EDENSOFT HOLDINGS LIMITED
伊登軟件控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1147)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2024 was approximately RMB1,132.6 million, representing an increase of approximately 38.9% as compared to that for the year ended 31 December 2023 of approximately RMB815.3 million.

- The Group's gross profit for the year ended 31 December 2024 was approximately RMB112.3 million, representing an increase of approximately 13.3% as compared to that for the year ended 31 December 2023 of approximately RMB99.1 million.

- The profit attributable to owners of the parent for the year ended 31 December 2024 was approximately RMB8.0 million, representing an increase of approximately 30.7% as compared to the profit attributable to owners of the parent for the year ended 31 December 2023 of approximately RMB6.1 million.

- The profit before tax for the year ended 31 December 2024 was approximately RMB7.7 million, representing an increase of approximately 46.3% as compared to the profit before tax for the year ended 31 December 2023 of approximately RMB5.3 million.

- The basic and diluted earnings per share for the year ended 31 December 2024 was approximately RMB0.39 cents, representing an increase of approximately 30.0% as compared to the basic and diluted earnings per share for the year ended 31 December 2023 of approximately RMB0.30 cents.

- The Group recommended the payment of dividend of HK0.18 cents per Share for the year ended 31 December 2024 (2023: nil), which is subject to the approval by the shareholders at the annual general meeting of the Company. The dividend is expected to be payable to the shareholders on or before Monday, 23 June 2025. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 3 June 2025.

The board (the "**Board**") of directors (the "**Director(s)**") of Edensoft Holdings Limited (the "**Company**") is pleased to announce the annual results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2024 (the "**Year**"), together with the comparative figures for the year ended 31 December 2023 as below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	4	**1,132,561**	815,325
Cost of sales		**(1,020,268)**	(716,190)
Gross profit		**112,293**	99,135
Other income and losses		**1,803**	8,644
Selling and distribution expenses		**(33,113)**	(30,679)
Administrative expenses		**(25,651)**	(25,133)
Research and development expenses		**(39,987)**	(35,661)
Other expenses		**(3,320)**	(1,987)
Impairment losses on financial and contract assets, net		**(2,014)**	(6,805)
Finance costs	6	**(2,310)**	(2,250)
PROFIT BEFORE TAX	5	**7,701**	5,264
Income tax credit	7	**320**	826
PROFIT FOR THE YEAR		**8,021**	6,090
Attributable to:			
Owners of the parent		**8,021**	6,137
Non-controlling interests		**–**	(47)
		8,021	6,090
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For profit for the year		**RMB0.39 cents**	RMB0.30 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**8,021**	6,090
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on currency translation	**(445)**	(769)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on currency translation of the parent	**1,443**	968
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**998**	199
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**9,019**	6,289
Attributable to:		
Owners of the parent	**9,019**	6,336
Non-controlling interests	**–**	(47)
	9,019	6,289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**562**	768
Right-of-use assets		**4,650**	9,352
Goodwill		**6,217**	6,217
Other intangible assets		**126**	346
Deferred tax assets		**9,875**	9,514
Total non-current assets		**21,430**	26,197
CURRENT ASSETS			
Inventories		**120,278**	89,790
Trade and bills receivables	10	**182,161**	234,064
Prepayments, deposits and other receivables	11	**21,920**	62,442
Contract assets		**2,792**	1,727
Pledged deposits		**4,826**	15,136
Cash and cash equivalents		**84,239**	5,643
Total current assets		**416,216**	408,802
CURRENT LIABILITIES			
Trade and bills payables	12	**162,093**	143,543
Other payables and accruals		**6,264**	7,585
Contract liabilities		**24,084**	33,596
Interest-bearing bank borrowings		**38,034**	48,232
Lease liabilities		**1,984**	3,218
Tax payable		**3,094**	3,295
Total current liabilities		**235,553**	239,469
NET CURRENT ASSETS		**180,663**	169,333
TOTAL ASSETS LESS CURRENT LIABILITIES		**202,093**	195,530

	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**1,268**	3,865
Deferred tax liabilities	**32**	87
Total non-current liabilities	**1,300**	3,952
Net assets	**200,793**	191,578
EQUITY		
Equity attributable to owners of the parent		
Share capital	**18,654**	18,654
Reserves	**182,139**	172,972
	200,793	191,626
Non-controlling interests	**–**	(48)
Total equity	**200,793**	191,578

NOTES

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the year, the principal activities of the subsidiaries were the provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services in Chinese Mainland.

Under the Listing Rules, as at the date of this announcement, Aztec Pearl Limited, Ms. Ding Xinyun ("**Ms. Ding**") and Green Leaf Development Limited ("**Green Leaf**") are regarded as the Company's controlling shareholders.

Information about subsidiaries

The Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Frontier View Limited	British Virgin Islands	US$1	100	–	Investment holding
Edensoft International Limited	Hong Kong	HK$1	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services
Edensoft Pte. Ltd.	Singapore	SG$2.39	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services
Shenzhen Yundeng Technology Limited (深圳市雲登科技有限公司) ("**Shenzhen Yundeng**")*^	Chinese Mainland	RMB10,000,000	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services
Eden Information Service Limited (深圳市伊登軟件有限公司) ("**Eden Information**")^	Chinese Mainland	RMB30,345,000	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services

Name	Place of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Dongguan Edensoft Limited (東莞市伊登軟件有限公司) ("**Dongguan Edensoft**")^	Chinese Mainland	RMB2,160,000	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services
Shenzhen Heweiteng Technology Limited (深圳市合威騰信息技術有限公司) ("**Shenzhen Heweiteng**")^	Chinese Mainland	RMB1,000,000	–	100	Provision of IT implementation and supporting services and cloud and AI services
Shanghai Eden Yunlian Technology Co., Ltd. (上海市伊登雲聯技術有限公司) ("**Shanghai Yunlian**")	Chinese Mainland	–	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services
Zhengzhou Tengyun Electronic Technology Co., Ltd. (鄭州市騰雲電子科技有限公司) ("**Zhengzhou Tengyun**")	Chinese Mainland	–	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services
Guangzhou Eden Zhisuan Technology Co., Ltd. (廣州市伊登智算技術有限公司) ("**Guangzhou Zhisuan**")	Chinese Mainland	–	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services

* Shenzhen Yundeng is registered as a wholly-foreign-owned enterprise under Chinese Mainland law.

^ The English names of these subsidiaries registered in Chinese Mainland represent the translated names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the Hong Kong Companies Ordinance, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, wealth management products and equity investments which have been measured at fair value. These financial statements are presented in Chinese Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

3. OPERATING 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 product vendors and installing these IT products in customers' IT environment.

– IT implementation and supporting services: (i) the design of IT solutions, (ii) the development and/or implementation of solution-based software and/or hardware products, and (iii) the provision of technical and maintenance supporting services.

– Cloud and AI services: (i) Offering design, management and technical support for using cloud platforms which include the self-developed cloud platform and other third-party cloud platforms, (ii) Providing consulting services and solutions related to AI technology.

Revenue and expenses 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 reporting period. The Group's other income and expense items, such as administrative expenses, 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 is set out below:

	Year ended 31 December 2024			
	IT infrastructure services	**IT implementation and supporting services**	**Cloud and AI services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	**507,888**	**115,581**	**509,092**	**1,132,561**
Reportable segment cost of sales	**(462,101)**	**(93,172)**	**(464,995)**	**(1,020,268)**
Reportable segment gross profit	**45,787**	**22,409**	**44,097**	**112,293**

	Year ended 31 December 2023			
	IT infrastructure services	IT implementation and supporting services	Cloud and AI services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	322,227	233,051	260,047	815,325
Reportable segment cost of sales	(294,571)	(190,270)	(231,349)	(716,190)
Reportable segment gross profit	27,656	42,781	28,698	99,135

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland	**1,063,124**	796,988
Hong Kong	**69,437**	18,337
	1,132,561	815,325

(b) Non-current assets

All non-current assets of the Group (excluding deferred tax assets) are located in Mainland China.

Information about a major customer

Revenue of approximately RMB259,334,000 (2023: RMB163,788,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND LOSSES

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,132,561**	815,325

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

Segments	IT infrastructure services *RMB'000*	IT implementation and supporting services *RMB'000*	Cloud and AI services *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of software and/or hardware products and related services	507,888	–	–	507,888
Sale of solution-based software and/or hardware products and related services	–	54,029	241,123	295,152
IT supporting and maintenance services	–	24,240	–	24,240
IT design and implementation services	–	37,312	–	37,312
Cloud platform design services	–	–	267,969	267,969
Total revenue from contracts with customers	507,888	115,581	509,092	1,132,561
Geographical markets				
Chinese Mainland	496,508	102,244	464,522	1,063,274
Hong Kong	11,380	13,337	44,570	69,287
Total revenue from contracts with customers	507,888	115,581	509,092	1,132,561
Timing of revenue recognition				
Services transferred over time	–	61,552	267,969	329,521
Services transferred at a point in time	507,888	54,029	241,123	803,040
Total revenue from contracts with customers	507,888	115,581	509,092	1,132,561

For the year ended 31 December 2023

Segments	IT infrastructure services *RMB'000*	IT implementation and supporting services *RMB'000*	Cloud and AI services *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of software and/or hardware products and related services	322,227	–	–	322,227
Sale of solution-based software and/or hardware products and related services	–	166,923	252,607	419,530
IT supporting and maintenance services	–	25,584	–	25,584
IT design and implementation services	–	40,544	–	40,544
Cloud platform design services	–	–	7,440	7,440
Total revenue from contracts with customers	322,227	233,051	260,047	815,325
Geographical markets				
Chinese Mainland	309,634	227,824	259,530	796,988
Hong Kong	12,593	5,227	517	18,337
Total revenue from contracts with customers	322,227	233,051	260,047	815,325
Timing of revenue recognition				
Services transferred over time	–	66,128	7,440	73,568
Services transferred at a point in time	322,227	166,923	252,607	741,757
Total revenue from contracts with customers	322,227	233,051	260,047	815,325

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 ***RMB'000***	2023 *RMB'000*
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
IT infrastructure services	**16,134**	6,391
IT implementation and supporting services	**7,434**	6,925
Cloud and AI services	**10,028**	7,432
	33,596	20,748

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of software and/or hardware products and related services

The performance obligation is satisfied upon delivery of the software and/or hardware products and related services and payment is generally due within 30 to 90 days from issuance of the invoices, except for new customers, where payment in advance is normally required. However, management considers the cost of installation services is insignificant and no transaction price is allocated to such services.

Sale of solution-based software and/or hardware products and related integrated services

The performance obligation is satisfied upon delivery of the solution-based software and/or hardware products and related integrated services, and payment is generally due within 30 to 90 days from delivery and customer acceptance, except for new customers, where payment in advance is normally required.

However, management considers the cost of installation services is insignificant and no transaction price is allocated to the services.

IT supporting and maintenance services

The performance obligation is satisfied over time on a straight-line basis as services are rendered and payment is generally due within 30 to 90 days upon completion of the services, except for new customers, where payment in advance is normally required.

Cloud and AI solution services

The performance obligation is satisfied over time on a straight-line basis as services are rendered and payment is generally due within 30 to 90 days upon completion of the services and customer acceptance.

IT design and implementation services and Cloud platform design services

The performance obligation is satisfied over time, using an input method to measure progress towards complete satisfaction of the services, as services are rendered and payment is generally due within 30 to 90 days upon completion of the services and customer acceptance, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**77,308**	10,934
More than one year	**97,468**	217,166
	174,776	228,100

The remaining performance obligations expected to be recognised in more than one year relate to Sale of solution-based software and/or hardware products and related services, IT supporting and maintenance services, IT design and implementation services, Cloud and AI solution services, and Cloud platform design services that are to be satisfied within 3 years. All the other remaining performance obligations are expected to be recognised within one year.

	2024	2023
	RMB'000	*RMB'000*
Other income		
Bank interest income	**362**	381
Government grants – related to income*	**1,302**	1,199
Tax preference**	**181**	7,090
Total other income	**1,845**	8,670
Losses		
Loss on disposal of an associate***	**–**	(24)
Loss on disposal of a subsidiary****	**(42)**	–
Others	**–**	(2)
Total losses	**(42)**	(26)
Total other income and losses	**1,803**	8,644

* Various government grants have been received from local government authorities in the Chinese Mainland as an encouragement for the Group's technological innovation. There are no unfulfilled conditions and other contingencies relating to these grants.

** From 1 January 2023 to 31 December 2023, taxpayers in the living service industries are allowed to enjoy additional 10% of input VAT amount deductible from tax payable. Such additional VAT deduction was recorded as "Other income and losses".

*** In 2023, the company recognized a disposal loss of RMB24,000 due to the liquidation of its associate, Fuzhou Donghu Education Technology.

**** In 2024, the Group and its minority shareholder entered into a sales and purchase agreement, pursuant to which the Group agreed to sell and the minority shareholder agreed to purchase the 80% equity interest in its subsidiary (Shenzhen Shenghan Information Technology), at the consideration of RMB1.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	**2024** **RMB'000**	2023 *RMB'000*
Cost of inventories sold	3	**927,096**	525,920
Cost of services provided	3	**93,172**	190,270
Depreciation of property, plant and equipment		**216**	231
Depreciation of right-of-use assets		**3,002**	3,734
Amortisation of other intangible assets		**220**	220
Auditor's remuneration		**1,120**	1,030
Lease payments not included in the measurement of lease liabilities		**117**	363
Research and development expenses		**39,987**	35,661
Employee benefit expense (including Directors' remuneration):			
Wages and salaries		**40,387**	36,990
Equity-settled share award expense		**148**	157
Pension scheme contributions		**11,027**	11,758
Total		**51,562**	48,905
Foreign exchange differences, net*		**3,192**	1,171
Impairment losses on financial assets and contract assets, net		**2,014**	6,805
Losses on disposal of an associate	4	**–**	24
Write-down of inventories to net realizable value		**2,512**	691
Loss on disposal of a subsidiary	4	**42**	–

* Included in "Other expenses" in profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 **RMB'000**	2023 *RMB'000*
Interest on bank loans	**2,081**	1,956
Interest on lease liabilities	**229**	294
	2,310	2,250

7. INCOME TAX CREDIT

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 operate.

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% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2023: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Pursuant to the Chinese Mainland Income Tax Law and the respective regulations, subsidiaries of the Group operating in Chinese Mainland are subject to Corporate Income Tax at a rate of 25% (2023: 25%) on the taxable income. Preferential tax treatment is available to the Group’s operating subsidiaries, Eden Information, Dongguan Edensoft, Shenzhen Yundeng, Zhengzhou Tengyun and Shenzhen Heweiteng, since Eden Information was recognised as a “High and New Technology Enterprise” and was entitled to a preferential tax rate of 15% (2023: 15%), and Dongguan Edensoft, Shenzhen Yundeng, Zhengzhou Tengyun and Shenzhen Heweiteng were recognised as Micro and Small Companies. Under the 2024 tax regime of Micro and Small Companies, Dongguan Edensoft, Shenzhen Yundeng, Zhengzhou Tengyun and Shenzhen Heweiteng are entitled to a preferential tax rate of 5% (2023: 5%) for the first RMB1,000,000 of assessable profits and the remaining assessable profits below RMB3,000,000 are taxed at 5% (2023: 5%).

The subsidiary of the Group operating in Singapore is subject to the corporate income tax rate of 17% for the year ended 31 December 2024 (2023: 17%).

	2024	2023
	RMB’000	*RMB’000*
Current – Chinese Mainland		
– charge for the year	**96**	(385)
Deferred	**(416)**	(441)
Total tax charge for the year	**(320)**	(826)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**7,701**	5,264
Tax at the statutory tax rate	**1,925**	2,530
Entities subject to lower statutory income tax rates	**(648)**	(956)
Income attributable to an associate	**–**	(3)
Additional deduction for research and development expense	**(3,573)**	(4,218)
Expenses not deductible for tax	**436**	421
Tax losses utilised from previous periods	**–**	148
Adjustments in respect of current tax of previous periods	**–**	(410)
Tax losses not recognised	**1,540**	1,662
Tax charge at the Group's effective tax rate	**(320)**	(826)

Pursuant to the Chinese Mainland Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10% and may be reduced to 5% if certain criteria could be met under the Double Taxation Arrangement (Hong Kong). The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

As at 31 December 2024, no deferred tax (2023: Nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB94,775,000 (2023: RMB83,351,000).

8. DIVIDENDS

The Board recommended a final dividend of HK0.18 cents per ordinary share for the year ended 31 December 2024 (2023: Nil).

The proposed dividend on ordinary shares is subject to approval at the annual general meeting and was not recognised as a liability as at 31 December 2024.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,044,947,350 (2023: 2,044,947,350) in issue during the year.

The effect of shares assumed to have been issued at no consideration has been excluded from the computation of diluted loss per share for the year ended 31 December 2024 as its effects would be anti-dilutive.

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

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**8,021**	6,137

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,044,947,350**	2,044,947,350

10. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**172,328**	209,126
Impairment	**(20,855)**	(18,774)
Trade receivables, net	**151,473**	190,352
Bills receivable	**30,688**	43,712
	182,161	234,064

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 period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 6 months	**123,330**	154,061
6 to 12 months	**19,557**	32,959
Over 12 months	**29,441**	22,106
	172,328	209,126

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

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**18,774**	11,967
Impairment losses	**2,081**	6,807
At end of year	**20,855**	18,774

The increase in the allowance for expected credit losses was mainly due to a net increase in trade receivables which were past due for over 1 year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than three years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Ageing		
	Less than 6 months	**6 to 12 months**	**Over 12 months**	**Total**
As at 31 December 2024				
Expected credit loss rate	**2.20%**	**11.03%**	**54.29%**	**12.10%**
Gross carrying amount *(RMB'000)*	**123,330**	**19,557**	**29,441**	**172,328**
Expected credit losses *(RMB'000)*	**2,715**	**2,157**	**15,983**	**20,855**
As at 31 December 2023				
Expected credit loss rate	2.16%	9.68%	55.43%	8.98%
Gross carrying amount *(RMB'000)*	154,061	32,959	22,106	209,126
Expected credit losses *(RMB'000)*	3,332	3,189	12,253	18,774

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Prepayments	**11,572**	59,432
Deposits and other receivables	**10,348**	3,010
	21,920	62,442

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

12. TRADE AND BILLS PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**154,339**	129,602
31 to 60 days	**3,868**	8,733
61 to 90 days	**1,337**	9
Over 90 days	**2,549**	5,199
	162,093	143,543

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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is an integrated information technology ("**IT**") solutions and cloud and AI services provider in Mainland China. Its business portfolio includes provision of IT infrastructure services, IT implementation and supporting services and cloud and AI services.

The shares of the Company (the "**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of share offer on 13 May 2020 (the "**Listing Date**"). 500,000,000 ordinary Shares of the Company (comprising a public offer of 250,000,000 Shares to the public in Hong Kong and a placing of 250,000,000 Shares to selected professional, institutional and other investors), of an aggregate nominal value of HK$5,000,000, have been offered for subscription at an offer price of HK$0.25 per Share (the "**Listing**"). The Company has adopted the Share Award Scheme (the "**Plan**") on 9 November 2021 and provided supplementary information to Shareholders and potential investors of the Company in relation to eligible participants and plan limit of the Plan on 11 January 2022. On 23 March 2022, the Board has resolved to grant 44,947,350 Award Shares to 42 Selected Participants, all of whom are employees. As at the date of this announcement, the total issued Shares of the Company are 2,044,947,350.

BUSINESS REVIEW AND OUTLOOK

1. Group Business Review

Looking back at 2024, the Group stands at the forefront of technological waves, continuously innovating and cultivating the field of digital transformation. Building on existing IT infrastructure services, we have consistently invested in enhancing core cloud services, data capabilities, and AI technologies. By combining data with generative AI, we create valuable products and solutions for our customers, driving new demands for digital transformation in the market and bringing new opportunities to the Group's business, particularly in the GenAI field, where we have achieved remarkable accomplishments by developing multiple GenAI tools and breakthrough applications. At the same time, as Chinese clients accelerate their overseas expansion, customer internationalization and overseas business development have also become important strategies for the Group, which is actively expanding and laying out overseas business.

(a) Core Cloud Business – Generative AI

As one of the earliest companies to engage with OpenAI technology, the Group has leveraged its technological innovation advantages to launch the **E-AI Enterprise Intelligent Assistant** – a commercial intelligent application platform that supports various AIGC scenarios such as content generation, image generation, summarization, translation, and intelligent Q&A. It also establishes a user system based on internal enterprise needs, such as permission management, helping enterprises achieve cost reduction and efficiency improvement goals while guiding them towards an intelligent future. Meanwhile, global attention to new trends in GenAI is increasing; advanced models represented by DeepSeek are continuously emerging, promoting rapid technological iteration and deepening industry applications. The Group closely monitors and engages with advanced large language models like DeepSeek to timely provide clients with the latest technologies and products.

On 22 March 2024, the Group partnered with Microsoft to hold an Edensoft AI Solutions Launch Conference & OpenAI Technology Application Sharing event. At this conference, our experts explained and demonstrated practical AIGC solutions: applications of Edensoft's large model solutions including VOC (Voice of Customer), marketing intelligence solutions, virtual digital humans, as well as allowing attendees to experience the new version 3.0 of **E-AI Enterprise Intelligent Assistant** and understand how to apply GPTs.

On 17 May 2024, as a partner in Tencent Cloud's ecosystem, Edensoft's Deputy General Manager Qiu, Shuang was invited to attend Tencent Cloud's Generative AI Industry Application Summit held in Beijing to co-create an AI application ecosystem with Tencent Cloud. Tencent Cloud collaborated with Edensoft and 17 other leading industry partners to jointly launch a generative AI ecosystem plan aimed at promoting generative AI technology throughout the industrial chain while accelerating industrial intelligent upgrades. As a key participant in this generative AI ecosystem plan and one of its first partners, Edensoft will fully leverage Tencent Cloud's advanced technology combined with its rich experience and expertise in the AI field to provide high-quality AI products and implementation services for numerous enterprise clients.

In 2024, GenAI achieved breakthrough applications across multiple industries, particularly making significant strides in retail and education sectors. In retail, a U.S.-based shoe company introduced **E-AI Enterprise Intelligent Assistant** as an important tool for enhancing internal efficiency and employee collaboration. This provided comprehensive intelligent support for enterprises significantly optimizing office processes and management efficiency. After successful implementation, the Group also arranged GenAI application training for client employees.

In education, GenAI applications are equally noteworthy. A key provincial university successfully implemented an **Intelligent Knowledge Assessment System** along with personalized learning path design and automated assessment tools that provided students with a more personalized and efficient learning experience. Teachers could leverage AI-generated teaching resources along with real-time data analysis to better understand students' learning progress and needs, allowing them to devise more targeted teaching strategies.

As an independent third-party cloud managed service provider (MSP), the Group not only provides domestic basic cloud resources (Huawei Cloud, Alibaba Cloud, Tencent Cloud) but also overseas basic cloud resources (Microsoft Azure, Amazon AWS, Google GCP). We offer comprehensive cloud solutions including cloud consulting, migration services, implementation services as well as cloud security and hybrid cloud solutions aimed at helping enterprises accelerate their digital transformation efforts. In 2024, our cloud capabilities have continuously gained recognition from major cloud vendors. With booming businesses related to data types and generative AI among others driving growth forward, the company is enhancing product marketing efforts while empowering talent reserves.

From 15 to 16 January 2024, under the theme "Navigating New Beginnings Together for a New Ecosystem", Huawei Cloud's Ecological Conference 2024 kicked off grandly at Huawei Cloud Gui'an Data Center • **Yun Shangtun**. At this conference – thanks to our excellent product market competitiveness outstanding technical strength professional team service capabilities, the Group won awards such as "Huawei Cloud Outstanding Software Partner" along with "Huawei Cloud MetaStudio Annual Benchmark Partner", representing widespread recognition from Huawei Cloud's vast client base within software service markets towards our Group.

On 23 January 2024, the Group successfully passed AWS Migration Competency Validation certification which aims at verifying partners' expertise across industries application scenarios workloads constructing software or delivering services, 34 certification projects including AWS migration strategy methods case studies all passed audits conducted by independent third-party certifying body ISSI.

On 16 March 2024, a competition in Edensoft, centered around GenAI was held focusing on application scenario construction where participating teams utilized features from **E-AI Enterprise Intelligent Assistant** building dedicated office scene-specific assistants aimed at enhancing efficiency, allowing employees grasp personalized GenAI construction through hands-on practice, thereby quickly understanding commercial scenarios & service construction surrounding GenAI.

On 18 November 2024 – Edensoft's professional capabilities within AI were recognized by authorities successfully obtaining two significant Microsoft AI ASP capability certifications (Microsoft Azure's capabilities within AI & Machine Learning; Building & Modernizing AI Applications using Microsoft Azure). This achievement marks a new milestone regarding our support towards clients adopting AI technologies realizing machine learning cognitive service solutions, elevating both technical & service standards further up.

(b) IT Infrastructure Services

The Group's IT infrastructure services encompass everything needed by enterprises for building running software applications, including software, hardware, network components, operating systems, data storage and corresponding technical operation maintenance services.

To enhance market recognition of domestic software, the Group strengthened user education promotion collaborating with Shenzhen Information Vocational Technology College conducting a two-week "Kylin Operating System Application Training" project, bridging theory practice while injecting new vitality into popularizing domestic operating systems' usage. During this two-week course, students deeply understood mastered Kylin OS operations applications, from basic functions to advanced features, providing comprehensive multi-faceted improvements on students' professional skills and practical abilities surrounding domestic operating systems.

In December 2024, the Group signed a "Kunpeng Native Development Cooperation Agreement" alongside Huawei Kunpeng, choosing native development based on Kunpeng jointly creating industry targeted solutions, contributing towards building more complete Kunpeng computing industry ecosystems injecting robust momentum into various industries' digital transformations. Additionally, as an essential member within Huawei Kunpeng ecosystem, our self-developed product "Cloud Document System" stood out during Kunpeng Application Innovation Competition Shenzhen division, winning awards such as "Enterprise Track + HPC Track Excellence Award", "Most Potential Award", "Social Value Award".

(c) IT Implementation Support Services

In today's fiercely competitive environment, enterprises across all sectors seek IT service providers assisting them rapidly complete their digital transformations achieving enhanced operational efficiencies while swiftly accurately entering markets, leveraging experienced global partnerships involving mainstream enterprise level software, utilizing AI-driven tools and comprehensive methodologies surrounding digital transformations, enabling companies resolve pressing challenges they face.

On 12 March 2024, the Group successfully co-hosted “Smart Platform Ensuring Excellence Resilience Veeam Guarding Data Security & Microsoft Commercial Surface Seminar” together with Veeam & Microsoft Surface concluding successfully, gathering experts visionaries from various industries, discussing business pain points needs, ensuring data security hardware device assurance amidst age of artificial intelligence, aiding stable continuous operations for enterprises.

On 10 May 2024, Group Digital Marketing Expert, Zou, Hai conducted an online seminar, inviting industry leaders share practical experiences and discussions around “New Retail Financial Enterprises Marketing Strategy Handbook – Using Large Language Models Enhancing Enterprises’ Engagement”, injecting new momentum into corporate digital marketing strategies. Experts shared insights regarding leveraging tools like AI, Big Data tools exploring mature experiences around business scenario applications, crafting advanced digital marketing systems, helping facilitate transactions, improving overall enterprise benefits.

(d) Group Marketing Construction

To enhance group image, promote long-term development, the group actively participates influential conferences, engaging deeply alongside industry experts, scholars, corporate leaders and policymakers exploring trends innovative technologies, best practices challenges and opportunities faced within respective sectors.

On 6 July 2024, the highly anticipated WAIC 2024 China-Singapore-ASEAN AI Forum concluded successfully at Shanghai World Expo Exhibition Center X Meeting Room, gathering top-tier experts, scholars, leading companies entrepreneurs from China, Singapore, ASEAN nations, jointly discussing future developments collaboration opportunities surrounding artificial intelligence. As a leading vendor specializing in applying artificial intelligence technologies Chairman, **Ding Xinyun** was invited attending multilateral roundtable dialogue titled “How To Cultivate Deep Trust Empower ‘Two-Way Overseas Transformation’ Amongst AI Leaders”, sharing insights regarding AI products. Edensoft, as a Chinese enterprise, currently focuses its business on the mainland China and Hong Kong markets, but it has already begun to expand into the ASEAN market. Chairman emphasizes that ‘win-win’ is an important principle for Chinese enterprises venturing into ASEAN.

From 8 to 10 September, the Fifth Shenzhen International Artificial Intelligence Exhibition (GAIE) under theme "Smartly Creating Future Value Linkage" took place successfully at Shenzhen Convention Center (Futian), as a crucial window showcasing latest achievements and forefront technologies within artificial intelligence sector, this exhibition gathered top global firms experts, scholars, presenting latest advancements widespread applications surrounding artificial intelligence technologies. The group showcased its self-developed flagship products – "**E-AI Enterprise Intelligent Assistant**" and "**Intelligent Drawing Master**", through diverse formats including live demonstrations, thematic forums, product launches, comprehensively displaying innovative outcomes achieved within artificial intelligence domain, further fostering deep exchanges collaborations across various sectors, empowering enterprises through "AI + Data".

During exhibition period, a forum titled "AI Empowering Brand Overseas Forum" occurred on morning 10th September, where Chairman **Ding Xinyun** presented keynote speech entitled "New Engine For Going Global: How AIGC Accelerates Brands' Waves.", using examples from self-developed **E-AI Enterprise Intelligent Assistant** and **Intelligent Drawing Master**, she illustrated effectiveness innovation large model implementations, guiding attendees deepen understanding surrounding large model applications and innovations achievement. Concurrently ceremony unfolded awarding winners recognized outstanding innovations stimulating vitality amongst enterprises, our group received accolades such as "Best AIGC Company" and "Best Artificial Intelligence Service Platform".

2. Merger Acquisition Plans

After going public in July 2020, the company established strategic plans spanning five years encompassing, but not limited solely ways towards strategic investments, mergers acquisitions, accelerating business expansion development, effectively supporting and optimizing structural performance, ensuring sustained growth trajectory. This work is currently being carried out through internal market research and by engaging external professional consulting firms.

3. Future Outlook

With ongoing global economic slowdowns, alongside explosive popularity surrounding GenAI, the group intends continue deepening existing and fundamental business with upward trend, expanding introducing comprehensive suite involving GenAI hardware and software products, targeting niche market, providing competitive customized solutions, initiating following renewal actions:

- ***Future Development Directions Surrounding GenAI: Deep Integration With Emerging Large Language Models and Computing Hardware Solutions Like DeepSeek and NVIDIA***

  Moving forward, the Group will further strengthen collaborations with worldwide leading LLM and hardware manufacturers, like DeepSeek and NVIDIA, taking advantage their dominance within GenAI fields, especially natural language processing, deep learning and big data analytics, accelerating deployment utilization across diverse sectors, simultaneously exploring integration with AI hardware, developing plug-and-play accessible AI solutions, satisfy localized demands arising throughout marketplace.

- ***Industry Structural Adjustments***

  In today's economic landscape, emergence segmentation intensifies competitive pressures faced across industries, thus precise targeting enables better satisfaction specific clientele and gaining competitive edge. During company operations, the group will continually optimize organizational structures, strengths characteristics in respective sectors, aiming improve customer satisfaction, elevate market competitiveness, and promote sustainable growth. Through understanding trends demands environments enabling effective strategy formulation execution and optimizing offerings accordingly.

  The group remains committed driving growth competitiveness via technological innovation, utilizing domestic and international advanced knowledge, skills and resources to develop valuable innovative solution, empowering clients expanding businesses, nurturing emerging tech talent, supporting sustainable development within digital economy, The group seizes opportunities presented by new ventures, pursuing innovation enhancing urban upgrades, dedicated researching advanced technologies like AI, Big Data and other advanced digital transformations technology, addressing evolving market requirements economic shifts, believing fully investing efforts launching GenAI initiatives will allow us shine brightly across future landscapes and promising expansive prospects ahead.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2024 was approximately RMB1,132.6 million, representing an increase of approximately RMB317.2 million, or approximately 38.9%, as compared to revenue of approximately RMB815.3 million for the year ended 31 December 2023. The overall increase in revenue was primarily driven by the revenue growth in the IT infrastructure services segment in the amount of approximately RMB185.7 million and cloud and AI services segment in the amount of RMB249.0 million for the Year, compared with the same period of last year.

Cost of sales

Cost of sales of the Group increased by approximately RMB304.1 million, or approximately 42.5% from approximately RMB716.2 million for the year ended 31 December 2023 to approximately RMB1,020.3 million for the year ended 31 December 2024. The increase was generally in line with the increase in revenue of the Group during the Year.

Gross profit and margin

	2024	2023
	RMB'000	*RMB'000*
Revenue	**1,132,561**	815,325
Cost of sales	**(1,020,268)**	(716,190)
Gross profit	**112,293**	99,135
Gross profit margin *(%)*	**9.9%**	12.2%

The gross profit of the Group increased by approximately RMB13.2 million, or approximately 13.3%, from approximately RMB99.1 million for the year ended 31 December 2023 to approximately RMB112.3 million for the year ended 31 December 2024, which was in line with the increase in revenue of the Group during the Year. The gross profit margin of the Group declined from approximately 12.2% for the year ended 31 December 2023 to approximately 9.9% for the year ended 31 December 2024, primarily due to lower profit margin in cloud and AI services.

Other income and losses

Other income and losses of the Group decreased from approximately RMB8.6 million for the year ended 31 December 2023 to approximately RMB1.8 million for the year ended 31 December 2024, representing a decrease of approximately 79.1%. 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 expenses

The selling and distribution expenses of the Group increased from approximately RMB30.7 million for the year ended 31 December 2023 to approximately RMB33.1 million for the year ended 31 December 2024, representing an increase of approximately 7.9% primarily due to the increased personnel costs incurred for the year ended 31 December 2024.

Administrative expenses

The administrative expenses of the Group increased from approximately RMB25.1 million for the year ended 31 December 2023 to approximately RMB25.7 million for the year ended 31 December 2024, representing an increase of approximately 2.1%. The administrative expenses remained relatively stable for the years ended 31 December 2023 and 2024.

Research and development expenses

The research and development expenses of the Group increased from approximately RMB35.7 million for the year ended 31 December 2023 to approximately RMB40.0 million for the year ended 31 December 2024, representing an increase of approximately 12.1%. Such increase was mainly due to the increased investment in cloud and AI services during the Year.

Other expenses

Other expenses of the Group increased from approximately RMB2.0 million for the year ended 31 December 2023 to approximately RMB3.3 million for the year ended 31 December 2024, representing an increase of approximately 67.1%. Such increase was mainly due to the Group's increased foreign exchange losses as a result of the larger volatility in RMB/USD exchange rates in 2024.

Impairment losses on financial and contract asset

Impairment losses on financial and contract asset of the Group decreased from approximately RMB6.8 million for the year ended 31 December 2023 to approximately RMB2.0 million for the year ended 31 December 2024, representing a decrease of approximately 70.4%. Such decrease was mainly due to the decrease of impairment losses on trade receivables in 2024.

Finance costs

Finance costs of the Group increased from approximately RMB2.3 million for the year ended 31 December 2023 to approximately RMB2.3 million for the year ended 31 December 2024, representing an increase of approximately 2.7%. The finance costs remained relatively stable for the years ended 31 December 2023 and 2024.

Income tax credit

Income tax credit of the Group decreased from approximately RMB0.8 million for the year ended 31 December 2023 to approximately RMB0.3 million for the year ended 31 December 2024, representing a decrease of approximately 61.3%. The decrease was mainly because the Group recorded a current income tax expense of approximately RMB0.1 million for the year ended 31 December 2024, while it recorded a current income tax credit of approximately RMB0.4 million for the year ended 31 December 2023.

Profit for the year

As a result of the foregoing, the Group recorded a profit for the year of approximately RMB8.0 million for the year ended 31 December 2024, representing an increase of approximately 31.7%, as compared to a profit for the year of approximately RMB6.1 million for the year ended 31 December 2023. Such increase was primarily due to (i) the increase of the Group's gross profit, which was in line with the increase in its revenue for the Year; (ii) the decrease of the recognition of impairment losses on financial and contract asset for the Year.

PLEDGE OF ASSETS

As at 31 December 2024, pledged bank deposit amounting to approximately RMB4.8 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 RMB0.35 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 31 December 2024, the Group had capital expenditure amounted to approximately RMB36,000 (31 December 2023: RMB27,000) in relation to the purchase of property, plant and equipment in the PRC. The Group had no commitments (31 December 2023: nil) which had been contracted but not provided for as at 31 December 2024.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2024, the Group's prepayments, deposits and other receivables were approximately RMB21.9 million, representing a decrease of approximately 64.9% 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 Year. Consequently, approximately RMB47.8 million installment service fee payable to these suppliers was recognized as cost of sales as at 31 December 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' 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 RMB3.47 million (the "**Sum**") and the Plaintiff filed a claim with the People' 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 proceedings of the Lawsuit. As at 31 December 2024, the aggregate of the Sum together with the liquidated damages of approximately RMB4.8 million under the bank accounts of Eden Information have been frozen.

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's current assets were approximately RMB416.2 million (31 December 2023: RMB408.8 million), of which approximately RMB84.2 million (31 December 2023: RMB5.6 million) were cash and cash equivalents and approximately RMB4.8 million (31 December 2023: RMB15.1 million) were pledged deposits. As at 31 December 2024, the net asset value of the Group amounted to approximately RMB200.8 million, representing an increase of approximately 4.8% as compared to approximately RMB191.6 million at 31 December 2023. The increase in net asset value in 2024 compared to that of 2023 was primary due to the successful business development of the Group for the year ended 31 December 2024.

As at 31 December 2024, the Group's gearing ratio (calculated by dividing net debt by capital plus net debt) was approximately 38.0% (31 December 2023: 51.0%). Net debt is calculated as interest-bearing bank borrowings, lease liabilities, trade and bills 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 31 December 2024, the share capital of the Company was approximately RMB18.7 million (31 December 2023: RMB18.7 million). The Group's reserves were approximately RMB182.1 million (31 December 2023: RMB173.0 million). As at 31 December 2024, the Group had total current liabilities of approximately RMB235.6 million (31 December 2023: RMB239.5 million), mainly comprising trade and bills payables, interest-bearing bank borrowings, contract liabilities, and other payables and accruals. The total non-current liabilities of the Group amounted to approximately RMB1.3 million (31 December 2023: RMB4.0 million), which mainly represented lease liabilities.

CAPITAL STRUCTURE OF THE GROUP

As at 31 December 2024, the capital structure of the Group consists of (i) debts, which include lease liabilities of approximately RMB3.3 million, trade and bills payables of approximately RMB162.1 million, financial liabilities included in other payables and accruals of approximately RMB1.8 million and interest-bearing bank borrowings of approximately RMB38.0 million; and (ii) equity reserves attributable to owners of the parent of approximately RMB200.8 million, comprising issued share capital and various reserves.

As at 31 December 2024, financial liabilities included in other payables and accruals were non-interest bearing and were repayable within one year. All interest-bearing bank borrowings are repayable within one year. The contractual interest rate on bank borrowings was in line with LPR. LPR, i.e., Loan Prime Rate (貸款市場報價利率), which stood for the loan base rates announced by the National Interbank Lending Centre (全國銀行間同業拆借中心) of Chinese Mainland.

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.

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.

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 year ended 31 December 2024. The management monitors the Group's interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

USE OF PROCEEDS

The Group intends to strengthen the market position and increase its market share by, (i) continuing to strengthen and develop its R&D and IT services capabilities and further expand its cloud services; (ii) expanding its offices and enhancing its services capacity to capture business opportunities in different regions in Chinese Mainland; (iii) establishing technical services centres to further enhance its IT services; (iv) strengthening its marketing efforts and improving its brand recognition; and (v) maintaining fund for performance bond.

After deduction of all related listing expenses and commissions, the net proceeds from the Listing of the Shares on the Stock Exchange amounted to approximately HK$74.0 million. Up to 31 December 2024, the Group has utilised all the net proceeds from the Listing of HK$74.0 million in accordance with the purposes stated in the prospectus of the Company dated 23 April 2020.

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

During the year ended 31 December 2024, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as the future plans or development of the Group's business as disclosed in the paragraphs headed "Business Review" in this Management Discussion and Analysis, there was no specific plan for material investments or capital assets as at 31 December 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group employed a total of 231 (31 December 2023: 253) employees. Total employee benefit expense (including Directors' remuneration) for the years ended 31 December 2024 and 2023 were approximately RMB51.3 million and approximately RMB48.9 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.

EVENTS AFTER THE REPORTING PERIOD

The first hearing and the second hearing of the Lawsuit were heard on 14 August 2024 and 27 February 2025, respectively, with the judgment result still pending.

Save as disclosed above, there is no significant events occurred after the reporting period.

DIVIDEND

The Directors recommended the payment of a final dividend of HK0.18 cents per ordinary share for the Year (the "**Final Dividend**") to shareholders whose names appear on the register of members of the Company on Tuesday, 3 June 2025. Subject to the approval of the shareholders at the forthcoming annual general meeting, it is expected that the Final Dividend will be paid on or before Monday, 23 June 2025 (2023: nil).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and "Share Option Scheme" in the annual report of the Company for the year ended 31 December 2024, at no time during, or as at the end of, the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

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 31 December 2024, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed from the Listing Date to 31 December 2024.

SHARE AWARD 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 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. As of the date of this announcement, it has a remaining life of approximately six years and seven months.

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 and the date of this announcement (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 about the Plan will be disclosed in the annual report of the Company for the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries (including sale of treasury shares) during the year ended 31 December 2024. As of 31 December 2024, the Company did not hold any of treasury share.

CHANGE OF DIRECTORS' AND SENIOR MANAGEMENT'S INFORMATION

Reference is made to the announcement of the Company dated 16 December 2024.

Mr. Hou Hsiao Wen resigned as an independent non-executive Director and ceased to be a member of each of the audit committee and the remuneration committee of the Company with effect from 16 December 2024, and Mr. Cai Jiong has been appointed as an independent non-executive director and a member of each of the audit committee and the remuneration committee of the Company with effect from the same date.

Save as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 as set out below, the Company has complied with the code provisions set out in the Corporate Governance Code in Appendix C1 to the Listing Rules for the year ended 31 December 2024.

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**") is an executive Director, the chairman of the Board and the chief executive officer of the Company. In the view that Ms. Ding is one of the founders of the Group and has been operating and managing Eden Information Service Limited* (深圳市伊登軟件有限公司), 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 of knowledge of Directors, there is no relationship (including financial, business, family or other relationship(s)) between any Directors, chairman, chief executive officer and senior management of the Company.

The Directors will continue to review and consider splitting the roles of chairman 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 Issuers (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 from the Listing Date to 31 December 2024.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Friday, 23 May 2025. A notice convening the meeting will be issued in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive, during which period, no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Monday, 19 May 2025. The record date for determining the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM is Friday, 23 May 2025.

For the purpose of ascertaining the shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Friday, 30 May 2025 to Tuesday, 3 June 2025, both days inclusive, In order to qualify for the final dividend transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F Far East Finance Centre 16 Harcourt Road Hong Kong, no later than 4:30 p.m. on Thursday, 29 May 2025. The record date for determining the entitlement to the final dividend is Tuesday, 3 June 2025. Subject to the approval of Shareholders of the Company at the forthcoming AGM, the final dividend will be paid on or before Monday, 23 June 2025.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

An audit committee of the Board (the "**Audit Committee**") was established on 14 April 2020 with its terms of reference in compliance with the Listing Rules. The Audit Committee consists of three members, namely, Mr. Leung Chu Tung, Ms. Zhu Weili and Mr. Cai Jiong, all being independent non-executive Directors. Mr. Leung Chu Tung currently serves as the chairman of the Audit Committee.

The Audit Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits.

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the consolidated financial results of the Group for the year ended 31 December 2024. The Audit Committee is of the opinion that the consolidated financial results of the Group for the year ended 31 December 2024 complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable requirements and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on the preliminary announcement.

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

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.edensoft.com.cn), and the annual report of the Company for the year ended 31 December 2024 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.

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

Hong Kong, 26 March 2025

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. Cai Jiong as the independent non-executive Directors.

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