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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 2022**

FINANCIAL HIGHLIGHTS

- The Group's unaudited revenue for the six months ended 30 June 2022 was approximately RMB377.5 million, representing a decrease of approximately 20.3% as compared to that of the unaudited revenue for the corresponding period in 2021 of approximately RMB473.7 million.
- The unaudited gross profit of the Group for the six months ended 30 June 2022 was approximately RMB45.8 million, representing a decrease of approximately 14.1% as compared to that of the unaudited gross profit for the corresponding period in 2021 of approximately RMB53.3 million.
- The unaudited profit for the period attributable to owners of the parent for the six months ended 30 June 2022 was approximately RMB5.9 million, representing a decrease of approximately 63.1% as compared to that of the unaudited profit for the period attributable to owners of the parent for the corresponding period in 2021 of approximately RMB16.0 million.
- The unaudited basic and diluted earnings per share attributable to owners of the parent decreased by approximately 62.3% to approximately RMB0.29 cents (30 June 2021: approximately RMB0.77 cents).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (30 June 2021: nil).

The board of directors of the Company (the “**Board**”) 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 2022 together with the unaudited comparative figures for the corresponding period in 2021 as follows:

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

For the six months ended 30 June 2022

	<i>Notes</i>	2022 RMB’000 (Unaudited)	2021 RMB’000 (Unaudited)
REVENUE	5	377,526	473,680
Cost of sales		<u>(331,701)</u>	<u>(420,347)</u>
Gross profit		<u>45,825</u>	<u>53,333</u>
Other income and gains	5	1,119	2,020
Selling and distribution expense		(13,934)	(11,676)
Administrative expense		(13,127)	(10,687)
Research and development expense		(13,969)	(15,410)
Other expense		(504)	7
Impairment losses on financial and contract assets, net		(38)	(238)
Finance costs	8	(533)	(147)
Share of profits of an associate		<u>1,533</u>	<u>64</u>
PROFIT BEFORE TAX	6	<u>6,372</u>	<u>17,266</u>
Income tax expense	7	<u>(476)</u>	<u>(1,270)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>5,896</u>	<u>15,996</u>

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on currency translation		<u>2,362</u>	<u>(625)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		<u>2,362</u>	<u>(625)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT		<u>8,258</u>	<u>15,371</u>
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF PARENT			
– Basic and diluted	10	<u>RMB0.29 cents</u>	<u>RMB0.77 cents</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	851	858
Right-of-use assets		8,759	7,027
Goodwill		6,217	6,217
Other intangible assets		676	788
Investment in an associate		1,987	454
Deferred tax assets		860	594
		<hr/>	<hr/>
Total non-current assets		19,350	15,938
CURRENT ASSETS			
Inventories		65,043	54,312
Trade and bills receivables	12	169,233	140,875
Prepayments, deposits and other receivables		12,660	15,486
Financial assets at fair value through profit or loss		5,000	–
Contract assets		1,648	3,455
Time deposits and pledged deposits		5,050	25,364
Cash and cash equivalents		74,315	120,756
		<hr/>	<hr/>
Total current assets		332,949	360,248
CURRENT LIABILITIES			
Trade payables	13	104,517	123,326
Other payables and accruals		10,959	9,762
Contract liabilities		8,960	22,888
Interest-bearing bank borrowings		–	–
Lease liabilities		4,060	4,421
Tax payable		5,058	5,312
		<hr/>	<hr/>
Total current liabilities		133,554	165,709
		<hr/>	<hr/>
NET CURRENT ASSETS		199,395	194,539
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		218,745	210,477
		<hr/>	<hr/>

		30 June	31 December
		2022	2021
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT LIABILITY			
Lease liabilities		4,235	1,876
Deferred tax liabilities		170	197
		<hr/>	<hr/>
Total non-current liabilities		4,405	2,073
		<hr/>	<hr/>
Net assets		214,340	208,404
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	18,654	18,289
Reserves		195,686	190,115
		<hr/>	<hr/>
Total equity		214,340	208,404
		<hr/> <hr/>	<hr/> <hr/>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 (note 14)	Other capital reserve RMB'000	Share premium reserve RMB'000	Statutory surplus reserve RMB'000	Merge reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 31 December 2021 (audited)	18,289	(1,152)	81,273	14,736	28,877	(7,977)	74,358	208,404
Profit for the period	-	-	-	-	-	-	5,896	5,896
Other comprehensive income for the period:								
Exchange differences on currency translation	-	-	-	-	-	2,362	-	2,362
Total comprehensive income for the period	-	-	-	-	-	2,362	5,896	8,258
Issue of shares for Award Shares	365	-	(365)	-	-	-	-	-
Employee share award schemes-value of employee services	-	-	757	-	-	-	-	757
Cash dividends	-	-	-	-	-	-	(3,079)	(3,079)
At 30 June 2022 (unaudited)	18,654	(1,152)	81,665	14,736	28,877	(5,615)	77,175	214,340

For the six months ended 30 June 2021

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 (note 14)	Other capital reserve RMB'000	Share premium reserve RMB'000	Statutory surplus reserve RMB'000	Merge reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 31 December 2020 (audited)	18,289	(1,152)	81,273	12,157	28,877	(6,051)	57,503	190,896
Profit for the period	-	-	-	-	-	-	15,996	15,996
Other comprehensive income for the period:								
Exchange differences on currency translation	-	-	-	-	-	(625)	-	(625)
Total comprehensive income for the period	-	-	-	-	-	(625)	15,996	15,371
Transfer from retained profits	-	-	-	1,765	-	-	(1,765)	-
At 30 June 2021 (unaudited)	18,289	(1,152)	81,273	13,922	28,877	(6,676)	71,734	206,267

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,372	17,266
Adjustments for:			
Depreciation of property, plant and equipment	6	118	221
Depreciation of right-of-use assets	6	1,630	2,039
Amortisation of other intangible assets	6	112	110
Gain on financial assets at fair value through profit or loss	5	–	–
Share of profits of an associate		(1,533)	(64)
Bank interest income	5	(260)	(248)
Recognition of impairment losses on financial and contract assets		39	238
Employee share award schemes – value of employee services		757	–
Finance costs	8	533	147
		7,768	19,709
Decrease/(increase) in inventories		(10,731)	19,628
Increase in trade and bills receivables		(28,397)	(30,287)
(Increase)/decrease in prepayments, deposits and other receivables		2,826	(7,938)
Decrease in contract assets		1,807	1,729
Increase in trade payables		(18,809)	11,865
Decrease in other payables and accruals		(849)	(1,398)
Increase in contract liabilities		(13,928)	36,446
Decrease in pledged deposits		6,502	–
Cash generated from operations		(53,811)	49,754
Income tax paid		1,023	(366)
Net cash flows from operating activities		(52,788)	49,388

	<i>Notes</i>	2022 RMB'000 (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(111)	(126)
Purchases of financial assets at fair value through profit or loss		(5,000)	–
Interest received	5	260	248
(Increase)/decrease in pledged deposits		13,812	(4,834)
Net cash flows (used in)/from investing activities		8,961	(4,712)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		31,137	–
Repayment of bank loans and other borrowings		(31,137)	(2)
Principal and interest elements of lease payments		(1,505)	(1,709)
Cash dividends paid to shareholders		(3,079)	–
Interest paid		(392)	(147)
Net cash flows (used in)/from financing activities		(4,976)	(1,858)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of period		120,756	105,313
Effect of foreign exchange rate changes, net		2,362	(625)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		74,315	147,506

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2022

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 2022, the principal activities of the subsidiaries comprised provision of IT infrastructure services, IT implementation and supporting services and cloud services in the Mainland China.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 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 2021.

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 2021, 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKFRS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

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

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2022. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2022, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) “*Annual Improvements to HKFRSs 2018–2020*” sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

HKFRS 9 “Financial Instruments”: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group’s financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

HKFRS 16 “Leases”: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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 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 2022 and 2021. 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 2022 and 2021 is set out below:

	Six months ended 30 June 2022			Total <i>RMB'000</i> (Unaudited)
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud services <i>RMB'000</i> (Unaudited)	
Reportable segment revenue	168,396	91,330	117,800	377,526
Reportable segment cost of sales	(147,130)	(85,338)	(99,233)	(331,701)
Reportable segment gross profit	<u>21,266</u>	<u>5,992</u>	<u>18,567</u>	<u>45,825</u>
	Six months ended 30 June 2021			Total <i>RMB'000</i> (Unaudited)
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud services <i>RMB'000</i> (Unaudited)	
Reportable segment revenue	243,705	95,754	134,221	473,680
Reportable segment cost of sales	(213,724)	(88,325)	(118,298)	(420,347)
Reportable segment gross profit	<u>29,981</u>	<u>7,429</u>	<u>15,923</u>	<u>53,333</u>

5. REVENUE AND OTHER INCOME AND GAINS

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	IT infrastructure services RMB'000 (Unaudited)	IT implementation and supporting services RMB'000 (Unaudited)	Cloud services RMB'000 (Unaudited)	IT infrastructure services RMB'000 (Unaudited)	IT implementation and supporting services RMB'000 (Unaudited)	Cloud services RMB'000 (Unaudited)
Type of services						
Sale of software and/or hardware products and related services	168,396	-	-	243,705	-	-
Sale of solution-based software and/or hardware products and related services	-	56,923	100,304	-	44,116	-
IT supporting and maintenance services	-	3,156	-	-	3,536	-
IT design and implementation services	-	31,251	-	-	48,102	-
Cloud solution services	-	-	16,042	-	-	130,244
Cloud platform design services	-	-	1,454	-	-	3,977
Total revenue from contracts with customers	168,396	91,330	117,800	243,705	95,754	134,221
Geographical markets						
Mainland China	160,997	91,330	117,800	242,836	95,754	134,221
Hong Kong	7,399	-	-	869	-	-
Total revenue from contracts with customers	168,396	91,330	117,800	243,705	95,754	134,221
Timing of revenue recognition						
At a point in time	168,396	56,923	100,304	243,705	44,116	-
Over time	-	34,407	17,496	-	51,638	134,221
Total revenue from contracts with customers	168,396	91,330	117,800	243,705	95,754	134,221
Six months ended 30 June						
2022						
RMB'000						
(Unaudited)						
2021						
RMB'000						
(Unaudited)						
Other income						
Bank interest income				260	248	
Government grants – related to income				839	497	
				1,099	745	
Gains						
Foreign exchange gains, net				-	1,275	
Gain on financial assets at fair value through profit or loss				-	-	
Others				20	-	
				20	1,275	
				1,119	2,020	

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	331,701	420,347
Depreciation of property, plant and equipment	118	221
Depreciation of right-of-use assets	1,630	2,039
Auditor's remuneration	–	130
Lease payments not included in the measurement of lease liabilities	85	164
Research and development expenses	14,048	15,410
Tax surcharges	878	2,120
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	20,204	13,468
Pension scheme contributions	4,033	995
	<u>24,237</u>	<u>14,463</u>
Foreign exchange differences, net*	503	(1,275)
Recognition of impairment losses on trade and bills receivables	38	250
Reversal of impairment losses on contract assets	–	(12)
Share of profits of an associate	(1,533)	(64)
	<u>(1,533)</u>	<u>(64)</u>

* 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 2022 and 2021, 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 2022/2021. 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 Mainland China 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 2022.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – PRC – charge for the period	769	1,300
Deferred	(293)	(30)
	<hr/>	<hr/>
Total tax charge for the period	476	1,270
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8. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	392	(9)
Interest on lease liabilities	141	156
	<hr/>	<hr/>
	533	147
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

	2022	2021
	RMB'000	RMB'000
Proposed final-RMB0.18 cent (2021:Nil) per ordinary share	3,079	–

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 RMB5.9 million (30 June 2021: RMB16.0 million), and the weighted average number of ordinary shares of 2,044,947,350 (30 June 2021: 2,000,000,000) shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2022 and 2021.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of RMB113,996 (30 June 2021: RMB126,000) and disposed of assets with a net carrying amount of nil (30 June 2021: nil).

12. TRADE AND BILLS RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables	160,951	132,488
Impairment	(1,778)	(1,739)
Trade receivables, net	159,173	130,749
Bills receivables	10,060	10,126
	169,233	140,875

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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 6 months	127,376	127,002
6 to 12 months	28,089	3,697
Over 12 months	5,486	1,789
	160,951	132,488

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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 30 days	100,082	113,259
31 to 60 days	867	6,873
61 to 90 days	890	567
Over 90 days	2,678	2,627
	104,517	123,326

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 2022 (Unaudited)	31 December 2021 (Audited)
Issued and fully paid: 2,044,947,350 (2021: 2,000,000,000) ordinary shares of HK\$0.01 each (HK\$)	2,044,947,350.00	20,000,000.00
Equivalent to RMB	18,654,000.00	18,289,000.00

15. RELATED PARTY TRANSACTIONS AND BALANCES

(1) Other transactions with related parties:

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Banking facilities and borrowings guaranteed by: Ms. Ding Xinyun*	30,000	120,000

* Controlling Shareholder of the Company.

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,286	1,668
Pension scheme contributions	104	141
	1,390	1,809

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 30 June 2022 and 31 December 2021, 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.

17. EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events after 30 June 2022 and up to the date of approval of these financial statements.

18. 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 26 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an integrated information technology (“IT”) solutions and cloud services provider in the People’s Republic of China (the “PRC”). Its business portfolio includes provision of IT infrastructure services, IT implementation and supporting services and cloud services.

The shares of the Company (“Shares”) have been listed on the Main Board of 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 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 and for sale at an offer price of HK\$0.25 per Share (the “Listing”). The Company has adopted the Share Award Plan (as defined below) on 9 November 2021 and provided supplementary information to Shareholders and potential investors of the Company in relation to Eligible Participants (as defined below) and Plan Limit (as defined below) of the Share Award Plan on 11 January 2022. On 23 March 2022, the Board has resolved to grant 44,947,350 Award Share (as defined below) to 42 Selected Participants, all of whom are Employees (as defined below). As at the date of this announcement, the Company issued 2,044,947,350 Shares. See the section headed “Share Award Scheme Plan” in this announcement for further details.

Looking back at the first half of 2022, the Group, conforming to the “14th Five-Year Plan” development strategy of the PRC government and the corresponding market development trends, on the one hand, has made achievements in provision of IT infrastructure services and cloud services and development of digital innovation, as well as established new cooperation in certain industry fields in the background of emergence of the Omicron virus variant, which is significantly more infectious than its predecessors, and many business and social activities in the PRC and other countries and regions have been severely disrupted, including the regions where customers of the Group operate, and the Group’s operation and financial conditions have been significantly impacted by the intensified pandemic control restrictions in response to the resurgences of COVID-19 outbreak in the PRC; on the other hand, the Group has been continuously making efforts to promote its talent training strategy, which has laid down a solid foundation for its business innovation and transformation.

For the six months ended 30 June 2022, the Group was principally engaged in the following business activities:

IT infrastructure services

The Group, based on its stable cooperation with certain top global IT products providers, has been continuously enhancing its technological capabilities to provide IT infrastructure services, which comprises of IT systems, network and related hardware and software required to serve as the foundation for building an enterprise IT environment. Such IT environment is able to meet the needs and requirements of the users in connection with, among others, data security, internet security and hardware/software security during their business development and expansion. Benefiting from the development opportunities in the industry and supportive government policies implemented, the Group has been committed to develop its information and innovation business, which includes innovative IT infrastructure software, applications and information security products based on central processing unit and operation system provided by Chinese IT products providers.

The Group has undertaken the major business activities as follows to expand and enhance the Group's Chinese product portfolio:

- *expanding the Group's product portfolio:* the Group has successively introduced new products from certain reputable Chinese IT products providers, which include but is not limited to, network security products and hyper converged infrastructure of Sangfor Technologies Inc.* (深信服科技股份有限公司) in June 2022, enterprise collaboration and management platform of Beijing Feishu Technology Co., Ltd.* (北京飛書科技有限公司) in June 2022, network and data security products of Hangzhou DBAPPSecurity Co., Ltd.* (杭州安恒信息技術股份有限公司) in March 2022 and industrial control security products of Beijing Winicssec Technologies Co., Ltd* (北京威努特技術有限公司) in May 2022; and
- *enhancing the Group's existing products/services:* the Group (i) has enhanced and intend to continuously enhance its training for software engineers and has cooperated with an independent third party, who is one of the leading providers of domestic operating systems in the PRC (“**Kylin Provider**”), to organize three online training seminars in connection with Kylin Operating System (麒麟操作系統) for software engineers during the first half of 2022, wherein 66 participants have obtained certificates issued by China Electronic Information Application Education Centre* (工業和信息化部教育與考試中心) as well as the Kylin Operating System Engineer Certificates issued by KylinSoft Co., Ltd.* (麒麟軟件有限公司) upon completion of the corresponding training courses and passing the examinations until now, proving their professional technical capabilities in this field; and (ii) has entered into a cooperation framework agreement with one of its customers for the supply of Kylin Operating System (麒麟操作系統) with a term of three years in May 2022, in which, the Directors believe will make the Group a favorable position to capture business opportunities in the future.

IT implementation and supporting services

The Group, leveraging multiple technologies, which include but is not limited to, technology in connection with big data, artificial intelligence (“AI”) and internet, helps its customers in various industries facilitate their digital transformation, thereby building an open and win-win IT ecosystem and promoting the construction of internet in various industries.

The Group continues to strengthen the research and development (“R&D”) and promotion of its self-developed products and solutions. Leveraging its in-depth industry experience, the Group, on the one hand, has successfully provided standardized as well as customized new products with its self-owned intellectual property (“IP”) to customers in various industries, such as education, healthcare, retail and manufacturing industries; on the other hand, the Group has integrated and upgraded its existing products and strengthened the R&D of products with strong market demand, including but not limited to softwares, which can increase the productivity, strengthen permission management and improve the function of mobile application. Besides, based on the integration with Eden Data Lake Platform* (伊登數據湖平台), the Group has also carried out the R&D of digital economy talent management platform* (數字經濟人才管理平台) and smart education evaluation products* (智慧教育測評產品). As at 30 June 2022, the Group owned 102 registered software trademarks and one registered patent and had five patents during the application processes in the PRC.

The Group’s customers in various industries benefit from its quality IT implementation and supporting services. For example, the Group has witnessed the increasing demand from its customers for digitalized and informationalized workplaces in recent years, especially for the six months ended 30 June 2022 in the background of resurgences of COVID-19 outbreak in the PRC. These Group’s customers generally, among others, aim to increase the office operation efficiency, simplify their operation and maintenance of their IT systems, enhance their remote delivery and implementation of their services in the PRC as well as to improve their costs management in practice with the help from the Group. Based on the Group’s technological capability and industry experience, the Group has successfully helped its certain customers with aforementioned demand achieve their targets, which has satisfied their requirements or even exceeded their expectations. Thus, the Group has also successfully obtained business opportunities in the industry and enhanced such customers’ loyalty on the Group’s products and services.

Cloud services

For the six months ended 30 June 2022, the Group has made efforts on the development of cloud services and became a Managerial Cloud Services Provider. With the aim of helping enterprise customers accelerate their digital transformation, the Group has provided the cloud services based on, not only, the cooperation with Chinese cloud services providers, including the top three Chinese cloud services providers in terms of their cloud infrastructure services market share in 2021 in the PRC and foreign cloud services providers, including the top two global cloud services providers in terms of their infrastructure-as-a-service market share in 2021 in the world, but also comprehensive solution services in connection with cloud, which included but is not limited to cloud consulting (雲諮詢), cloud migration (雲遷移), cloud implementation (雲實施), cloud security (雲安全) and hybrid cloud (混合雲).

- *development of multi-cloud strategy:* the Group (i) established cooperation with a leading new energy vehicles provider in the PRC for provision of cloud services, which primarily comprises of preliminary consultation, mid-term migration implementation and post-maintenance, based on the Group’s cooperation with a global leading cloud infrastructure and platform services provider, in January 2022; (ii) taking public cloud as the starting point, has achieved cross-industry development in multi-cloud field and is committed to seek close cooperation with small- and medium-sized enterprise customers in IT digital products field; and (iii) won the “2021 HUAWEI Cloud Market Excellent Partner – Best Sales Blue Diamond Award* (2021年度華為雲市場優秀夥伴 – 最佳銷售藍鑽獎)” for its strong market competitiveness, excellent digital industry solutions as well as professional service team in April 2022;
- *development of self-developed cloud products:* eITSM Work Orders Management System* (eITSM工單管理系統), the Group’s self-developed product and with the capabilities of standardizing the workflow of the employees, helping enterprises save operating costs, improving service resource utilization, service quality and customer satisfaction, was successfully launched in the Microsoft Teams store in April 2022;
- *establishment/enhancement of strategical cooperation with other independent third parties in the industry:* (i) the Group entered into a strategic cooperation with Guangdong Yaqi Information Technology Co., Ltd.* (廣東亞齊信息技術股份有限公司) in June 2022 to provide cloud services to government institutions and commercial enterprise customers in various industries based on cooperation of infrastructure-as-a-service, software-as-a-service and IT Application Innovation Digital Archives* (信創數字檔案館); and (ii) in order to jointly explore new business opportunities in the industry and provide leading products/services to help customers in solving problems during their operations, the Group further launched strategic cooperation with Veritas Technologies LLC. in April 2022 and held a meeting together on the theme of “Going Overseas with Smooth Connectivity and Compliance Protection* (暢聯出海，合規護航)” with it in June 2022 to provide enterprise solutions in response to the challenges and opportunities that Chinese enterprises may face when seeking business opportunities overseas, including but not limited to strategic planning, structure deployment, legal compliance and data security;

- *major achievements of the Group in cloud computing:* (i) the Group has established new cooperation with a leading new energy vehicles provider in the PRC in January 2022, by which it has accumulated further experience in providing public cloud services; (ii) two engineers of the Group have been recognised as Professional Cloud Architects by Google Cloud in June 2022, proving their understanding of Google Cloud Platform and capability to design and plan cloud solution architectures; and (iii) four engineers of the Group have been recognised as the Certified Kubernetes Administrators by the Cloud Native Computing Foundation (established in 2015 as a part of Linux Foundation and committed to popularizing and advancing cloud native technologies) in January 2022, proving their sufficient skills, knowledge and competency to operate and manage Kubernetes, which is a widely-used open-source system for automating deployment, scaling and management of containerized applications; and
- *enhancement of the Group’s market position in the industry:* the Company, as the Vice President Company of Shenzhen Digital Economic Industry Promotion Association* (深圳市數字經濟產業促進會), participated in the “Digital Infrastructure High-Quality Development Conference and the First Plenary Meeting of the Digital Infrastructure Branch of the Shenzhen Digital Economic Industry Promotion Association in 2022* (數字基礎設施高質量發展大會暨2022年深圳市數字經濟產業促進會數字基礎設施分會第一次全體會議)” held on in May 2022, wherein Ms. Ding Xinyun, the Chairman of the Group, awarded licenses to three newly-selected Vice President Companies of the Digital Infrastructure Branch.

FUTURE PROSPECTS

The Group believes that its future development must adhere to the principle of “reformation and innovation go hand in hand, affirmation and reflection coexist side by side* (改革與創新同行，肯定與反思並肩)”. Although the COVID-19 brought adverse impacts on the development of market and industry during the first half of 2022, the Group has always forged ahead, adhering to the core subjects of “New Eden, New Dreams* (新伊登、新夢想)” and “Eden Management Strategy 2.0* (伊登2.0管理戰略)”, optimized its enterprise management architecture and accelerated the enterprise information and digital transformation.

Although (i) the industry where the Group operates is getting increasingly competitive; and (ii) COVID-19’s negative impacts on the Chinese macro economy also adversely affect the Group’s business operation and development, the Group will continue strengthening its innovation capacity to cater the on-going changing market demands and economic environment. The Group intends to focus on its self-developed products/services:

- *adjusting product development strategy:* (i) precipitating products based on customized solutions, developing independent brand products and continuously upgrading and optimizing the Group’s products/services; (ii) integrating the existing products, as well as strengthening the R&D of products with strong market demands; and (iii) improving productivity tools, such as workflow engines, permissions management tools and mobile application tools, etc., which, the Group believes, have a wide range of applicable scenarios;
- *focusing on industry fields to create the Group’s own IP:* (i) focusing on education, health care, retail and manufacturing industries to precipitate exclusive IP of Eden industry solutions; (ii) continuing to carry out the R&D of the digital economy talent management platform and the development of smart education evaluation products, as well as combining the products of the Eden Data Lake Platform to realize the integration between the products and industry IP; and (iii) combining peripheral products and with the basis of cooperation with IT solution providers to provide customized solutions, which are competitive and up to the demands and requirements of customers; and
- *introducing consulting services in connection with IT services:* the Group intends to establish cooperation relationship with world-renowned consulting service providers to enhance its execution capabilities and market competitiveness of the Group’s products/services.

Facing the new business opportunities, the Group insists on leading urban upgrading with technological innovation, and devotes itself to the R&D of advanced technologies such as AI, big data and digital transformation. The Group is committed to providing more valuable and considerate services to its customers in the future.

* English translation name is for identification purpose only

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2022 was approximately RMB377.5 million, representing a decrease of approximately RMB96.2 million, or 20.3%, compared to revenue of approximately RMB473.7 million for the same period of last year. The overall decrease in revenue was due to the intensified pandemic control restrictions in response to the resurgences of COVID-19 outbreak.

Cost of sales

Cost of sales of the Group decreased by approximately 21.1% from approximately RMB420.3 million for the six months ended 30 June 2021 to approximately RMB331.7 million for the six months ended 30 June 2022. The decrease was generally in line with the decrease in revenue.

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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	377,526	473,680
Cost of sales	(331,701)	(420,347)
Gross profit	45,825	53,333
Gross profit margin (%)	12.1	11.3

The gross profit decreased by approximately 14.1%, from approximately RMB53.3 million for the six months ended 30 June 2021 to approximately RMB45.8 million for the six months ended 30 June 2022, which was in line with the decrease in revenue. The gross profit margin remained relatively stable at 11.3% for the six months ended 30 June 2021 and 12.1% for the six months ended 30 June 2022, respectively.

Other income and gains

The other income and gains decreased by approximately 44.6% from approximately RMB2.0 million for the six months ended 30 June 2021 to approximately RMB1.1 million for the six months ended 30 June 2022. Such decrease was primarily due to the decrease in foreign exchange gains as a result of exchange rate fluctuations.

Selling and distribution expense

The selling and distribution expense increased by approximately 19.3% from approximately RMB11.7 million for the six months ended 30 June 2021 to approximately RMB13.9 million for the six months ended 30 June 2022. Such increase was primarily due to the increase in sale-related staff cost as a result of the Group's business expansion.

Administrative expense

The administrative expense increased by approximately 22.8% from approximately RMB10.7 million for the six months ended 30 June 2021 to approximately RMB13.1 million for the six months ended 30 June 2022. Such increase was primarily due to (i) the increase of staff expenses of management team and management expenditure for fulfilling the requirements of business expansion; and (ii) the recognition of expenses resulting from the implementation of Share Award Plan adopted on 9 November 2021.

Research and development expense

The research and development expense decreased by approximately 9.4% from approximately RMB15.4 million for the six months ended 30 June 2021 to approximately RMB14.0 million for the six months ended 30 June 2022. Such decrease was primarily due to the delay of acceptance inspection for certain research and development projects as a result of the intensified pandemic control restrictions in response to the resurgences of COVID-19 outbreak.

Finance costs

Finance costs increased from RMB147,267.9 for the six months ended 30 June 2021 to RMB532,872.1 for the six months ended 30 June 2022, representing an increase of approximately 261.8%. Such increase was mainly due to the interest incurred by short-term factoring arrangements with term of approximately five months and four months, respectively, both of which were for supplementing the Group's working capital and have been fully repaid on 24 June 2022.

Income tax expense

Income tax expense decreased by approximately 62.5% from approximately RMB1.3 million for the six months ended 30 June 2021 to approximately RMB0.5 million for the six months ended 30 June 2022. Such decrease was in line with the decrease in revenue.

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 RMB5.9 million for the six months ended 30 June 2022, representing a decrease of approximately 63.1%, as compared to a profit for the period attributable to owners of the parent of approximately RMB16.0 million for the six months ended 30 June 2021.

PLEDGE OF ASSETS

The Group had pledged deposits in the aggregate amount of approximately RMB5.1 million as at 30 June 2022 as a deposit for financing the Group's performance bond for its forthcoming projects or orders (31 December 2021: approximately RMB9.0 million to secure factoring loans and letters of guarantee of the Group).

CAPITAL EXPENDITURE AND COMMITMENTS

As at 30 June 2022, the Group had capital expenditure amounted to RMB0.1 million (31 December 2021: RMB0.2 million) in relation to the purchase of equipment. The Group had no commitments (31 December 2021: nil), which had been contracted but not provided for as at 30 June 2022.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group's current assets were RMB332.9 million (31 December 2021: RMB360.2 million), of which RMB74.3 million (31 December 2021: RMB120.8 million) were cash and cash equivalents and RMB5.1 million (31 December 2021: RMB25.4 million) were time deposits and pledged deposits. As at 30 June 2022, the net asset value of the Group amounted to RMB214.3 million, representing an increase of approximately 2.8% as compared to RMB208.4 million at 31 December 2021.

As at 30 June 2022, the Group's gearing ratio was 16.3% (31 December 2021: 4.7%). 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 2022, the share capital of the Company was RMB18.7 million (31 December 2021: RMB18.3 million). The Group's consolidated reserves were RMB195.7 million (31 December 2021: RMB190.1 million). As at 30 June 2022, the Group had total current liabilities of RMB133.6 million (31 December 2021: RMB165.7 million), mainly comprising trade payables, other payables and accruals and contract liabilities. The total non-current liabilities of the Group amounted to RMB4.4 million (31 December 2021: RMB2.1 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 2022. 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 its market position and increase its market share by: (i) continuing to strengthen and develop the R&D and IT services capabilities and further expand the cloud services; (ii) expanding the offices and enhancing the services capacity to capture business opportunities in different regions in the PRC; (iii) establishing technical services centres to further enhance the IT services; (iv) strengthening the marketing efforts and improving the brand recognition; and (v) maintaining fund for performance bond.

After deduction of all related listing expenses and commissions, the net proceeds from the Listing amounted to approximately HK\$74.0 million. Up to 30 June 2022, the Group has utilised approximately HK\$73.4 million of the net proceeds from the Listing in accordance with the purposes stated in the prospectus of the Company dated 23 April 2020 as follows:

	As stated in Prospectus HK\$'000	Actual use of proceeds from the date of Listing up to 30 June 2022 HK\$'000	Unused amount as at 30 June 2022 HK\$'000	Expected timeline of full utilisation of the remaining net proceeds
Expanding the offices and enhancing the service capacity to capture business opportunities in different regions in the PRC	24,400	23,813	587	By the year ending 31 December 2022
Strengthening and developing the R&D and IT services capabilities and further expanding the cloud services	26,000	26,000	–	–
Maintaining fund for performance bond	12,400	12,400	–	–
Strengthening the marketing effort and improving the brand recognition	3,800	3,800	–	–
Working capital and general corporate purposes	7,400	7,400	–	–
	<hr/>	<hr/>	<hr/>	
Total	<u>74,000</u>	<u>73,413</u>	<u>587</u>	

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed a total of 305 (30 June 2021: 231) employees. Total employee benefit expense (including Directors' remuneration) for the six months ended 30 June 2022 and 2021 were approximately RMB24.2 million and RMB14.5 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 AWARD SCHEME PLAN

References are made to the announcements of the Company dated 9 November 2021, 11 January 2022 and 23 March 2022 in relation to the adoption of share award plan of the Company. Unless the context otherwise requires, capitalized terms used in this section shall have the same meaning as those defined in the aforementioned announcements of the Company.

The Company has adopted a Share Award Plan on the Adoption Date to provide incentives and rewards to eligible participants selected by the committee, comprising Directors and senior management of the Group, who contribute to the success of the Group's operations. On 23 March 2022, the Board has resolved to grant 44,947,350 Award Shares to 42 Selected Participants. The Award Shares represent (i) approximately 2.25% of the issued share capital of the Company as at the Adoption Date; and (ii) approximately 2.20% of the issued share capital of the Company after the allotment and as at the date of this announcement. As at the date of this announcement, the Company issued 2,044,947,350 Shares. No funds will be raised from the allotment and issue of the new Shares.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (30 June 2021: 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 six months ended 30 June 2022. Save as those disclosed in elsewhere in this announcement, there was no plan for material investments or capital assets as at 30 June 2022.

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 2022 and up to the date of this announcement.

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 had complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2022 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 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, 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 10 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 2022 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 14 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 Ms. Zhang Shuo. The unaudited condensed consolidated interim results of the Group for the period ended 30 June 2022 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

Save as disclosed in this announcement, the Group does not have any material event requiring disclosure under the Listing Rules that has taken place subsequent to 30 June 2022 and up to the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2022 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 2022 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and 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 August 2022

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 Ms. Zhang Shuo as the independent non-executive Directors.

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