     | <u><u>190,130</u></u> |



As at January 1, 2023, gross carrying amounts of trade receivables from contracts with customers amounted to RMB133,638,000.

The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the date of billing issued to customers.

|                 | <b>As at December 31,</b> |                |
|-----------------|---------------------------|----------------|
|                 | <b>2024</b>               | 2023           |
|                 | <b><i>RMB'000</i></b>     | <i>RMB'000</i> |
| Within 30 days  | <b>110,005</b>            | 120,942        |
| 31 to 60 days   | <b>13,468</b>             | 4,645          |
| 61 to 90 days   | <b>3,606</b>              | 1,924          |
| 91 to 180 days  | <b>5,139</b>              | 2,144          |
| 181 to 270 days | <b>1,692</b>              | 437            |
| 271 to 360 days | <b>323</b>                | 67             |
| Over 360 days   | <b>287</b>                | 112            |
|                 | <b><u>134,520</u></b>     | <u>130,271</u> |

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

As at December 31, 2024, included in the Group's trade receivables balance before allowance for credit losses are debtors with aggregate carrying amount of RMB185,658,000 (2023: RMB136,374,000) which are past due 30 days and considered as default.

#### 14. TRADE AND OTHER PAYABLES

|  | As at December 31, |                |
|--|--------------------|----------------|
|  | 2024               | 2023           |
|  | <i>RMB'000</i>     | <i>RMB'000</i> |
| Trade payables                           | 34,907             | 61,578         |
| Salary and welfare payables              | 40,733             | 42,475         |
| Other tax payables                       | 8,747              | 4,335          |
| Accrued expenses                         | 19,688             | 21,178         |
| Accrued listing expenses and issue costs | –                  | 1,370          |
| Others                                   | 1,366              | 1,126          |
|  | <u>105,441</u>     | <u>132,062</u> |
| Total                                    | <u>105,441</u>     | <u>132,062</u> |

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

|                  | As at December 31, |                |
|------------------|--------------------|----------------|
|                  | 2024               | 2023           |
|                  | <i>RMB'000</i>     | <i>RMB'000</i> |
| Within 12 months | 22,549             | 49,410         |
| 1 to 2 years     | 4,113              | 6,658          |
| 2 to 3 years     | 4,327              | 689            |
| Over 3 years     | 3,918              | 4,821          |
|                  | <u>34,907</u>      | <u>61,578</u>  |
|                  | <u>34,907</u>      | <u>61,578</u>  |

The Group's accrued listing expenses and issue costs that are denominated in currencies other than functional currency of the Company is set out below:

|       | As at December 31, |                |
|-------|--------------------|----------------|
|       | 2024               | 2023           |
|       | <i>RMB'000</i>     | <i>RMB'000</i> |
| USD   | –                  | 1,370          |
|       | <u>–</u>           | <u>1,370</u>   |
| Total | <u>–</u>           | <u>1,370</u>   |

## 15. SHARE CAPITAL

|  | Number of<br>shares       | Amount<br>USD        | Amount<br>RMB'000 |
|--|---------------------------|----------------------|-------------------|
| <b>Authorized</b>  |                           |                      |                   |
| At January 1, 2023 of USD0.0005 each   | 140,000,000               | 70,000               | 460               |
| Subdivision ( <i>Note i</i> )  | <u>1,260,000,000</u>      | <u>–</u>             | <u>–</u>          |
| As of December 31, 2023 and<br>December 31, 2024 of<br>USD0.00005 each                   | <u>1,400,000,000</u>      | <u>70,000</u>        | <u>460</u>        |
| <b>Issued</b>  |                           |                      |                   |
| At January 1, 2023   | 13,487,536                | 6,744                | 43                |
| Subdivision ( <i>Note i</i> )  | 121,387,824               | –                    | –                 |
| Issuance of new shares upon global offering  | 17,572,500                | 879                  | 6                 |
| Automatic conversion of preferred<br>Shares into ordinary shares upon<br>global offering | 421,811,170               | 21,091               | 149               |
| Exercise of share options  | <u>1,660,430</u>          | <u>83</u>            | <u>1</u>          |
| At December 31, 2023   | <u>575,919,460</u>        | <u>28,797</u>        | <u>199</u>        |
| Exercise of share options  | 5,167,871                 | 258                  | 1                 |
| Issue of new shares under<br>2023 Share Scheme   | 891,685                   | 45                   | 1                 |
| Shares repurchased and cancelled   | <u>(2,918,500)</u>        | <u>(146)</u>         | <u>(1)</u>        |
| At December 31, 2024   | <u><u>579,060,516</u></u> | <u><u>28,954</u></u> | <u><u>200</u></u> |

*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 authorized share capital was subdivided into 10 shares of USD0.00005 nominal value each.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Business Review

In 2024, leveraging on its excellent foresight and innovative spirit, the Group is committed to deeply optimising office IT service solution systems for customers. We are determined to become the preferred and go-to strategic partner for enterprises to enhance 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) **Reliability:** As the largest office IT integrated solution provider in China, we assume full responsibility to ensure the functionality, provision of services and maintenance of office IT devices for our customers. Thanks to the leading and nationwide ultra high-speed service network, we provide 24/7, non-stop and uninterrupted IT support and assistance to our customers. In addition, we ensure all of our services provided meet the highest standards in the industry through stringent internal and external quality control standards to enhance customer experience comprehensively;
- (ii) **Flexibility:** we adopt a pay-as-you-go subscription approach where our customers can flexibly switch devices according to their needs without having to purchase devices, effectively avoiding the disadvantages of the challenge in recovering the residual value of devices under traditional models, and substantially facilitating efficient capital flow and vigorous business development of our customers;
- (iii) **One-stop services:** we provide our customers with one-stop office IT solutions, which provide our customers with a wide range of technical support for their continuous operation and help them to avoid the trouble of their engagement with multiple office IT suppliers. Through this one-stop, stable and flexible service, we help our customers maximise office IT systems uptime, significantly save operating costs and improve employee productivity notably so as to drive rapid business growth and continuous expansion, striving to become a strong pillar supporting our customers to succeed in business.

As of December 31, 2024, the Group had 51,024 active customers, representing a year-on-year increase of 9.1%. We also maintained a high customer retention rate, which was slightly improved as compared with the same period last year. In 2024, we continued to make efforts in digital transformation and environmental, social and corporate governance (the “ESG”) practice and were widely recognized. We won the “2024 Green Manufacturing Exemplary Award (2024 綠色智造典範獎)” at the “2024 International Zero Carbon Festival and ESG Summit (2024 國際零碳節暨ESG峰會)”, the “Golden Lion Outstanding Environmental Responsibility Case of the Year (‘金獅’年度優秀環境責任案例)” in the first collection of excellent practice cases of high-quality development organised by CFBond.com, and our self-developed remanufacturing technology won the “Top 20 Global Intelligent Frontier Technology Achievements (全球智能前沿科技領域科技成果TOP20)” at the “World Intelligence Industry Expo 2024 (2024 世界智能產業博覽會)”, and the “20th Craftmanship Technology Award (第二十屆匠心技術獎)” from People.cn, and our employer branding has continued to gain momentum and widespread recognition, with the “2024 China Preferred Employer of the Year (2024 中國年度優選僱主)” awarded by Zhilian Zhaopin (智聯招聘), and the “King’s Ark Award for Employer Cherishing Talents the Most (王者之舟-最愛人才僱主獎)” issued by BOSS Zhipin (BOSS直聘).

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

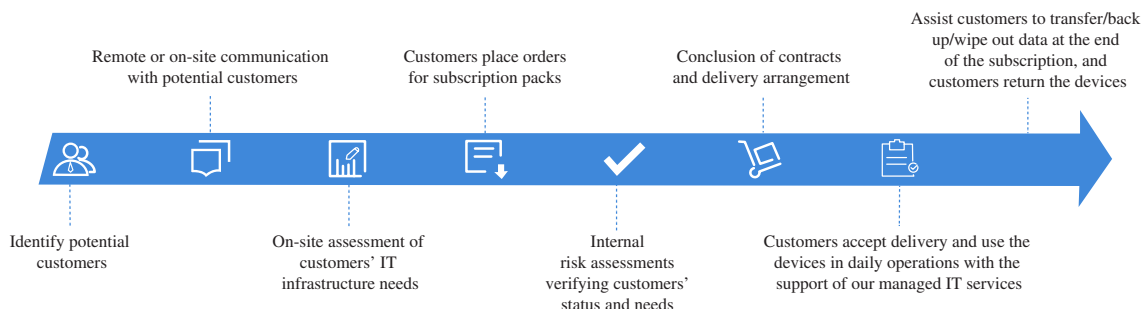
- **Pay-as-you-go office IT integrated solutions:** We provide our office IT integrated solutions primarily via the pay-as-you-go subscription method. The pay-as-you-go subscription method is a flexible arrangement through which we provide hardware and handle device configuration, device/engineer deployment, operation and maintenance support, performance optimization and device management services, such as order placement, subscription management, on-site inspection and bulk shipment of the devices, all under one service pack while customers can subscribe and unsubscribe to the office IT service flexibly based on their evolving needs.
- **Sales of devices:** In addition to our pay-as-you-go office IT integrated solutions, we offer customers the opportunity to purchase our devices in response to certain customers' needs. Customers can purchase the devices in installments, and the ownership of the devices are transferred to the customers when the devices are delivered to customers. Existing subscribing customers can also initiate the requests to us to purchase our devices directly. In addition, we may sell pre-owned devices at commercially favorable prices to optimize our device portfolio and supplement our revenue streams.
- **SaaS and other services:** We developed our SaaS product to meet customers' various digitalization needs. Our SaaS product, Ebandian, 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. Ebandian 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 autoconfiguration 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, Ebandian, to meet customers' digitalization needs.

Leveraging our fastest and nationwide service capability in China, our 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 the 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 December 31, 2024, we had approximately 51,024 active enterprise customers and approximately 1.374 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 included 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 us. 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 December 31, 2024, the net carrying amount of our self-owned devices amounted to RMB1,505.7 million, and the net carrying amount of our leased-in rental computer devices amounted to RMB600.9 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 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. The operational process for sales of our devices includes the following steps: (i) we first sort our surplus devices into different categories, such as laptops, desktops, and device components; (ii) we conduct open bidding to downstream customers; (iii) after sufficient bidding, the customers which wins the bids are finally identified; 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 at<br>December 31,<br>2024 | As at<br>December 31,<br>2023 |
|--|-------------------------------|-------------------------------|
| <b>Number of active customers<sup>(1)</sup></b>  | <b>51,024</b>                 | 46,789                        |
| – Number of subscribing customers  | <b>50,180</b>                 | 45,757                        |
| – Number of non-subscribing customers who purchased device(s) in installments <sup>(2)</sup> | <b>844</b>                    | 1,032                         |
| <b>Number of core customers<sup>(3)</sup></b>  | <b>27,529</b>                 | 23,777                        |
| <b>Number of SaaS customers</b>  | <b>2,164</b>                  | 2,127                         |
| <b>Number of devices under service</b>   | <b>1,374,200</b>              | 1,204,876                     |
| – Number of devices under subscription   | <b>1,352,687</b>              | 1,187,518                     |
| – Number of devices under installment purchase   | <b>21,513</b>                 | 17,358                        |
| Average monthly subscription fee per subscribing customer <sup>(4)</sup>                     | <b>1,973</b>                  | 2,032                         |
| Average number of devices under subscription per subscribing customer <sup>(5)</sup>         | <b>27.0</b>                   | 26.0                          |
| <b>Number of devices sold <sup>(6)</sup></b>   | <b>123,908</b>                | 131,672                       |
| – Number of additional devices sold under installments                                       | <b>19,504</b>                 | 15,676                        |
| – Number of devices sold under buyout of subscribing customer                                | <b>24,123</b>                 | 25,191                        |
| – Number of pre-owned devices disposed of through auction                                    | <b>80,281</b>                 | 90,805                        |
| Net dollar retention rate <sup>(7)</sup>   | <b>93.1%</b>                  | 86.1%                         |
| Net dollar retention rate for pay-as-you-go office IT integrated solutions <sup>(7)</sup>    | <b>93.4%</b>                  | 86.6%                         |

*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 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 December 31, 2023 and December 31, 2024.
- (3) Core customers represent high-quality clients who have a workforce of approximately 50 or more employees. This strategy of defining and focusing on core customers has been implemented in the second half of 2022.
- (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 December 31, 2024 was lower than that of the same period, primarily due to the selection for solutions at a lower price in response to the challenging economic conditions where small and medium-sized enterprises (SMEs) have encountered operational pressures.
- (5) Average number of devices under subscription per subscribing customer is calculated by dividing the number of devices under subscription at the end of the period by the number of subscribing customers at the end of the period.
- (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) pre-owned devices for customers under the subscription pack who are willing to buy out the devices; and (iii) pre-owned devices that we dispose of through auction. During the Reporting Period, most of devices we sold were pre-owned devices.
- (7) Net dollar retention rate is a metric used to measure a company's customer retention. It compares the amount of revenue that a company brings in a given period from the previous period's existing clients. We calculate net dollar retention rate in a given 12-month period by dividing the revenue in a given 12-month period generated from customers retained from the previous 12-month period with revenue in the previous 12-month period generated from customers in the previous 12-month period.

We have the ability to optimize our device portfolio by disposing of devices at commercially favorable prices, which in turn lowers the volume of idle devices and increases our device utilization rate and operational efficiency. In 2024, we implemented comprehensive inventory management measures and achieved a utilization rate of our devices, being approximately 90%. We closely monitor the changes in inventory levels to ensure smooth operations with low inventories. In addition, we dynamically adjust our inventory of different types of devices and components, and determine local inventory levels based on the actual needs of our customers in that region.

### **Increase in the number of customers and improvement in the quality of new customers**

In 2024, the number of our active customers increased to 51,024, representing a year-on-year increase 9.1% as compared to 46,789 in 2023. Such growth was driven by (i) our improved service efficiency, diversified product 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 (ii) our adoption of a more effective sales strategy, which 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 develop our sales network to better acquire quality customers across the country and to increase market penetration and improve the quality of potential customers. In 2024, the number of our core customers grew to 27,529, representing an increase of 15.8% from 23,777 in 2023, while the percentage of our core customers' devices under service increased from 85.0% in 2023 to 86.6% in 2024.

With the increase in customer volume and quality, by the end of 2024, the number of devices under service exceeded 1.37 million. As customer density rose, our engineers continued to optimise their service efficiency, leading to improvements in both service rate and service quality. As a result, we have been able to better serve our customers and establish stronger customer relationships, with net dollar retention rate increasing from 86.1% for the year ended December 31, 2023 to 93.1% for the year ended December 31, 2024.

## **Optimisation of financing costs and improvement of financing term**

In 2024, we achieved a decrease in financing costs and an extension of financing term. Our average financing cost ratio (finance costs for the year divided by the average of the beginning and ending balance of interest-bearing liabilities) decreased from 8.1% for the period ended December 31, 2023 to 6.2% for the period ended December 31, 2024. In addition, the listing on the Main Board of the Stock Exchange also facilitates us in obtaining more favourable terms for financing terms. In 2024, the weighted average term of our newly signed financing contracts for procurement was approximately 36.3 months, representing an increase of approximately 2.4 months as compared to approximately 33.9 months in 2023. Benefiting from more favourable financing terms, we replaced a portion of our short-term liabilities with long-term liabilities, resulting in a more robust and balanced maturity structure.

## **II. Outlook**

Office IT equipment is a rigid demand for most enterprises and has a relatively stable replacement cycle. As a leading office IT integrated solution provider in China, the Group will continue to dedicate itself to its mission and vision of making office IT easier while focusing on enhancing product capabilities. In 2024, we launched our IT device, Edianyun AI01 all-in-one machine, that is more suitable for small and medium-sized enterprises to work in the office. This product has a simple appearance and leading performance. It is fully self-developed by the Group and meets the office IT needs of ordinary positions in small and medium-sized enterprises at a significantly reduced monthly subscription fee. In the first half of 2025, the Group officially launched the self-developed Deepseek all-in-one machine. Based on domestically produced hardware, this product integrates efficient computing power, open source large-scale models and software with excellent performance and controllable security. It can be deployed rapidly and provide full-stack AI capabilities for multiple industries such as finance and medical care, helping enterprises to quickly build intelligent applications. In the future, the Group will continue to explore new product directions, continuously optimise and improve our products to ensure that we are always in the leading position in the industry.

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

Remanufacturing capability is one of the Group's core competencies. We have been exploring and have recently made breakthroughs in the fields of technology and automation, among which an independently developed keyboard inspection robot 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 equipment experience.

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

In addition, we will further develop new AI-related businesses and continue to actively explore this field. We have self-developed and launched a top-of-the-line AI PC that supports local deployment of DeepSeek in the first half of 2025, and have fully integrated DeepSeek into our AI product "Yizhihui" (易智匯). In the future, we will continue to explore in the field of AI. Leveraging on over 50,000 and more potential small and medium-sized enterprises customers deeply connected to our main business of office IT subscription, we will help small and medium-sized enterprises build up their own AI capabilities and serve a broader enterprise service market.

### **Material Events after the Reporting Period**

Save as disclosed in this announcement, there have been no events subsequent to the Reporting Period and up to the date of this announcement which may have a material impact on the Group.

## **III. Financial Analysis**

### **Revenue**

For the year ended December 31, 2024, the Group's 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 year ended December 31, 2024, the Group's revenue amounted to RMB1,356.9 million, representing an increase of 6.8% as compared with RMB1,270.7 million for the year ended December 31, 2023, which was primarily due to the increase in revenue from the sales of pay-as-you-go office IT integrated solutions and devices attributed by the increase of operations scale.

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

|  | <b>For the year ended December 31,</b> |                      |                         |                      |
|--|--|----------------------|-------------------------|----------------------|
|  | <b>2024</b>                            |                      | <b>2023</b>             |                      |
|  | <i><b>RMB'000</b></i>                  | <i><b>%</b></i>      | <i><b>RMB'000</b></i>   | <i><b>%</b></i>      |
| Pay-as-you-go office IT integrated solutions | <b>1,188,181</b>                       | <b>87.6%</b>         | 1,115,679               | 87.8%                |
| Sales of devices                             | <b>157,620</b>                         | <b>11.6%</b>         | 138,470                 | 10.9%                |
| SaaS and other services                      | <b>11,084</b>                          | <b>0.8%</b>          | 16,592                  | 1.3%                 |
|  | <b><u>1,356,885</u></b>                | <b><u>100.0%</u></b> | <b><u>1,270,741</u></b> | <b><u>100.0%</u></b> |

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

For the year ended December 31, 2024, the Group's revenue from pay-as-you-go office IT integrated solutions amounted to RMB1,188.2 million, representing an increase of 6.5% as compared with RMB1,115.7 million for the year ended December 31, 2023, which was primarily due to the launch of our self-developed IT device, Edianyun AI01 all-in-one machine, according to the market conditions to meet the needs of small and medium-sized enterprises for cost reduction and efficiency enhancement, which drove the growth of revenue.

### ***Sales of devices***

For the year ended December 31, 2024, the Group's revenue from sales of devices amounted to RMB157.6 million, representing an increase of 13.8% as compared with RMB138.5 million for the year ended December 31, 2023, which was mainly attributable to the increase in the number of devices sold over the same period.

### ***SaaS and other services***

For the year ended December 31, 2024, the Group's revenue from SaaS and other services amounted to RMB11.1 million, representing a decrease of 33.1% as compared with RMB16.6 million for the year ended December 31, 2023, which was mainly attributable to the decrease in income from system development and external maintenance services.

## ***Cost of Sales***

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

For the year ended December 31, 2024, the Group's cost of sales amounted to RMB800.3 million, representing an increase of 11.4% as compared with RMB718.4 million for the year ended December 31, 2023, which was mainly attributable to the increase in the cost of sales for pay-as-you-go office IT integrated solutions and the decrease in the cost of sales for sales of devices.

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

|  | <b>For the year ended December 31,</b> |                      |                       |                      |
|--|--|----------------------|-----------------------|----------------------|
|  | <b>2024</b>                            |                      | <b>2023</b>           |                      |
|  | <b><i>RMB'000</i></b>                  | <b><i>%</i></b>      | <b><i>RMB'000</i></b> | <b><i>%</i></b>      |
| Pay-as-you-go office IT integrated solutions | <b>635,625</b>                         | <b>79.4%</b>         | 562,227               | 78.3%                |
| Sales of devices                             | <b>160,892</b>                         | <b>20.1%</b>         | 153,900               | 21.4%                |
| SaaS and other services                      | <b>3,811</b>                           | <b>0.5%</b>          | 2,266                 | 0.3%                 |
|  | <b><u>800,328</u></b>                  | <b><u>100.0%</u></b> | <b><u>718,393</u></b> | <b><u>100.0%</u></b> |

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

For the year ended December 31, 2024, the Group's cost of sales for pay-as-you-go office IT integrated solutions amounted to RMB635.6 million, representing an increase of 13.1% as compared with RMB562.2 million for the year ended December 31, 2023, which was primarily due to the increase in depreciation costs as a result of the increase in the number of devices.

## ***Sales of devices***

For the year ended December 31, 2024, the Group's cost of sales for sales of devices amounted to RMB160.9 million, representing an increase of 4.5% from RMB153.9 million for the year ended December 31, 2023, which was primarily due to the increase in sales of devices over the same period.

## **Gross profit and gross profit margin**

As a result of the foregoing, the Group's gross profit increased by 0.8% from RMB552.3 million for the year ended December 31, 2023 to RMB556.6 million for the year ended December 31, 2024. Gross profit margin is calculated based on gross profit divided by revenue. For the years ended December 31, 2024 and December 31, 2023, the gross profit margin of the Group was 41.0% and 43.5%, respectively.

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

|   | <b>For the year ended December 31,</b>             |  |  |  |
|---|--|--|--|--|
|   | <b>2024</b>  |  | <b>2023</b>  |  |
|   | <b>Gross profit/<br/>(loss)<br/><i>RMB'000</i></b> | <b>Gross profit/<br/>(loss) margin<br/>%</b> | <b>Gross profit/<br/>(loss)<br/><i>RMB'000</i></b> | <b>Gross profit/<br/>(loss) margin<br/>%</b> |
| Pay-as-you-go office IT<br>integrated solutions   | <b>552,556</b>                                     | <b>46.5%</b>                                 | 553,452  | 49.6%  |
| Sales of devices                                  | <b>(3,272)</b>                                     | <b>(2.1%)</b>                                | (15,430)   | (11.1%)                                      |
| SaaS and other services                           | <b>7,273</b>                                       | <b>65.6%</b>                                 | 14,326   | 86.3%  |
| Total gross profit/Overall<br>gross profit margin | <b><u>556,557</u></b>                              | <b><u>41.0%</u></b>                          | <b><u>552,348</u></b>                              | <b><u>43.5%</u></b>                          |

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

For the year ended December 31, 2024, the gross profit of the Group's pay-as-you-go office IT integrated solutions was RMB552.6 million, representing a decrease of 0.2% as compared with RMB553.5 million for the year ended December 31, 2023, and the gross profit margin decreased from 49.6% for the year ended December 31, 2023 to 46.5% for the year ended December 31, 2024, which was primarily due to the combined effects of lower revenue per unit and higher depreciation costs resulting from the increase in the number of devices in order to meet the demand of small and medium-sized enterprises for cost reduction and efficiency enhancement.



### ***Sales of devices***

The Group's gross profit on sales of devices decreased from a loss of RMB15.4 million for the year ended December 31, 2023 to a loss of RMB3.3 million for the year ended December 31, 2024, representing a decrease in loss of 78.6%, and the loss ratio decreased from 11.1% for the year ended December 31, 2023 to 2.1% for the year ended December 31, 2024, which was primarily due to the Company's arranged sales strategies and categories adjustments in accordance with market conditions, resulting in a decrease in the loss ratio.

### **General and Administrative Expenses**

The general and administrative expenses of the Group mainly comprise employee salary and benefit expenses and office and miscellaneous expenses. For the year ended December 31, 2024, the Group's general and administrative expenses amounted to RMB128.9 million, representing a decrease of 2.8% as compared with RMB132.6 million for the year ended December 31, 2023, which was primarily due to the decrease in staff salaries and rental expenditure.

### **Other Income**

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

For the year ended December 31, 2024, the Group's other income amounted to RMB23.4 million, representing a decrease of 26.2% as compared with RMB31.7 million for the year ended December 31, 2023, which was primarily due to changes in tax incentives policies and ineligibility for additional input VAT deductions.

## **Other Gains and Losses**

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

For the year ended December 31, 2024, the net gain of the Group amounted to RMB1.6 million, representing an increase of 106.3% as compared with the net loss of RMB25.6 million for the year ended December 31, 2023, which was primarily due to (i) the changes in the fair value of financial products; (ii) the reduction in loss on write-off of leased computer equipment as a result of the Company's enhanced risk control measures.

## **Loss on Changes in Fair Value of Financial Liabilities at FVTPL**

The Group's financial liabilities at FVTPL mainly refer to the preferred shares issued by the Group to investors through share subscription agreements. For the year ended December 31, 2024, the Group did not record any loss on fair value changes on financial liabilities at FVTPL, representing an increase of RMB888.0 million as compared with RMB888.0 million for the year ended December 31, 2023, mainly due to, in May 2023, upon the listing of the Group on the Main Board of the Stock Exchange, all preference shares held by investors were converted into ordinary shares.

## **Impairment Losses under ECL, Net of Reversal**

For the year ended December 31, 2024, the Group's impairment loss under ECL, net of reversal, was RMB25.7 million, representing a decrease of RMB15.1 million from RMB40.8 million for the year ended December 31, 2023, 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 year ended December 31, 2024, the Group's finance costs amounted to RMB122.6 million, representing a decrease of RMB21.8 million as compared with RMB144.4 million for the year ended December 31, 2023, primarily due to the decrease in the Group's average finance cost ratio (finance cost for the period divided by the average of the opening and closing balances of interest-bearing liabilities) from 8.1% for the period ended December 31, 2023 to 6.2% for the period ended December 31, 2024, as the Company's market size and overall competitiveness increased, with a preference for less costly sources of financing.

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 2024, the weighted average term of our newly signed finance contracts for procurement was approximately 36.3 months, representing an increase of 2.4 months as compared with 33.9 months in 2023.

### **Income Tax Expense (Credit)**

The Group's income tax expense for the year ended December 31, 2024 amounted to RMB13.0 million and the income tax credit for the year ended December 31, 2023 amounted to RMB1.7 million. The income tax expense recorded during the Reporting Period was mainly attributable to the deferred tax recognized by the Group.

### **Profit (loss) and total comprehensive income (expense) for the year**

As a result of the foregoing, the Group's profit amounted to RMB64.7 million for the year ended December 31, 2024, representing an increase of RMB965.3 million from a loss of RMB900.6 million for the year ended December 31, 2023.

### **Adjusted Profits (non-IFRS measure)**

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

|  | <b>For the year ended December 31,</b> |                      |
|--|--|----------------------|
|  | <b>2024</b>                            | <b>2023</b>          |
|  | <b>RMB'000</b>                         | <b>RMB'000</b>       |
| <b>Profit (loss) and total comprehensive income (expense) for the year</b> | <b>64,724</b>                          | <b>(900,637)</b>     |
| <i>Add:</i>  |  |                      |
| Share-based payment expenses   | <b>15,445</b>                          | 14,637               |
| Loss on changes in fair value of financial liabilities at FVTPL            | –                                      | 887,983              |
| Listing expenses   | –                                      | 13,230               |
| <b>Adjusted net profit for the year (non-IFRS measure)</b>                 | <b><u>80,169</u></b>                   | <b><u>15,213</u></b> |

## EBITDA and Adjusted EBITDA (non-IFRS measure)

We define EBITDA (non-IFRS measure) as profit (loss) and total comprehensive income (expense) for the year 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 years to EBITDA and adjusted EBITDA (non-IFRS measures) for the years indicated:

|  | For the year ended December 31, |                  |
|--|---------------------------------|------------------|
|  | 2024                            | 2023             |
|  | RMB'000                         | RMB'000          |
| <b>Profit (loss) and total comprehensive income (expense) for the year</b> | <b>64,724</b>                   | <b>(900,637)</b> |
| <i>Add:</i>  |                                 |                  |
| Net finance costs  | 116,074                         | 134,897          |
| Income tax expense (credit)  | 13,001                          | (1,747)          |
| Depreciation   | 482,051                         | 417,564          |
| Amortization   | 438                             | 409              |
| <b>EBITDA (non-IFRS measure)</b>   | <b>676,288</b>                  | <b>(349,514)</b> |
| <i>Add:</i>  |                                 |                  |
| Share-based payment expenses   | 15,445                          | 14,637           |
| Loss on changes in fair value of financial liabilities at FVTPL            | –                               | 887,983          |
| Listing expenses   | –                               | 13,230           |
| <b>Adjusted EBITDA (non-IFRS measure)</b>                                  | <b>691,733</b>                  | <b>566,336</b>   |

## **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 value of the Company's shares in the long term. The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers and adjusts the cost of capital and the risks associated with each class of capital. In order to maintain or adjust the capital structure, the Group may issue new shares, issue bonds and raise bank and other borrowings.

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

### **Cash Position**

As at December 31, 2024, the Group's cash and cash equivalents increased by RMB66.3 million from RMB490.4 million as of December 31, 2023 to RMB556.7 million. The Group's cash and cash equivalents are mainly denominated in RMB, Hong Kong dollar (“**HKD**”) and USD.

For the year ended December 31, 2024, we recorded a net cash inflow from operating activities of RMB391.5 million, net cash inflow from investing activities of RMB11.3 million, and net cash outflow from financing activities of RMB338.1 million.

### **Borrowings**

The Group's borrowings refer to borrowings and other loans. For the year ended December 31, 2024, the balance of the Group's borrowings amounted to RMB1,616.8 million, of which approximately RMB936.9 million was due within one year, approximately RMB476.0 million was due between one and two years and approximately RMB203.9 million was due between two and five years.

The Group's average current and non-current borrowing balances (the average of the opening and closing borrowing balances) amounted to RMB1,568.3 million, representing an increase of 7.7% as compared with RMB1,456.6 million for the year ended December 31, 2023.

## **Gearing Ratio**

At December 31, 2024, the Group's gearing ratio (calculated by dividing the total amount of borrowings, lease liabilities and bond payable by total equity) was 168.5%, representing an increase of 17.8% as compared to 150.7% for the year ended December 31, 2023.

## **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 December 31, 2024, the Company did not have any material contingent liabilities.

## **Assets Charge of the Group**

As of December 31, 2024, the Group's rental computer devices with a net book value of approximately RMB1,575.1 million were pledged as security for the bank borrowings and other borrowings from financial institutions.

## **Capital Expenditure**

For the years ended December 31, 2024 and December 31, 2023, our capital expenditure amounted to RMB789.7 million and RMB600.8 million, respectively, consisting of (i) additions to rental computer devices of RMB420.7 million and RMB339.3 million, respectively; and (ii) additions to right-of-use assets of RMB369.0 million and RMB261.5 million, respectively. We finance capital expenditure mainly through cash flow from customers' subscription fees and bank and other borrowings.

## **Significant Investments Held**

The appropriate subscription of medium to low risk wealth management products is beneficial to the Group in enhancing capital utilisation and increasing the income from idle funds, and the diversified and readily redeemable cash management type of product investment is also beneficial to enhancing the security and flexibility of cash management. On June 7, 2024, the Group subscribed for a medium to low risk redeemable cash management type wealth management product (the “**Wealth Management Product**”) issued by Haitong International Asset Management (HK) Limited with own surplus cash under the product name of Haitong Cash Management Fund I S.P. (Class A USD), with a subscription amount of USD30 million, an expected annualised rate of return of 3%-4%. The investment period does not exceed one year, redemption is available at any time, and the investment scope of the Wealth Management Product is cash management underlying targets. As of December 31, 2024, the fair value of the Wealth Management Product was RMB219,248,000, and accounted for approximately 6.2% of the Group’s total assets.

As of December 31, 2024, save as disclosed above, we did not have any significant investments in investees with a value of 5% or more of total assets of the Company.

## **Material Acquisitions and Disposals**

During the year ended December 31, 2024, the Company had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

## **Future Plans for Material Investments or Capital Assets**

As of December 31, 2024, we did not have detailed future plans for material investments or capital assets.

## Employees and Remuneration

As of December 31, 2024, the Group had 1,666 employees (As of December 31, 2023: 1,711 employees). We recognize the importance of talents 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. For the year ended December 31, 2024, the Group's employee remuneration (excluding Directors' remuneration) amounted to approximately RMB287 million (for the year ended December 31, 2023: approximately RMB297 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 our Directors, senior management and other employees for their contribution to our Group and to attract and retain suitable talents for our Group, the Group adopted the pre-IPO option plan which was approved by the Shareholders on February 25, 2022. Please refer to "Appendix IV – Statutory and General Information – D. Pre-IPO Option Plan" in the prospectus of the Company dated May 15, 2023 (the "**Prospectus**") for details.



On January 26, 2024, the 2023 share scheme (the “**2023 Share Scheme**”) was adopted at the extraordinary general meeting of the Company for the purpose of providing the Company with a flexible means of attracting, motivating and retaining its eligible participants and encouraging eligible participants to contribute to the Company’s long-term growth and benefits and to enhance the value of the Company and its shares. The maximum aggregate number of Shares that may be issued under the 2023 Share Scheme will be 57,591,946 Shares, representing 10% of the issued share capital of the Company as at the date of adoption of the 2023 Share Scheme. On December 18, 2023, the Board resolved to grant 14,400,000 and 9,600,000 share options to Dr. Ji Pengcheng (“**Dr. Ji**”) and Mr. Zhang Bin, respectively, each an executive Director and substantial shareholder of the Company, and 2,400,000 share options<sup>1</sup> and 320,429 share awards to Mr. Xiang Wang, a former executive Director of the Company, under the 2023 Share Scheme. The share options granted will become exercisable upon the achievement of business and financial milestones in terms of the number of devices under subscription, revenue and gross profit, and shall be exercisable in five equal tranches of 20% each upon the achievement of relevant milestones. The relevant business and financial milestones are extracted as follows:

| <b>Business Milestone - Number of devices under subscription</b><br><i>(Ten thousand units)</i> | <b>Financials Milestone - Revenue from monthly subscription business</b><br><i>(RMB 100 million)</i> | <b>Financials Milestone - Gross profit of monthly subscription business</b><br><i>(RMB 100 million)</i> | <b>Number of share options exercisable</b> |
|---|--|---|--|
| 120*  | 0.94*  | 0.48*   |  |
| 147   | 1.15   | 0.59  | 20%  |
| 180   | 1.41   | 0.72  | 20%  |
| 220   | 1.72   | 0.88  | 20%  |
| 270   | 2.11   | 1.08  | 20%  |
| 330   | 2.58   | 1.32  | 20%  |

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

The aforesaid grants of share options and share awards have been further approved by the Shareholders on January 26, 2024 and will become effective upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be allotted and issued pursuant to all the awards granted under the 2023 Share Scheme. Please refer to the circular of the Company dated January 9, 2024 and the announcements dated December 18, 2023 and January 26, 2024 for details.

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

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

## **OTHER INFORMATION**

### **Final Dividend**

The Board does not recommend the payment of any final dividend for the year ended December 31, 2024.

### **Compliance with the Corporate Governance Code**

During the Reporting Period, we have complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules, except as described below.

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

While this would constitute a deviation from code provision C.2.1 of Part 2 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of the Directors, and our Board currently includes 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 the Company. Moreover, the overall strategy and other key business, financial, and operational policies of our Group are made collectively after thorough discussion by both the Board and senior management. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of the chairman of the Board and the chief executive officer is necessary.

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

### **Compliance with the Model Code for Securities Transaction by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period, except as described below.

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

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

The Board is of the view that the Company has put in place an effective system (including a notification mechanism) for monitoring dealings by the Directors to ensure compliance with Model Code. In particular, the Company has notified all Directors on January 27, 2025 of the blackout period. Subsequently, the Company advanced the date of the Board meeting, the Company immediately made specific enquiries with all Directors and confirmed that they had complied with the Model Code during the revised blackout period. The Board considers that the guidelines and procedures for Directors' dealings in the shares of the Company are appropriate and effective.

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

### **Audit Committee**

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has reviewed the annual results of the Group for the year ended December 31, 2024 in conjunction with management and the Company's external auditor.

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

For the year ended December 31, 2024, as the Board is of the view that the level of trading price of the shares of the Company does not adequately reflect the underlying value of the Company and that share repurchases will enhance the net asset value per share and/or earnings per share and are in the interests of the Company and the Shareholders as a whole, the Company repurchased a total of 47,078,500 ordinary shares of the Company for an aggregate consideration of HKD85,230,910 (before deduction of expenses) on the Stock Exchange (the “**Repurchased Shares**”), details of the Repurchased Shares are set out below:

| Repurchase Month | Number of shares repurchased | Price paid per share (HKD) |              | Total consideration (before deduction of expenses) (HKD) |
|------------------|------------------------------|----------------------------|--------------|--|
|                  |                              | Highest (HKD)              | Lowest (HKD) |  |
| January 2024     | 250,000                      | 3.69                       | 3.50         | 898,535  |
| February 2024    | 932,000                      | 3.49                       | 2.87         | 2,938,645  |
| July 2024        | 1,736,500                    | 1.50                       | 1.47         | 2,588,095  |
| September 2024   | 1,123,000                    | 1.15                       | 1.07         | 1,255,640  |
| October 2024     | 8,917,000                    | 1.74                       | 1.40         | 13,671,590   |
| November 2024    | 9,966,500                    | 1.91                       | 1.5489       | 18,003,230   |
| December 2024    | <u>24,153,500</u>            | 1.96                       | 1.68         | <u>45,875,175</u>  |
| <b>Total</b>     | <b><u>47,078,500</u></b>     |                            |              | <b><u>85,230,910</u></b>                                 |

As at December 31, 2024, 2,918,500 ordinary shares repurchased by the Company during the Reporting Period have been cancelled, and the remaining 44,160,000 ordinary shares were held as treasury shares (as defined under the Listing Rules). As at March 19, 2025, the Company cancelled a total of 46,013,500 treasury shares (including 44,160,000 treasury shares held during the Reporting Period and 1,853,500 shares repurchased in January 2025 to be held as treasury shares). As of the date of this announcement, the Company does not hold any treasury shares.

## Material Litigation

During the year ended December 31, 2024, 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.

## Use of proceeds from the Global Offering

The Company was listed on the Main Board of the Stock Exchange on May 25, 2023 and issued 58,575,000 shares (comprising 17,572,500 new shares and 41,002,500 sale shares) and the net proceeds from the Global Offering (as defined in the Prospectus), after deduction of the underwriting fees and commissions in connection with the Global Offering and the estimated expenses payable by the Company in connection with the Global Offering, amounted to approximately HKD97.0 million. The proceeds from the Listing were and will continue to be utilized in accordance with the plan disclosed in the section headed “Net Proceeds from the Global Offering” in the Company’s announcement in relation to the offer price and allotment results dated May 24, 2023 (the “**Announcement**”), and there has not been any change in the intended use of the net proceeds as disclosed in the Announcement. The following table sets forth a summary of the intended use of the net proceeds and the utilisation of the net proceeds as of December 31, 2024:

| Intended utilization   | Percentage<br>(%) | Net proceeds (HKD million) |  | Expected<br>timeline for<br>the unutilized<br>balance |  |
|--|-------------------|----------------------------|--|---|--|
|  |                   | Available                  | Utilized as of<br>December 31,<br>2024 |   | Unutilized as of<br>December 31,<br>2024 |
| Investment in market promotion<br>and sales and service networks<br>improvement        | 40.0              | 38.8                       | 19.8                                   | 19.0  | By the<br>end of 2025                    |
| Research and development investment<br>and diversification of our service<br>offerings | 30.0              | 29.1                       | 19.6                                   | 9.5   | By the<br>end of 2025                    |
| Enhance remanufacturing<br>capabilities and operational<br>efficiency                  | 20.0              | 19.4                       | 19.4                                   | 0.0   | By the<br>end of 2024                    |
| Working capital and general<br>corporate purposes                                      | 10.0              | 9.7                        | 9.7                                    | 0.0   | By the<br>end of 2024                    |
| <b>Total</b>   | <b>100.0</b>      | <b>97.0</b>                | <b>68.5</b>                            | <b>28.5</b>   |  |

*Note:*

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

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

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://edianyun.com>). The annual report for the year ended December 31, 2024 will be available on the websites of the Stock Exchange and the Company as mentioned above.

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

Beijing, the PRC, March 27, 2025

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