

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

edenSOFT
EDENSOFT HOLDINGS LIMITED
伊登軟件控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1147)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024 AND
SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

FINANCIAL HIGHLIGHTS

- The Group's unaudited revenue for the six months ended 30 June 2024 was approximately RMB503.6 million, representing an increase of approximately 6.2% as compared to that of the unaudited revenue for the corresponding period in 2023 of approximately RMB474.2 million.
- The unaudited gross profit of the Group for the six months ended 30 June 2024 was approximately RMB61.8 million, representing an increase of approximately 16.6% as compared to that of the unaudited gross profit for the corresponding period in 2023 of approximately RMB53.0 million.
- The unaudited profit for the period attributable to owners of the parent for the six months ended 30 June 2024 was approximately RMB7.8 million, representing an increase of approximately 20.6% as compared to that of the unaudited profit for the period attributable to owners of the parent for the corresponding period in 2023 of approximately RMB6.4 million.
- The unaudited basic and diluted earnings per share attributable to owners of the parent increased by approximately 22.6% to approximately RMB0.38 cents (30 June 2023: approximately RMB0.31 cents).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: nil).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	<i>Notes</i>	2024 RMB’000 (Unaudited)	2023 RMB’000 (Unaudited)
REVENUE	5	503,584	474,201
Cost of sales		<u>(441,749)</u>	<u>(421,160)</u>
Gross profit		<u>61,835</u>	<u>53,041</u>
Other income and gains	5	974	3,824
Selling and distribution expense		(16,206)	(13,161)
Administrative expense		(12,797)	(11,544)
Research and development expense		(22,975)	(21,955)
Other expense		(957)	(2,159)
(Recognition)/reversal of impairment losses on financial and contract assets, net		(1,355)	313
Finance costs	8	<u>(1,142)</u>	<u>(1,351)</u>
PROFIT BEFORE TAX	6	7,377	7,008
Income tax credit/(expense)	7	<u>380</u>	<u>(626)</u>
PROFIT FOR THE PERIOD		<u>7,757</u>	<u>6,382</u>
Attributable to:			
Owners of the parent		<u>7,757</u>	<u>6,430</u>
Non-controlling interests		<u>–</u>	<u>(48)</u>
		<u>7,757</u>	<u>6,382</u>

	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on currency translation		<u>30</u>	<u>(470)</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX		<u>30</u>	<u>(470)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>7,787</u></u>	<u><u>5,912</u></u>
Attributable to:			
Owners of the parent		<u>7,787</u>	<u>5,960</u>
Non-controlling interests		<u>–</u>	<u>(48)</u>
		<u>7,787</u>	<u>5,912</u>
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF PARENT			
– Basic and diluted	10	<u><u>RMB0.38 cents</u></u>	<u><u>RMB0.31 cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	667	768
Right-of-use assets		6,102	9,352
Goodwill		6,217	6,217
Other intangible assets		236	346
Deferred tax assets		9,872	9,514
		23,094	26,197
TOTAL non-current assets			
CURRENT ASSETS			
Inventories		132,577	89,790
Trade and bills receivables	12	240,927	234,064
Prepayments, deposits and other receivables		14,583	62,442
Contract assets		1,429	1,727
Time deposits and pledged deposits		6,040	15,136
Cash and cash equivalents		169,724	5,643
		565,280	408,802
TOTAL current assets			
CURRENT LIABILITIES			
Trade payables	13	179,114	143,543
Other payables and accruals		7,413	7,585
Contract liabilities		160,218	33,596
Interest-bearing bank borrowings		34,003	48,232
Lease liabilities		2,340	3,218
Tax payable		3,249	3,295
		386,337	239,469
TOTAL current liabilities			
NET CURRENT ASSETS		178,943	169,333
TOTAL ASSETS LESS CURRENT LIABILITIES			
		202,037	195,530

		30 June	31 December
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		2,500	3,865
Deferred tax liabilities		60	87
		<hr/>	<hr/>
Total non-current liabilities		2,560	3,952
		<hr/>	<hr/>
Net assets		199,477	191,578
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	18,654	18,654
Reserves		180,823	172,972
		<hr/>	<hr/>
		199,477	191,626
Non-controlling interests		–	(48)
		<hr/>	<hr/>
Total equity		199,477	191,578
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent										
	Share capital	Other capital reserve	Share premium reserve	Statutory surplus reserve	Merger reserve	Awarded share reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 (audited)	18,654	(1,152)	79,095	15,368	28,877	239	(1,548)	52,093	191,626	(48)	191,578
Profit for the period	-	-	-	-	-	-	-	7,757	7,757	-	7,757
Other comprehensive income for the period:											
Exchange differences on currency translation	-	-	-	-	-	-	30	-	30	-	30
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	30	7,757	7,787	-	7,787
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	48	-
Employee share award schemes – value of employee services	-	-	-	-	-	64	-	-	64	-	64
At 30 June 2024 (unaudited)	<u>18,654</u>	<u>(1,152)</u>	<u>79,095</u>	<u>15,368</u>	<u>28,877</u>	<u>303</u>	<u>(1,518)</u>	<u>59,850</u>	<u>199,477</u>	<u>-</u>	<u>199,477</u>

For the six months ended 30 June 2023

	Attributable to owners of the parent										
	Share capital	Other capital reserve	Share premium reserve	Statutory surplus reserve	Merger reserve	Awarded share reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022 (audited)	18,654	(1,152)	78,889	14,736	28,877	288	(1,747)	46,588	185,133	(1)	185,132
Profit for the period	-	-	-	-	-	-	-	6,430	6,430	(48)	6,382
Other comprehensive income for the period:											
Exchange differences on currency translation	-	-	-	-	-	-	(470)	-	(470)	-	(470)
Total comprehensive income/ (loss) for the period	-	-	-	-	-	-	(470)	6,430	5,960	(48)	5,912
Release of vested awarded shares	-	-	-	-	-	122	-	-	122	-	122
At 30 June 2023 (unaudited)	<u>18,654</u>	<u>(1,152)</u>	<u>78,889</u>	<u>14,736</u>	<u>28,877</u>	<u>410</u>	<u>(2,217)</u>	<u>53,018</u>	<u>191,215</u>	<u>(49)</u>	<u>191,166</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,377	7,008
Adjustments for:			
Depreciation of property, plant and equipment	6	113	116
Depreciation of right-of-use assets	6	1,618	1,876
Amortisation of other intangible assets		110	110
Bank interest income	5	(154)	(165)
Recognition of impairment losses on financial and contract assets		1,355	(313)
Employee share award schemes – value of employee services		65	122
Foreign exchange losses, net		914	2,151
Finance costs	8	1,142	1,351
		12,540	12,256
Increase in inventories		(42,787)	(16,010)
Increase in trade and bills receivables		(8,276)	(63,616)
Decrease in prepayments, deposits and other receivables		47,859	21,451
Decrease in contract assets		336	1,248
Increase in trade payables		35,571	13,906
(Decrease)/increase in other payables and accruals		(172)	259
Increase/(decrease) in contract liabilities		126,622	(7,068)
Decrease/(increase) in pledged deposits		9,096	(5,997)
Cash generated from/(used in) operations		180,789	(43,571)
Income tax paid		–	(659)
Net cash flows from/(used in) operating activities		180,789	(44,230)

	<i>Notes</i>	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(12)	(16)
Purchases of financial assets at fair value through profit or loss		–	5,050
Interest received	5	<u>154</u>	<u>165</u>
Net cash flows (used in)/from investing activities		<u>142</u>	<u>5,199</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		20,003	146,897
Repayment of bank and other borrowings		(34,232)	(116,991)
Principal and interest elements of lease payments		(746)	(2,502)
Interest paid		<u>(1,006)</u>	<u>(1,217)</u>
Net cash flows (used in)/from financing activities		<u>(15,981)</u>	<u>26,187</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of period		5,643	55,256
Effect of foreign exchange rate changes, net		<u>(869)</u>	<u>(3,011)</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		<u>169,724</u>	<u>39,401</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 4 September 2018. The registered office of the Company is located at 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2024, the principal activities of the subsidiaries comprised provision of IT infrastructure services, IT implementation and supporting services, cloud and AI services in the Chinese Mainland.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

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

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has three reportable operating segments as follows:

- IT infrastructure services: Assessing customers' needs and their existing IT environment and providing IT infrastructure services by advising them on the suitable hardware and/or software products that their IT environment would require and procuring the relevant hardware and/or software products from IT products vendors and installing these IT products in customers' IT environment.
- IT implementation and supporting services: (i) design of IT solutions, (ii) development and/or implementation of solution-based software and/or hardware products and (iii) provision of technical and maintenance supporting services.
- Cloud and AI services: Offering design, management and technical support for using cloud platforms which include self-developed cloud platform and other third party cloud platforms.

Revenue and expense are allocated to the reportable segments with reference to revenue generated by those segments and the expense incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred during the periods ended 30 June 2023 and 2024. The Group's other income and expense items, such as administrative expense, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, depreciation and amortisation, interest income and interest expense is presented.

Information regarding the Group's reportable segments as provided to the Group's management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below:

	Six months ended 30 June 2024			
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud and AI services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Reportable segment revenue	147,126	67,186	289,272	503,584
Reportable segment cost of sales	<u>(131,910)</u>	<u>(48,096)</u>	<u>(261,743)</u>	<u>(441,749)</u>
Reportable segment gross profit	<u>15,216</u>	<u>19,090</u>	<u>27,529</u>	<u>61,835</u>
	Six months ended 30 June 2023			
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud and AI services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Reportable segment revenue	161,075	166,640	146,486	474,201
Reportable segment cost of sales	<u>(144,523)</u>	<u>(141,952)</u>	<u>(134,685)</u>	<u>(421,160)</u>
Reportable segment gross profit	<u>16,552</u>	<u>24,688</u>	<u>11,801</u>	<u>53,041</u>

5. REVENUE AND OTHER INCOME AND GAINS

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June 2024			Six months ended 30 June 2023		
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud and AI services <i>RMB'000</i> (Unaudited)	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud and AI services <i>RMB'000</i> (Unaudited)
Type of services						
Sale of software and/or hardware products and related services	147,126	-	-	161,075	-	-
Sale of solution-based software and/or hardware products and related services	-	25,802	-	-	63,796	-
IT supporting and maintenance services	-	8,596	-	-	14,598	-
IT design and implementation services	-	32,788	-	-	88,246	-
Cloud solution services	-	-	285,644	-	-	141,992
Cloud platform design services	-	-	3,628	-	-	4,494
Total	147,126	67,186	289,272	161,075	166,640	146,486
Geographical markets						
Chinese Mainland	144,579	60,745	283,909	154,776	166,640	146,486
Hong Kong	2,547	6,441	5,363	6,299	-	-
Total	147,126	67,186	289,272	161,075	166,640	146,486
Timing of revenue recognition						
At a point in time	147,126	25,802	-	161,075	63,796	-
Over time	-	41,384	289,272	-	102,844	146,486
Total	147,126	67,186	289,272	161,075	166,640	146,486
Six months ended 30 June						
2024						
2023						
<i>RMB'000</i>						
<i>RMB'000</i>						
(Unaudited)						
(Unaudited)						
Other income						
Bank interest income				154		165
Government grants – related to income				820		3,659
Total				974		3,824

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	441,749	416,502
Depreciation of property, plant and equipment	113	116
Depreciation of right-of-use assets	1,618	1,876
Lease payments not included in the measurement of lease liabilities	49	252
Research and development expenses	22,975	26,613
Tax surcharges	555	568
	<hr/>	<hr/>
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	30,632	26,378
Pension scheme contributions	5,455	3,474
	<hr/>	<hr/>
Total	36,087	29,852
	<hr/>	<hr/>
Foreign exchange differences, net*	914	2,151
Impairment of trade and bills receivables	1,392	(122)
Impairment of contract assets	(37)	(191)
	<hr/>	<hr/>

* Included in "Other income and gains" or "Other expense" in profit or loss.

7. INCOME TAX EXPENSE

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

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any tax in the Cayman Islands.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during periods ended 30 June 2024 and 2023, except for one subsidiary of the Company which is a qualifying entity under the two-tier profit tax rate regime effective from the year of assessment 2024/2023. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Company operating in Chinese Mainland are subject to Corporate Income Tax at a rate of 25% on the taxable income. Preferential tax treatment is available to the Company's operating subsidiaries, Eden Information Service Limited, Dongguan Edensoft Ltd., and Shenzhen Yundeng Technology Ltd., since Eden Information Service Limited was recognised as High Technology Enterprise and was entitled to a preferential tax rate of 15%, and Dongguan Edensoft Ltd. and Shenzhen Yundeng Technology Ltd. were recognised as Micro and Small Company and were entitled to a preferential tax rate of 5% for the first RMB1,000,000 of assessable profits and the remaining assessable profits below RMB3,000,000 are taxed at 10% for the period ended 30 June 2024.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – PRC – charge for the period	–	–
Deferred	<u>(380)</u>	<u>626</u>
Total tax charge for the period	<u>(380)</u>	<u>626</u>

8. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	1,006	1,217
Interest on lease liabilities	<u>136</u>	<u>134</u>
Total	<u>1,142</u>	<u>1,351</u>

9. DIVIDENDS

The Board does not recommend any interim dividends for six months ended 30 June 2024 (2023: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the parent of RMB7.8 million (30 June 2023: RMB6.4 million), and the weighted average number of ordinary shares of 2,044,947,350 (30 June 2023: 2,044,947,350) shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2024 and 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets with a cost of RMB11,574 (30 June 2023: RMB16,199) and disposed of assets with a net carrying amount of nil (30 June 2023: nil).

12. TRADE AND BILLS RECEIVABLES

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables	229,095	209,126
Impairment	(20,186)	(18,774)
	<hr/>	<hr/>
Trade receivables, net	208,909	190,352
Bills receivables	32,018	43,712
	<hr/>	<hr/>
Total	240,927	234,064
	<hr/> <hr/>	<hr/> <hr/>

The Group grants certain credit periods to customers, except for new customers, where payment in advance is normally required. The credit period for specific customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

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

	30 June 2024	31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within 6 months	162,013	154,061
6 to 12 months	37,760	32,959
Over 12 months	29,322	22,106
	<hr/>	<hr/>
Total	229,095	209,126
	<hr/> <hr/>	<hr/> <hr/>

13. TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 30 days	152,542	129,602
31 to 60 days	16,448	8,733
61 to 90 days	4,617	9
Over 90 days	5,507	5,199
Total	<u>179,114</u>	<u>143,543</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. The carrying amounts of the trade payables approximate to their fair values.

14. SHARE CAPITAL

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Issued and fully paid: 2,044,947,350 (2023: 2,044,947,350) ordinary shares of HK\$0.01 each (HK\$)	<u>2,044,947,350</u>	<u>2,044,947,350</u>
Equivalent to RMB	<u>18,654,000</u>	<u>18,654,000</u>

15. PLEDGE OF ASSETS

As at 30 June 2024, the pledged bank deposit amounting to RMB5,319,996.70 were restricted due to the reason of judicial freezing.

16. RELATED PARTY TRANSACTIONS AND BALANCES

(1) Other transactions with related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Banking facilities and borrowings guaranteed by: Ms. Ding Xinyun*	<u>260,000</u>	<u>235,000</u>

* Controlling Shareholder of the Company.

(2) Compensation of key management personnel of the Group including Directors' remuneration:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,648	1,580
Pension scheme contributions	95	79
Total	1,743	1,659

17. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 30 June 2024 and 31 December 2023, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits and bank deposits, trade and bills receivables, financial assets at fair value through profit or loss, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing bank borrowings approximate to their respective carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of lease liabilities has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for lease liabilities as at the end of each of the Relevant Periods were assessed to be insignificant.

18. EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events after 30 June 2024 and up to the date of approval of these financial statements.

19. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 23 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Looking back to the first half of 2024, the Group encountered unprecedented challenges in effectively reaching out to corporate clients as the global economy was sluggish, the domestic economy faced deflation pressure and corporate digitalisation expenditures fell below expectations. Apart from reaching out to clients through different activities, the Group was also expanding the scale of its operations by continuously investing in its capability in cloud service, data and AI technologies in addition to its existing IT infrastructure services. It has implemented an AI + data strategy that combines data and generative AI in order to develop and deliver valuable products and solutions for its clients, create new market demand for digital transformation, and open up new business opportunities for itself.

I. IT Infrastructure Services

The IT infrastructure services provided by the Group in 2024 encompassed all products and services, such as hardware, networking devices, operating systems, data storage and related technical and maintenance services, required by a corporation to build and operate software and applications.

II. IT Implementation and Supporting Services

In the face of the current fiercely competitive environment, businesses across industries are seeking help from IT service providers to accelerate their digital transformation for diverse goals, such as enhancing their operating efficiency and breaking into the market in the fastest and most accurate manner. With years of experience in co-operation with mainstream corporate software product manufacturers across the globe, the Group helps corporate clients to overcome their business challenges by providing them with data and network security solutions, infrastructure solutions and cutting edge office solutions based on its AI-driven tools and comprehensive digital transformation methods.

On 12 March 2024, the Group joined forces with Veeam and Microsoft Surface to hold the “Protecting Excellence and Resilience with Smart Platforms – Veeam Data Security & Microsoft Surface for Business Seminar* (智能平台保障卓越強韌Veeam守衛數據安全&微軟商用Surface研討會)” with huge success. This event was attended by a lot of experts and visionaries from a wide range of industries to discuss the pain points and needs of their businesses with a view to improving data, hardware and equipment security as well as to helping businesses achieve operational stability and sustainability in an AI era.

III. Cloud and AI Services

- *Cloud Services*

As an independent third-party cloud Managed Service Provider (“MSP”), the Group provides corporate clients with domestic basic cloud resources, including Huawei Cloud, Alibaba Cloud and Tencent Cloud, and overseas basic cloud resources, including Microsoft Azure, Amazon Web Services (“AWS”) and Google Cloud Platform (“GCP”), as well as comprehensive cloud solutions such as cloud consulting (雲諮詢), cloud migration (雲遷移), cloud implementation (雲實施), cloud security (雲安全) and hybrid clouds (混合雲), which are designed to help corporate clients accelerate their digital transformation with data. In the past half-year period, the Group’s efforts to improve its ability to provide cloud services have been continuously recognised and lauded by major participants in the cloud field.

From 15 January 2024 to 16 January 2024, the 2024 Huawei Cloud Ecosystem Conference* (華為雲生態大會2024) entitled “New Industry-Leading Development and New Win-Win Ecosystem* (領航新開局，共贏新生態)” was solemnly held in Yunshangtun* (雲上屯) – Huawei Cloud’s data centre in Guian. At the conference, the Group obtained the “Huawei Cloud Excellent Software Partner Award* (華為雲優秀軟體夥伴)” and the “Huawei Cloud MetaStudio Annual Model Partner Award* (華為雲MetaStudio年度標桿夥伴)” attributable to the strong market competitiveness of its products, outstanding technical capability and the servicing ability of its professional team, thereby demonstrating the broad recognition of the Group by Huawei Cloud and a wide range of customers in the software service market.

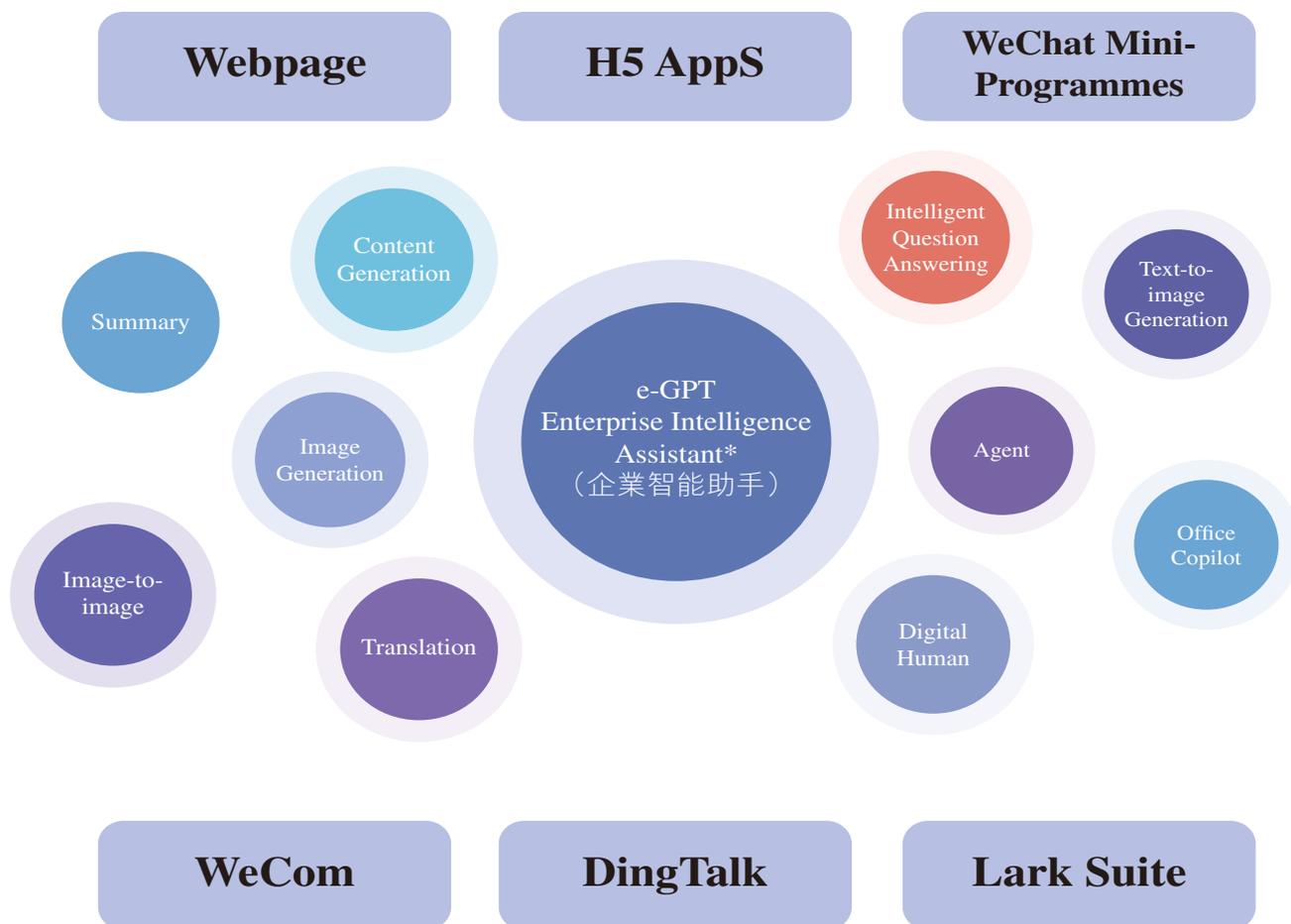
On 23 January 2024, the Group successfully passed the AWS Migration Competency Validation. This competency programme is an AWS Specialisation Programme as well as the highest competency validation in the field of cloud migration that validates partner expertise in building software or delivering services across industries, use cases and workloads. The Group passed the audit of all 34 items on the certification checklist, including AWS cloud migration strategies, migration methods and migration cases, conducted by ISSI, an independent third-party certification body.

After stringent assessment, the “Research and Operational Engineering Technology Research Centre for Domestic Proprietary Infrastructural Basic Cloud in Guangdong Province* (廣東省國產自主化基礎雲研運工程技術研究中心)” established by the Group was recognised in May 2024 as an “Engineering Technology Research Centre of Guangdong Province* (廣東省工程技術研究中心)” thanks to its industry-leading in-house research and development capability, technological innovation ability and comprehensive capacity.

On 19 June 2024, the Group convened an online live seminar entitled “The Journey to Cost Optimisation and LINUX Cloud Migration* (成本優化、LINUX雲遷移之旅)” to explore ways to migrate Linux virtual machines from local machines to Azure.

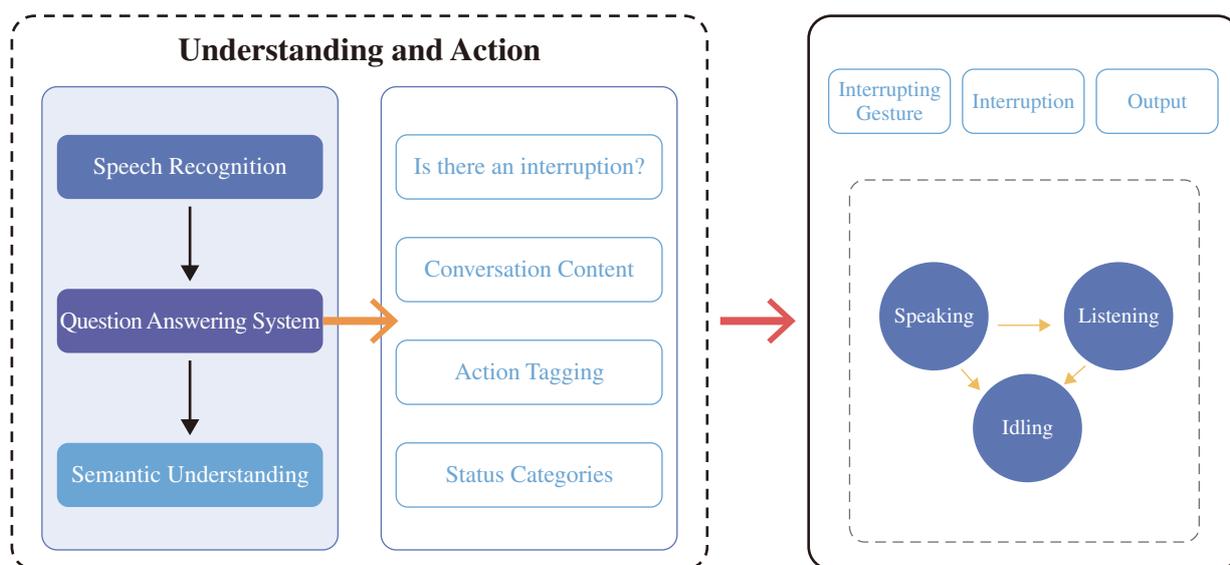
- **AI Services**

In the past two years, generative AI began a new wave of interest in technology. In particular, OpenAI’s ChatGPT, being the forerunner and leader in generative AI, was widely pursued and discussed. As one of the first batch of companies to access OpenAI’s technology, the Group capitalised on its first-mover advantage and in-house technological innovation ability to roll out e-GPT Enterprise Intelligence Assistant* (企業智能助手). e-GPT Enterprise Intelligence Assistant* (企業智能助手) is a commercial enterprise intelligent application platform that supports a wide array of functions, such as AI Agent (AI智能體), digital human (數字人) and private domain knowledge base (私域知識庫). It also supports over 100 AIGC scenarios, including but not limited to content generation, image generation, summary, translation and intelligent question answering. This product can establish user systems subject to the clients’ internal demand, such as rights management, so as to help corporate clients reduce costs, meet efficiency targets and achieve intelligence in the future. It supports ChatGPT Large Language Model (ChatGPT大模型) as well as AWS Claude3 and Tencent-Hunyuan Large Language Model (騰訊混元大模型).



On 16 March 2024, the Group organised an application scenario building competition in respect of AI agent. The competing teams used the AI agent function of Edensoft’s e-GPT Enterprise Intelligence Assistant* (企業智能助手) to build AI assistants specific to office scenarios to enhance efficiency. This competition provided an opportunity for the staff to familiarise themselves with the building of customised ChatGPT. It also allowed the staff to quickly understand commercial scenarios and the building of ChatGPT services in an empirical manner through real-life practices. On 22 March 2024, the Group and Microsoft jointly hosted the Edensoft AI Solutions Product Launch & New OpenAI Technology Application Conference* (伊登AI解決方案發佈會 & OpenAI新技術應用分享). At the conference, experts from the Group explained and demonstrated several AIGC practising and implementation solutions, including Edensoft Large Language Model Solution Application Scenario: VOC (Voices of Customers)* (伊登大模型解決方案應用場景：VOC (客戶之聲)), intelligent marketing solutions and virtual digital human. Guests were also invited to experience the new version of e-GPT Enterprise Intelligence Assistant* (企業智能助手) – v3.0, as well as to study and use AI Agent and Copilot. The conference was filled with enthusiastic guests.

Digital Human Interaction System (數字人交互系統)



On 10 May 2024, Zou Hai (鄒海), a digital marketing expert of the Group, invited big names in the financial and new retail industries to share their practical experience in their respective industries and provide new impetus to corporate digital marketing at a webinar entitled "A New Marketing Strategy Handbook for Financial and New Retail Businesses – Helping Businesses Attract Active Users Using AI Large Language Model (金融、新零售企業的行銷策略新寶典—用AI大模型提升企業拉活)". Experts from the Group shared practical experience in how to explore applications for business scenarios using AI, big data and other tools, as well as how to construct state-of-the-art digital marketing systems with the aim of helping businesses to close deals and improve business efficiency.

On 17 May 2024, Qiu Shuang (邱爽), the deputy general manager of Edensoft and a Tencent Cloud Ecosystem Partner, was invited to Tencent Cloud's generative AI industrial applications summit held in Beijing with a view to co-operating with Tencent Cloud and establishing an AI application ecosystem. At the summit, Tencent Cloud and 17 leading partners, including the Group, in the industry jointly launched a generative AI ecosystem project to introduce generative AI technologies to the whole industry chain and speed up industrial intelligent upgrade. Being an important participant and one of the founding partners in this generative AI ecosystem project, the Group will be able to comprehensively utilise the advanced technologies empowered by Tencent Cloud, coupled with its own considerable experience and expertise in the AI discipline, to deliver first-rate AI products and AI implementation services to a large number of corporate clients.

FUTURE PROSPECTS

It is expected that the market and the economy will continue to face immense downward pressure throughout this year. As such, the Group will focus on carrying out research and development of advanced technologies in the AI, big data, digital transformation and other related fields, developing and delivering valuable products and solutions for its clients, creating new market demand for digital transformation and adapting to the continuous changes in market demand and economic conditions using its AI-driven tools and comprehensive digital transformation methods.

The Group will concentrate on data and AI services of the Cloud business as well as self-developed AI products and industry solutions:

- **Cloud Business**

As a wave of digital upgrade is sweeping from the smart Internet marketing sector, the use of data and AI tools in the cloud to refine marketing has become a major trend for many businesses. In addition to the provision of digital transformation services, the Group is also aware of the needs of its clients to revolutionise their business models. It has expanded into the data and AI disciplines and recruited technical experts in these fields to help clients analyse their business needs, provide best practical cases, formulate digital transformation plans, and evaluate and implement the transformation of the Group's cloud business.

- **Edensoft’s Self-developed Proprietary AI Products and Industry Solutions**

As AIGC becomes increasingly popular, the Group will stay abreast of the latest developments and carry on technological innovations in order to incorporate AI components into its self-developed products and solutions. It has already developed a number of proprietary AI products and industry solutions, which are currently being implemented and put into practice. The Group will continue to optimise and upgrade the application scenarios of its products so as to create competitive and highly-customised solutions that fit perfectly with the needs of its clients.

Edensoft will further exploit the needs of its corporate clients, invest more in technology, implement AIGC application scenarios in collaboration with its clients, explore new AIGC application paradigms in vertical domain, and strive to offer industry-specific application solutions and products.

In July 2024, the Group will attend the World AI Conference and the China-Singapore-ASEAN AI Forum* (中國－新加坡－東盟AI論壇) in Shanghai together with entrepreneurs, senior government officials and other guests from ASEAN, Singapore and beyond in order to thoroughly explore the revolutionary potential of artificial intelligence to promote multilateral cross-border co-operation, expand its share in overseas markets, particularly the Southeast Asia, introduce advanced AI products and digital solutions empowered by the Group to target markets, and, in turn, enhance the Group’s reputation and influence in the international arena.

The Group will insist on driving its business growth and competitiveness with technological innovations, develop valuable and innovative solutions using state-of-the-art domestic and international knowledge, expertise and resources, empower the business development of its corporate clients, strengthen talent grooming in the fields of emerging technologies, and support the sustainable development of the digital economy.

FINANCIAL REVIEW

Revenue

The Group’s revenue for the six months ended 30 June 2024 was approximately RMB503.6 million, representing an increase of approximately RMB29.4 million, or approximately 6.2%, compared to revenue of approximately RMB474.2 million for the same period of last year. The overall increase in revenue was primarily driven by the growth in the cloud and AI services segment compared with the same period of last year.

Cost of sales

Cost of sales of the Group increased by approximately 4.9% from approximately RMB421.2 million for the six months ended 30 June 2023 to approximately RMB441.7 million for the six months ended 30 June 2024. The increase was generally in line with the increase in revenue for the same period.

Gross profit and margin

The following table sets forth a breakdown of gross profit and gross profit margin for the periods indicated:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	503,584	474,201
Cost of sales	(441,749)	(421,160)
Gross profit	61,835	53,041
Gross profit margin (%)	12.3	11.2

The gross profit substantially increased by approximately 16.6%, from approximately RMB53.0 million for the six months ended 30 June 2023 to approximately RMB61.8 million for the six months ended 30 June 2024, which was in line with the increase in revenue for the same period. The gross profit margin increased from approximately 11.2% for the six months ended 30 June 2023 to approximately 12.3% for the six months ended 30 June 2024, primarily due to higher margins in IT implementation and supporting services.

Other income and gains

The other income and gains decreased by approximately 74.5% from approximately RMB3.8 million for the six months ended 30 June 2023 to approximately RMB1.0 million for the six months ended 30 June 2024. Such decrease was primarily due to the absence of a 10% input value added tax deduction benefit that was present in 2023.

Selling and distribution expense

The selling and distribution expense surged by approximately 23.1% from approximately RMB13.2 million for the six months ended 30 June 2023 to approximately RMB16.2 million for the six months ended 30 June 2024. Such increase was mainly due to increased personnel costs incurred in the Reporting Period.

Administrative expense

The administrative expense increased by approximately 10.9% from approximately RMB11.5 million for the six months ended 30 June 2023 to approximately RMB12.8 million for the six months ended 30 June 2024. Such increase was mainly due to increased personnel costs incurred in the Reporting Period.

Research and development expense

The research and development expense increased by approximately 4.6% from approximately RMB22.0 million for the six months ended 30 June 2023 to approximately RMB23.0 million for the six months ended 30 June 2024. Such increase was primarily due to project progress advanced during the Reporting Period.

Other expenses

Other expenses of the Group decreased from approximately RMB2.2 million for the six months ended 30 June 2023 to approximately RMB1.0 million for the Reporting Period, representing a decrease of approximately 55.7%. Such decrease was mainly due to the Group's reduced foreign exchange losses as a result of the smaller volatility in RMB/USD exchange rates in 2024.

Recognition/(reversal) of impairment

The Group recorded an impairment of trade and bills receivables of approximately RMB1.39 million for the Reporting Period due to higher bad debt provisions based on accounts receivable aging, as compared to a reversal of approximately RMB0.12 million for the six months ended 30 June 2023. The impairment of contract assets decreased from approximately RMB0.19 million for the six months ended 30 June 2023 to approximately RMB0.04 million for the Reporting Period.

Finance costs

Finance costs decreased from approximately RMB1.4 million for the six months ended 30 June 2023 to approximately RMB1.1 million for the six months ended 30 June 2024, representing a decrease of approximately 15.5%. Such decrease was due to reduced borrowings and lower interest expenses during the Reporting Period.

Income tax credit

The Group recorded an income tax credit of approximately RMB0.4 million for the Reporting Period, while it recorded an income tax expense of approximately RMB0.6 million for the six months ended 30 June 2023. The increase in the deferred tax credit was primarily due to the increase of provision for the trade receivables in the six months ended 30 June 2024.

Profit for the period attributable to owners of the parent

As a result of the foregoing, the Group recorded a profit for the period attributable to owners of the parent of approximately RMB7.8 million for the Reporting Period, representing an increase of approximately 20.6%, as compared to a profit for the period attributable to owners of the parent of approximately RMB6.4 million for the six months ended 30 June 2023.

PLEDGE OF ASSETS

As at 30 June 2024, pledged bank deposit amounting to approximately RMB5.3 million were restricted due to the reason of judicial freezing in relation to the Lawsuit (as defined in the paragraph headed “Litigation and Contingent Liabilities” in this announcement) and approximately RMB0.7 million to secure acceptance bill and letters of guarantee of the Group (31 December 2023: approximately RMB5.1 million to secure the Group’s acceptance bill, and the assets, 88.0% of the shares in the subsidiary (Dongguan Eden Software Co., LTD.* (東莞市伊登軟件有限公司)) and pledged bank deposit amounting to approximately RMB10.0 million were restricted due to the judicial freezing in relation to other lawsuit of the Group in 2023 which had been settled on 13 April 2024).

CAPITAL EXPENDITURE AND COMMITMENTS

As at 30 June 2024, the Group had capital expenditure amounted to RMB11,574 (31 December 2023: RMB27,000) in relation to the purchase of equipment. The Group had no commitments (31 December 2023: nil), which had been contracted but not provided for as at 30 June 2024.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 30 June 2024, the Group’s prepayments, deposits and other receivables were approximately RMB14.6 million, representing a decrease of approximately 76.6% as compared to approximately RMB62.4 million as at 31 December 2023. The decrease arose primarily because two major supplier agreements were substantially completed during the Reporting Period. Consequently, approximately RMB47.8 million out of the RMB52.1 million installment service fee payable to these suppliers was recognized as cost of sales as at 30 June 2024, reflecting the services rendered.

LITIGATION AND CONTINGENT LIABILITIES

On 17 January 2022, Eden Information Service Limited* (深圳市伊登軟件有限公司) (“**Eden Information**”), one of the Group’s subsidiaries, entered into a software sales agreement with its supplier (the “**Plaintiff**”). The parties were later in dispute over the payment of the contract sum of approximately RMB3.38 million (the “**Sum**”) and the Plaintiff filed a claim with the People’s Court of Nanshan District, Shenzhen City* (深圳市南山區人民法院) against Eden Information (the “**Lawsuit**”) on 30 April 2024.

The Plaintiff also applied to the court to freeze the bank accounts of Eden Information during the legal proceeding of the Lawsuit. As at 30 June 2024, the aggregate of the Sum together with the liquidated damages of approximately RMB5.3 million under the bank accounts of Eden Information have been frozen.

Save as disclosed above, as at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group's current assets were approximately RMB565.3 million (31 December 2023: approximately RMB408.8 million), of which approximately RMB170.0 million (31 December 2023: approximately RMB5.6 million) were cash and cash equivalents and approximately RMB6.0 million (31 December 2023: approximately RMB15.1 million) were time deposits and pledged deposits. As at 30 June 2024, the net asset value of the Group amounted to approximately RMB199.5 million, representing an increase of approximately 4.1% as compared to approximately RMB191.6 million at 31 December 2023.

As at 30 June 2024, the Group's gearing ratio was 20.5% (31 December 2023: 51.0%). Net debt is calculated as interest-bearing bank borrowings, lease liabilities, trade payables, financial liabilities included in other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

As at 30 June 2024, the share capital of the Company was RMB18.7 million (31 December 2023: RMB18.7 million). The Group's consolidated reserves were approximately RMB180.8 million (31 December 2023: RMB173.0 million). As at 30 June 2024, the Group had total current liabilities of approximately RMB386.3 million (31 December 2023: RMB239.5 million), mainly comprising trade payables, other payables and accruals, interest-bearing bank and other borrowings and contract liabilities. The total non-current liabilities of the Group amounted to approximately RMB2.6 million (31 December 2023: RMB4.0 million), which mainly represented lease liabilities.

CAPITAL STRUCTURE OF THE GROUP AND EXCHANGE RATE RISK

The capital structure of the Group consists of debts, which include interest-bearing bank borrowings, lease liabilities, trade payables, financial liabilities included in other payables and accruals. Equity reserves attributable to owners of the parent, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management of the Company, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts. The Group's monetary assets, liabilities and transactions are mainly denominated in RMB. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. The Group is closely monitoring the risk and will apply appropriate hedging instruments when it is needed.

INTEREST RATE RISK

Interest rate risk refers to the risk that the fair value of interest rate risk in relation to fixed rate bank borrowings. The Group is also exposed to cash flow interest rate due to fluctuation of prevailing market interest rate on bank deposits and bank borrowings carried at prevailing market interest rates. The Group however did not engage in any derivatives agreements and did not commit any financial instrument to hedge its interest rate risk during the six months ended 30 June 2024. The management monitors the Group's interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 234 (30 June 2023: 281) employees. Total employee benefit expense (including Directors' remuneration) for the six months ended 30 June 2024 and 2023 were approximately RMB36.1 million and RMB29.9 million, respectively. Remuneration is determined with reference to market level of salaries paid by comparable companies, the respective responsibilities of the individual employee and the performance of the Group. In addition to a basic salary, benefits in kind and discretionary bonuses were offered to those employees according to the assessment of individual performance.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 14 April 2020 to attract and retain the best competent personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. As at 30 June 2024, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed from the Listing Date to 30 June 2024.

SHARE AWARD SCHEME PLAN

The Company adopted a Share Award Plan (the "**Plan**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Unless the context otherwise requires, capitalised terms used in this section shall have the same meanings as those defined in the announcements of the Company dated 9 November 2021, 11 January 2022 and 23 March 2022 in relation to the adoption of the Plan.

Eligible participants of the Plan will be selected by the committee, which comprises Directors and senior management of the Group. The Plan became effective on 9 November 2021 (the "**Adoption Date**") and, subject to any early termination in accordance with the rules of the Plan, the Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date.

According to the Plan, any Award Shares shall either be (i) existing Shares as may be purchased by the Trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued to the Trustee by the Company pursuant to general mandate or specific mandate granted by Shareholders at general meeting(s) of the Company from time to time. The maximum number of Shares to be subscribed for and/or purchased by the Trustee for the purpose of the Plan shall not exceed 10% of the total number of issued Shares as at the Adoption Date (i.e. not exceed 200,000,000 Shares).

On 23 March 2022, the Board has resolved to grant 44,947,350 Award Shares to 42 Selected Participants, all of whom are Employees (i.e. Class (I) Participants), under the Plan (the “**Grantee(s)**”). The Award Shares represent (i) approximately 2.25% of the issued share capital of the Company as at the Adoption Date (i.e. 2,000,000,000 Shares) and (ii) approximately 2.20% of the enlarged issued share capital after the allotment. No funds will be raised from the allotment and issue of the new Shares. Further information will be disclosed in the 2024 interim report.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the Reporting Period (30 June 2023: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the Reporting Period. Save as those disclosed in elsewhere in this announcement, there was no plan for material investments or capital assets as at 30 June 2024.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the securities of the Company for the six months ended 30 June 2024 and up to the date of this announcement (including sale of treasury shares). As of 30 June 2024, the Company did not hold any of treasury shares.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interest of the Shareholders. To accomplish this, save for the deviation from the Code Provision C.2.1, the Company complied with the code provisions set out in the Corporate Governance Code Part 2 – Principles of good corporate governance, code provisions and recommended best practices (the “**CG Code**”) in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) for the six months ended 30 June 2024 and up to the date of this announcement.

Code Provision C.2.1 stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Ding Xinyun (“**Ms. Ding**”), an executive Director, is the chairperson of the Board and the chief executive officer of the Company. In view that Ms. Ding being one of the founders of the Group and has been operating and managing Eden Information, the major operating subsidiary of the Group, since November 2002, the Board believes that the vesting of the roles of chairman and chief executive officer in Ms. Ding is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group.

To the best knowledge of the Directors, there is no financial, business, family or other relationship between the Directors, the chairman and the chief executive officer and the senior management of the Company.

The Directors will continue to review and consider splitting the roles of chairperson and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of them, all Directors confirmed that they had complied with the required dealing standards set out in the Model Code for the six months ended 30 June 2024 and up to the date of this announcement.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 14 April 2020, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D3 of the CG Code as set forth in Appendix C1 to the Listing Rules. The Audit Committee is chaired by Mr. Leung Chu Tung, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, and has two other members, namely Ms. Zhu Weili and Mr. Hou Hsiao Wen. The unaudited condensed consolidated interim results of the Group for the period ended 30 June 2024 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the paragraph headed “Litigation and Contingent Liabilities” in this announcement.

The Lawsuit had its first hearing on 14 August 2024. As the Lawsuit is still in its preliminary stage, the Directors and the management of the Group are of the view that it is difficult to predict with certainty the final outcome of the Lawsuit, and the Group is in the course of assessing the prospects of success of the Lawsuit and the financial effect of the Lawsuit on the Group. As at the date of this announcement, the amount frozen in the Group’s bank account(s) in relation to the Lawsuit has been reduced to approximately RMB4.8 million.

Save as disclosed, there is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.edensoft.com.cn), and the 2024 interim report containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

SUPPLEMENTAL INFORMATION IN RELATION TO THE 2023 ANNUAL REPORT

Reference is made to the annual report (the “**2023 Annual Report**”) for the year ended 31 December 2023 of the Company published on 25 April 2024.

Unless otherwise defined here, definitions and terms used under this sub-heading shall bear the same meanings as defined in the 2023 Annual Report.

The Board would like to add “note 5” on page 31 of the 2023 Annual Report under the sub-paragraph heading “Movements during the year” as follows:

“5. The weighted average closing price of the Company’s issued shares immediately before the dates on which the awards were vested during the year ended 31 December 2023 was HK\$0.070.”

The above supplemental information does not affect any other information contained in the 2023 Annual Report. Save as disclosed herein above, all other information in the 2023 Annual Report remains unchanged.

By Order of the Board
Edensoft Holdings Limited
Ms. Ding Xinyun
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 23 August 2024

As at the date of this announcement, the Board comprises Ms. Ding Xinyun (Chairman and Chief Executive Officer) and Ms. Li Yi as the executive Directors, and Mr. Leung Chu Tung, Ms. Zhu Weili and Mr. Hou Hsiao Wen as the independent non-executive Directors.

The English translation of or any descriptions in Chinese which are marked with “” is for identification purpose only.*