

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)



**Interim Report
2021**



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Ding Xinyun
(Chairman & Chief Executive Officer)
Ms. Li Yi
Mr. Ling Yunzhi
Ms. Peng Dongping

Independent Non-Executive Directors

Mr. Liang Chi
Mr. Leung Chu Tung
(appointed on 14 May 2021)
Ms. Zhu Weili
(appointed on 20 May 2021)
Ms. Zhang Shuo
(appointed on 25 June 2021)
Mr. Yu Kwok Leung
(resigned on 20 May 2021)
Mr. Ho Ka Chun
(resigned on 14 May 2021)

COMPANY SECRETARY

Ms. Mok Ming Wai
(appointed on 26 April 2021)
Mr. Tsoi Ka Shing
(resigned on 19 April 2021)

AUDIT COMMITTEE

Mr. Leung Chu Tung *(Chairman)*
(appointed on 14 May 2021)
Mr. Liang Chi
Ms. Zhu Weili
(appointed on 20 May 2021)
Mr. Ho Ka Chun
(resigned on 14 May 2021)
Mr. Yu Kwok Leung
(resigned on 20 May 2021)

REMUNERATION COMMITTEE

Ms. Zhu Weili *(Chairman)*
(appointed on 20 May 2021)
Mr. Liang Chi
Mr. Leung Chu Tung
(appointed on 14 May 2021)
Mr. Yu Kwok Leung
(resigned on 20 May 2021)
Mr. Ho Ka Chun
(resigned on 14 May 2021)

NOMINATION COMMITTEE

Mr. Liang Chi *(Chairman)*
Mr. Leung Chu Tung
(appointed on 14 May 2021)
Ms. Zhu Weili
(appointed on 20 May 2021)
Mr. Yu Kwok Leung
(resigned on 20 May 2021)
Mr. Ho Ka Chun
(resigned on 14 May 2021)

AUTHORISED REPRESENTATIVES

Ms. Li Yi
Ms. Mok Ming Wai
(appointed on 26 April 2021)
Ms. Peng Dongping
(appointed on 21 April 2021 and resigned on 26 April 2021)
Mr. Tsoi Ka Shing
(resigned on 19 April 2021)

REGISTERED OFFICE

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands



HEADQUARTERS IN THE PRC

West, 2nd Floor, Building A
Shenzhen International Innovation Center
(Futian Technology Square)
Hua Fu Street, 1006 Shennan Road
Futian District
Shenzhen, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPLIANCE ADVISER

Cinda International Capital Limited
45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law
Eric Chow & Co. in Association with
Commerce & Finance Law Offices
29/F, 238 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKERS

China Merchants Bank
Room No. B1, 1st Floor, Anlian Plaza
No. 4018 Jintian Road
Futian District, Shenzhen, PRC

DBS Bank (Hong Kong) Limited
11th Floor, The Centre
99 Queen's Road Central
Hong Kong

Industrial and Commercial Bank of China
1st Floor, Shenzhou Bairuida Hotel
Long Ping Road, Huawei Base
Bantian, Longgang District
Shenzhen, PRC

STOCK CODE

1147

WEBSITE

www.edensoft.com.cn

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 2021 together with the unaudited comparative figures for the corresponding period in 2020 as follows:

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

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
REVENUE	5	473,680	334,702
Cost of sales		(420,347)	(299,219)
Gross profit		53,333	35,483
Other income and gains	5	2,020	3,253
Selling and distribution expense		(11,676)	(5,285)
Administrative expense		(10,687)	(13,091)
Research and development expense		(15,410)	(5,557)
Other expense		7	(631)
Impairment losses on financial and contract assets, net		(238)	(1,226)
Finance costs	8	(147)	(257)
Share of profits and losses of an associate		64	(305)
PROFIT BEFORE TAX	6	17,266	12,384
Income tax expense	7	(1,270)	(1,964)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		15,996	10,420



	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
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Notes

OTHER COMPREHENSIVE LOSS

Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:

Exchange differences on currency translation

(625)	(171)
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OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX

(625)	(171)
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TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF PARENT

15,371	10,249
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EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF PARENT

– Basic and diluted


10

RMB0.77 cents	RMB0.63 cents
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	11	1,134	1,229
Right-of-use assets		7,978	9,817
Goodwill		6,217	6,217
Other intangible assets		898	1,008
Investment in an associate		725	661
Deferred tax assets		332	330
		<hr/>	
Total non-current assets		17,284	19,262
		<hr/>	
CURRENT ASSETS			
Inventories		40,765	60,393
Trade and bills receivables	12	163,401	133,364
Prepayments, deposits and other receivables		18,562	10,624
Contract assets		1,529	3,246
Pledged deposits and restricted bank deposits		40,523	35,689
Cash and cash equivalents		147,506	105,313
		<hr/>	
Total current assets		412,286	348,629
		<hr/>	
CURRENT LIABILITIES			
Trade payables	13	153,100	141,235
Other payables and accruals		9,367	11,202
Contract liabilities		48,384	11,938
Interest-bearing bank borrowings		–	2
Lease liabilities		3,403	3,944
Tax payable		6,408	5,037
		<hr/>	
Total current liabilities		220,662	173,358
		<hr/>	
NET CURRENT ASSETS		191,624	175,271
		<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES		208,908	194,533
		<hr/>	



		30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
	Notes		
NON-CURRENT LIABILITIES			
Lease liabilities		2,416	3,385
Deferred tax liabilities		225	252
		<hr/>	
Total non-current liabilities		2,641	3,637
		<hr/>	
Net assets		206,267	190,896
		<hr/>	
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	18,289	18,289
Reserves		187,978	172,607
		<hr/>	
Total equity		206,267	190,896
		<hr/>	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

For the six months ended 30 June 2020

	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 2019 (audited)	-	(1,152)	14,806	9,746	28,877	95	43,889	96,261
Profit for the period	-	-	-	-	-	-	10,420	10,420
Other comprehensive loss for the period:	-	-	-	-	-	-	-	-
Exchange differences on currency translation	-	-	-	-	-	(171)	-	(171)
Total comprehensive income for the period	-	-	-	-	-	(171)	10,420	10,249
Issue of shares of the Company	18,289	-	96,016	-	-	-	-	114,305
Business combination under common control	-	-	(29,548)	-	-	-	-	(29,548)
Transfer from retained profits	-	-	-	1,541	-	-	(1,541)	-
At 30 June 2020 (unaudited)	18,289	(1,152)	81,274	11,287	28,877	(76)	52,768	191,267

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		17,266	12,384
Adjustments for:			
Depreciation of property, plant and equipment	6	221	179
Depreciation of right-of-use assets	6	2,039	1,677
Amortisation of other intangible assets	6	110	-
Gain on financial assets at fair value through profit or loss	5	-	(34)
Share of (profits)/losses of an associate		(64)	305
Bank interest income	5	(248)	(82)
Recognition of impairment losses on financial and contract assets		238	1,226
Finance costs	8	147	257
		19,709	15,912
Decrease/(increase) in inventories		19,628	(11,006)
Increase in trade and bills receivables		(30,287)	(17,301)
(Increase)/decrease in prepayments, deposits and other receivables		(7,938)	2,432
Decrease in contract assets		1,729	1,929
Increase in trade payables		11,865	83,295
Decrease in other payables and accruals		(1,398)	(2,345)
Increase in contract liabilities		36,446	670
Cash generated from operations		49,754	73,586
Income tax paid		(366)	(638)
Net cash flows from operating activities		49,388	72,948

	Notes	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(126)	(148)
Proceeds from financial assets at fair value through profit or loss		–	34
Interest received	5	248	82
(Increase)/decrease in pledged deposits		(4,834)	1,211
Net cash (used in)/flows from investing activities		(4,712)	1,179
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares of the Company		–	114,305
Share issue expenses		–	(29,548)
New bank loans		–	15,012
Repayment of bank loans		(2)	(20,652)
Principal payments of lease liabilities		(1,709)	(1,752)
Interest paid		(147)	(259)
Net cash flows (used in)/from financing activities		(1,858)	77,106
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of period		42,818	151,233
Effect of foreign exchange rate changes, net		105,313	23,892
		(625)	(171)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD			
		147,506	174,954



NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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 Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2021, the principal activities of the subsidiaries comprised provision of information technology (“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 2021 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 “**Stock Exchange**”). 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 2020.

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 2020, 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 9, HKAS 39,
HKFRS 7, HKFRS 4, and HKFRS 16
Amendments to HKFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond
30 June 2021 (early adopted)*



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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

During the period ended 30 June 2021, the Group had no interest-bearing bank or other borrowings as at 30 June 2021, therefore no gain or loss has arisen as a result of applying the amendments to these changes.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Coronavirus Disease 2019 (“COVID-19”) pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

During the period ended 30 June 2021, the Group received no rent concession arising as a direct consequence of the COVID-19 pandemic, therefore no impact on financial information of the Group has arisen as a result of applying the amendments to these changes.

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 2021 and 2020. 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 2021 and 2020 is set out below:

	Six months ended 30 June 2021			
	IT			
	IT infrastructure services	implementation and supporting services	Cloud services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(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	29,981	7,429	15,923	53,333
	Six months ended 30 June 2020			
	IT			
	IT infrastructure services	implementation and supporting services	Cloud services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Reportable segment revenue	195,703	54,593	84,406	334,702
Reportable segment cost of sales	(177,156)	(50,419)	(71,644)	(299,219)
Reportable segment gross profit	18,547	4,174	12,762	35,483

5. REVENUE AND OTHER INCOME AND GAINS

Revenue from contracts with customers

Disaggregated revenue information

	Six months ended 30 June 2021			Six months ended 30 June 2020		
	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	243,705	-	-	195,703	-	-
Sale of solution-based software and/or hardware products and related services	-	44,116	-	-	38,895	-
IT supporting and maintenance services	-	3,536	-	-	1,443	-
Cloud solution services	-	-	130,244	-	-	83,392
IT design and implementation services	-	48,102	-	-	14,255	-
Cloud platform design services	-	-	3,977	-	-	1,014
<hr/>						
Total revenue from contracts with customers	243,705	95,754	134,221	195,703	54,593	84,406
<hr/>						
Geographical markets						
Mainland China	242,836	95,754	134,221	186,012	54,593	84,406
Hong Kong	869	-	-	9,691	-	-
<hr/>						
	243,705	95,754	134,221	195,703	54,593	84,406
<hr/>						
Timing of revenue recognition						
At a point in time	243,705	44,116	-	195,703	38,895	-
Over time	-	51,638	134,221	-	15,698	84,406
<hr/>						
Total revenue from contracts with customers	243,705	95,754	134,221	195,703	54,593	84,406
<hr/>						



	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	248	82
Government grants – related to income	497	3,137
	745	3,219
Gains		
Foreign exchange gains, net	1,275	–
Gain on financial assets at fair value through profit or loss	–	34
	1,275	34
	2,020	3,253

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	420,347	299,219
Depreciation of property, plant and equipment	221	179
Depreciation of right-of-use assets	2,039	1,677
Auditor's remuneration	130	130
Rental expenses from short-term leases	164	382
Listing expense	–	7,675
Research and development expenses	15,410	5,557
Tax surcharges	2,120	2,108
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	13,468	7,403
Pension scheme contributions	995	1,258
	14,463	8,661
Foreign exchange differences, net*	(1,275)	584
Recognition of impairment losses on trade and bills receivables	250	1,240
Reversal of impairment losses on contract assets	(12)	(14)
Gain on financial assets at fair value through profit or loss	–	(34)
Share of profits/(losses) of an associate	(64)	305

* 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 2021 and 2020, 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 2021/2020. 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 Income Tax Law of the People's Republic of China (the "PRC") 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 2021.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – PRC – charge for the period	1,300	1,799
Current – Hong Kong – charge for the period	–	312
Deferred	(30)	(147)
	<hr/>	<hr/>
Total tax charge for the period	1,270	1,964
	<hr/>	<hr/>

8. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	(9)	147
Interest on lease liabilities	156	110
	<hr/>	<hr/>
	147	257
	<hr/>	<hr/>

9. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (30 June 2020: nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the parent of RMB16.0 million (30 June 2020: RMB10.4 million), and the weighted average number of ordinary shares of 2,000,000,000 (30 June 2020: 1,634,615,385) shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with a cost of RMB126,000 (30 June 2020: RMB131,000) and disposed of assets with a net carrying amount of nil (30 June 2020: nil).

12. TRADE AND BILLS RECEIVABLES

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	155,715	121,746
Impairment	(1,347)	(1,097)
	<hr/>	<hr/>
Trade receivables, net	154,368	120,649
	<hr/>	<hr/>
Bills receivables	9,033	12,715
	<hr/>	<hr/>
	163,401	133,364
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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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	94,257	93,741
31 to 60 days	9,577	6,380
61 to 90 days	11,610	2,619
Over 90 days	40,271	19,006
	155,715	121,746

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 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	145,527	130,809
31 to 60 days	3,860	7,336
61 to 90 days	399	87
Over 90 days	3,314	3,003
	153,100	141,235

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 2021 (Unaudited)	31 December 2020 (Audited)
Issued and fully paid:		
2,000,000,000 (2020: 2,000,000,000) ordinary shares of HK\$0.01 each (HK\$)	20,000,000.00	20,000,000.00
Equivalent to RMB	18,289,000.00	18,289,000.00

15. RELATED PARTY TRANSACTIONS AND BALANCES

- (1) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

Six months ended 30 June

2021	2020
RMB'000	RMB'000
(Unaudited)	(Unaudited)

An associate:

Sales of products*

– 271

- (2) Other transactions with related parties:

30 June	31 December
2021	2020
RMB'000	RMB'000
(Unaudited)	(Audited)

Banking facilities and borrowings guaranteed by:

Ms. Ding Xinyun**

150,000 100,000

- (3) Balances with related party:

30 June	31 December
2021	2020
RMB'000	RMB'000
(Unaudited)	(Audited)

Due from an associate:

Fuzhou Donghu Education Technology Ltd.

(Fuzhou Donghu) (福州東湖教育科技有限公司)***

– 200

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	1,668	1,544
Pension scheme contributions	141	201
	1,809	1,745

* *The sales to the associate was made according to the published prices and conditions offered to the major customers of the Group, with a credit term of 30 days.*

** *Controlling Shareholder of the Company.*

*** *Included in "Trade and Bills receivables" in the consolidated statements of financial position, which are repayable on credit terms similar to those offered to the major customers of the Group.*

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 30 June 2021 and 31 December 2020, 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 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.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities for which fair values are disclosed:

As at 30 June 2021

	Fair value measurement using			Total RMB'000 (Unaudited)	
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)		
	Interest-bearing bank borrowings	-	-		-

As at 31 December 2020

	Fair value measurement using			Total RMB'000 (Unaudited)	
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)		
	Interest-bearing bank borrowings	-	2		-
					2

During the six months ended 30 June 2021 and year ended 31 December 2020, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the interim period end, on 9 July 2021, the Company entered into the wealth management agreement with Industrial Bank Co. Ltd, pursuant to which, the Company agreed to subscribe for the wealth management products with subscription amount of RMB40.0 million (equivalent to approximately HK\$48.0 million) (the "Subscription"). For more details, please refer to the announcement of the Company dated 12 July 2021.

Save as disclosed above, there were no material subsequent events after 30 June 2021 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 20 August 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is an integrated IT solutions and cloud services provider in 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**”). As at the date of this report, the Company issued 2,000,000,000 Shares.

In the first half of 2021, the Group continuously enhanced its efforts on research and development (“**R&D**”) in IT solution services and cloud services to maintain its competitiveness and increase its market share in the IT services industry. In such a case that there has been improvement in the COVID-19 situation in the PRC where the Group operates in the first half of 2021, the Group has made breakthroughs in its business development and expansion, which laid the foundation for its development and innovations in the long run. Furthermore, benefiting from the enhanced training and incentive policies for its employees, the Group is also able to attract and retain talents, which in turn, further enhances its competitive strengths on talent resources in the industry where it operates.

For the six months ended 30 June 2021, the Group was principally engaged in the following business activities:

IT infrastructure services

The Group continued to diversify and expand its customers base, and deeply explored customers’ demand. It is the top Licensing Solution Provider (“**LSP**”) partner of its largest supplier (“**Supplier A**”), which is a leading United States (“**U.S.**”) based global computer software provider with workforce of approximately 100,000 employees globally. In Southern China (which includes ten provinces and municipalities located in the southern part of China, referring to Hubei, Hunan, Guangdong, Guangxi, Hainan, Chongqing, Sichuan, Guizhou, Yunnan and Tibet), the Group successfully obtained an important cooperation for the provision of software products to an IT services and software company based in Shenzhen, which is primarily engaged in providing technical supporting services with respect to information management, through bidding process in November 2020, and entered into the corresponding framework cooperation agreement at the beginning of 2021.



IT implementation and supporting services

During COVID-19 pandemic, the Group has been able to remotely deliver most of its IT implementation and supporting services to support its customers' telecommuting arrangements, which has met the needs and requirements of the customers. Furthermore, the Group is able to capture the business opportunities and developed a series of customised IT related solutions, such as "Epidemic Control System Cloud Platform" (疫情防控系統雲平台), "Eden New Medical Services System" (伊登新醫療服務系統), "Telecommuting Solutions" (遠程辦公解決方案) and "Remote Health Care Collaboration Solutions" (遠程醫療協作解決方案).

The Group also established its Wuhan Centre in November 2020, focusing on R&D of its products and services, delivery of its products and services to the customers and training of its employees, especially for its technical staff. Benefiting from the establishment of Wuhan Centre, in-house R&D capability and overall service capability of the Group have been improved.

Cloud services

Expansion of cloud services and the Group's self-developed platforms

- The Group's revenue derived from Eastern China, which includes seven provinces and municipalities located in the eastern part of China, referring to Shanghai, Jiangsu, Zhejiang, Jiangxi, Anhui, Fujian and Shandong, increased from approximately RMB10.1 million for the six months ended 30 June 2020 to approximately RMB42.1 million for the six months ended 30 June 2021, representing an increase of approximately 316.0%, which was primarily due to the increase of revenue derived from provision of cloud services in Eastern China. As one of the major development strategies of the Group to penetrate into the local markets of Eastern China, on the one hand, the Group will continuously enhance the efforts of sales and marketing in Eastern China; on the other hand, the Group will further enhance the management of business operation of the branch office in Shanghai to further increase the efficiency of business operation in the same region.
- Leveraging the strategic cooperation relationship with Supplier A, the Group has cooperated with Jiangsu Suzhou Cloud-based Smart Connected Industrial Collaboration and Innovation Centre* (江蘇蘇州雲芯智聯產業協同創新中心) and Jiangsu Jiangyin Cloud and Mobile Technology Incubation and Innovation Centre* (江蘇江陰雲暨移動技術孵化創新中心) to establish their smart online platforms for digitalised and innovative developments in November 2020 and April 2021, respectively. The Group will provide, among others, its products and services, resources-sharing supports for the enterprises in these two industrial parks, and lead the innovation and cooperation among such enterprises, through collaboration with the management of industrial parks and the Group's self-developed platforms. These self-developed platforms primarily comprise the platforms for innovation and R&D, platform for business collaboration, operation services and management platform and platforms for operation of industrial park and IT management services.



Provision of cloud services in different industrial scenarios

- In April 2021, the Group entered into a business cooperation agreement with a company with real estate business based in Guangdong-Hong Kong-Macao Greater Bay Area* (粵港澳大灣區) in respect of a proposed cooperation in the major areas of internet, finance technology, media and telecom and artificial intelligence through provision of the cloud services. Under the business cooperation agreement, the Group is primarily responsible for establishing the client relationship management (“**CRM**”) system for the customer, which primarily includes the functions of (i) sales management; (ii) customer services management; (iii) sales and marketing management; (iv) finance and operation management; and (v) human resources management. The counterparty under this business cooperation agreement is primarily engaged in, among others, operations of real estate projects with nearly 20 years of experience and over three million square metres of quality real estate projects in the Guangdong-Hong Kong-Macao Greater Bay Area.
- In January 2021, the Group entered into a cloud services provision agreement with a chain coffee brand from UK to establish the CRM system for its retail shops in the PRC to enhance, among others, its clients’ management and analysis of the sales and further enhance its efficiency of operation and management.

Awards and certifications of the cloud services

- The Group was awarded the Top Ten Management Innovation Brands of Business Digitalisation* (企業數位化十大管理創新品牌) at “Digital China” 2021 Guangdong-Hong Kong-Macao Greater Bay Area Digital Development Summit* (「點亮數字中國」2021粵港澳大灣區數位化發展高峰論壇) in May 2021.
- The Group and a company listed on the Shenzhen Stock Exchange in the PRC, which is primarily engaged in provision of IT infrastructure and security services, jointly completed the mutual product compatibility certification of Eden Cloud Documents Management System V5.0* (伊登雲文檔管控系統V5.0) with a major series of server systems, namely Optimus DF7 Series* (擎天DF7系列), Optimus EF7 Series* (擎天EF7系列) and Optimus SF7 Series* (擎天SF7系列) (Phytium FT2000+/64+Kylin Server Operating System V10* (飛騰FT2000+/64+銀河麒麟服務器操作系統V10)), in May 2021, and subsequently the Group obtained the corresponding product compatibility certificate in the same month.



FUTURE PROSPECTS

The Group has entered into a new development stage after its listing in 2020. In 2021, the Group revitalised its business by carrying out digital and business scenario innovation, conducting strategic cooperation with third-party complementary enterprises and carrying on human resource development. In particular, the Group successfully entered into the following strategic talent development cooperation agreements with several local governments, tertiary institutions and organisations in the PRC in the first half of 2021 to explore corporate development opportunities in the future and realise development of both the enterprise and the staff:

- In February 2021, the Group was recognised as a Graduate Internship Base in Futian District* (福田區大學生實習基地) by the Human Resource Bureau* (人力資源局) of Futian District, Shenzhen. To supply the society with professionals of high calibre, diversified internship opportunities and a high quality internship platform were provided to graduates and students of different tertiary institutions in Shenzhen, and an effective collaborative system to promote special talent training and development was established.
- In 23 April 2021, a contract signing and plaque granting ceremony for the cooperation between the Group and the Department of Computer Science of Central China Normal University (華中師範大學) was held at the Wuhan Centre of the Group. This cooperation agreement will facilitate school-enterprise integration, provide collaboration opportunities for schools and enterprises with different modes and in different disciplines, realise the seamless integration and optimal allocation of educational and business resources, and create a new school-enterprise integration model, thereby turning a new page of school-enterprise cooperation. The Group aims to engage in comprehensive cooperation with Central China Normal University in the future.
- The Group was also nominated by the Science, Technology and Innovation Bureau* (科技創新局) of Futian District, Shenzhen to join the 19th Conference on International Exchange of Professionals (第十九屆中國國際人才交流大會) and the 2021 Conference IT School-Enterprise Cooperation in China (2021中國IT產業校企合作大會) held in April 2021. In pursuit of corporate development opportunities in the future, the Group adhered to its talent-oriented strategy and continued to reinforce the team of employees full of talent in the first half of 2021.
- In May 2021, the Group, Wuhan College (武漢學院) and the East China University of Technology (東華理工大學) came to a preliminary understanding to jointly establish a school-enterprise cooperative internship and employment base.

With nearly 20 years of industry experience as well as the professional technical capabilities, the Group will continue strengthening its cooperation with long-term customers and partners so as to reinforce its existing markets while vigorously expanding in the PRC with the aim to serve more customers.



Looking forward, the Group will bolster its core competitive strengths and improve its IT infrastructure services while accelerating the development of its in-house innovation businesses, including cloud services, by enhancing its efforts in, among others, AI, Internet of Things and other high technology fields, offering innovative business models to different industries, and providing more quality products and sophisticated services to its clients. The management is confident of steadily enhancing the Group's operating results and creating greater value for all shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 June 2021 was approximately RMB473.7 million, representing an increase of approximately RMB139.0 million, or 41.5%, compared to revenue of approximately RMB334.7 million for the same period of last year. The overall increase in revenue was due to the expansion of its IT infrastructure services, IT implementation and supporting services and cloud services, primarily as a result of the Group's overall business expansion in the PRC, especially for its increased efforts in expanding the cloud services in the Eastern China.

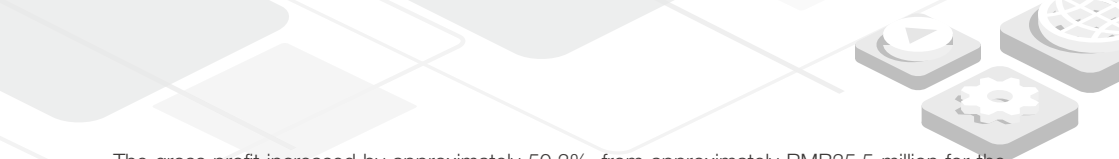
Cost of sales

Cost of sales of the Group increased by approximately 40.5% from approximately RMB299.2 million for the six months ended 30 June 2020 to approximately RMB420.3 million for the six months ended 30 June 2021. The increase was generally in line with increase 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	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	473,680	334,702
Cost of sales	(420,347)	(299,219)
Gross profit	53,333	35,483
Gross profit margin (%)	11.3	10.6



The gross profit increased by approximately 50.3%, from approximately RMB35.5 million for the six months ended 30 June 2020 to approximately RMB53.3 million for the six months ended 30 June 2021 which was primarily due to the increase in revenue as the reasons stated above. The gross profit margin remained relatively stable at 10.6% for the six months ended 30 June 2020 and 11.3% for the six months ended 30 June 2021.

Other income and gains

The other income and gains decreased by approximately 37.9% from approximately RMB3.3 million for the six months ended 30 June 2020 to approximately RMB2.0 million for the six months ended 30 June 2021. Such decrease was mainly due to the decrease in government grants received in 2021 compared to that of the same period in 2020.

Selling and distribution expense

The selling and distribution expense increased by approximately 120.9% from approximately RMB5.3 million for the six months ended 30 June 2020 to approximately RMB11.7 million for the six months ended 30 June 2021. Such increase was primarily due to the increase in sale-related staff cost as a result of the Group's strengthened efforts to enhance its market share of cloud services in Eastern China.

Administrative expense

The administrative expense decreased by approximately 18.4% from approximately RMB13.1 million for the six months ended 30 June 2020 to approximately RMB10.7 million for the six months ended 30 June 2021. Such decrease was primarily due to that the one-off non recurring listing expenses of approximately RMB7.7 million for the six months ended 30 June 2020.

Research and development expense

The research and development expense increased by approximately 177.3% from approximately RMB5.6 million for the six months ended 30 June 2020 to approximately RMB15.4 million for the six months ended 30 June 2021. Such increase was primarily due to (i) the increase in R&D staff costs of approximately RMB2.3 million; and (ii) increase in technical service fee of approximately RMB7.4 million for the six months ended 30 June 2021.

Finance costs

Finance costs decreased from approximately RMB0.3 million for the six months ended 30 June 2020 to approximately RMB0.1 million for the six months ended 30 June 2021, representing a decrease of approximately 42.8%. Such decrease was mainly due to the decrease in bank borrowings in 2021 compared to that of the same period in 2020.



Income tax expense

Income tax expense had been decreased by approximately 35.3% from approximately RMB2.0 million for the six months ended 30 June 2020 to approximately RMB1.3 million for the six months ended 30 June 2021. Such decrease was primarily due to the increase in research and development expenses for the six months ended 30 June 2021 which could partially offset the taxable income in accordance with the preferential tax policy implemented by the local government in 2021.

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 RMB16.0 million for the six months ended 30 June 2021, representing an increase of approximately 53.5%, as compared to a profit for the period attributable to owners of the parent of approximately RMB10.4 million for the six months ended 30 June 2020.

PLEDGE OF ASSETS

The Group had pledged deposits in the aggregate amount of approximately RMB20.5 million as at 30 June 2021 as a deposit for recovery of payment from a customer and letters of guarantee of the Group (31 December 2020: approximately RMB15.5 million to secure factoring loans and letters of guarantee of the Group).

CAPITAL EXPENDITURE AND COMMITMENTS


As at 30 June 2021, the Group had capital expenditure amounted to RMB0.1 million (31 December 2020: RMB0.4 million) in relation to the purchase of property, plant and equipment in the PRC. The Group had no commitments (31 December 2020: nil) which had been contracted but not provided for as at 30 June 2021.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group's current assets were RMB412.3 million (31 December 2020: RMB348.6 million), of which RMB147.5 million (31 December 2020: RMB105.3 million) were cash and cash equivalents and RMB40.5 million (31 December 2020: RMB35.7 million) were pledged deposits and restricted bank deposits. As at 30 June 2021, the net asset value of the Group amounted to RMB206.3 million, representing an increase of approximately 8.1% as compared to RMB190.9 million at 31 December 2020.



As at 30 June 2021, the Group's gearing ratio was 5.6% (31 December 2020: 19.4%). 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 2021, the share capital of the Company was RMB18.3 million (31 December 2020: RMB18.3 million). The Group's consolidated reserves were RMB188.0 million (31 December 2020: RMB172.6 million). As at 30 June 2021, the Group had total current liabilities of RMB220.7 million (31 December 2020: RMB173.4 million), mainly comprising trade payables, other payables and accruals and contract liabilities. The total non-current liabilities of the Group amounted to RMB2.6 million (31 December 2020: RMB3.6 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 2021. 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 2021, the Group has utilised approximately HK\$12.5 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	Actual use of proceeds from the date of Listing up to 30 June 2021	Unused amount as at 30 June 2021	Expected timeline of full utilisation of the remaining net proceeds
	HK\$'000	HK\$'000	HK\$'000	
Expanding the offices and enhancing the service capacity to capture business opportunities in different regions in the PRC	24,400	–	24,400	By the first half of the year ending 31 December 2022
Strengthening and developing the R&D and IT services capabilities and further expanding the cloud services	26,000	807	25,193	By the year ending 31 December 2022
Maintaining fund for performance bond	12,400	7,771	4,629	By the year ending 31 December 2021
Strengthening the marketing effort and improving the brand recognition	3,800	–	3,800	By the first half of the year ending 31 December 2022
Working capital and general corporate purposes	7,400	3,940	3,460	By the year ending 31 December 2021
Total	74,000	12,518	61,482	



EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed a total of 231 (30 June 2020: 155) employees. Total employee benefit expense (including Directors' remuneration) for the six months ended 30 June 2021 and 2020 were approximately RMB14.5 million and RMB8.7 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.

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 2021. Save as those disclosed in this report, there was no plan for material investments or capital assets as at 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as the future plans or development of the Group's business as disclosed in the sections headed "Future Prospects" and "Events After the Reporting Period" in this report, there was no specific plan for material investments or capital assets as at 30 June 2021.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (30 June 2020: nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (“SFO”), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (“**Model Code**”) set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) were as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding in the Company
Ms. Ding Xinyun (“ Ms Ding ”) (Note)	Settlor of the Family Trust and beneficial interest	1,500,000,000	75%

Note: The Family Trust, a revocable discretionary trust established by Ms. Ding (as the settlor and protector) for the benefit of Green Leaf Development Limited (“**Green Leaf**”) and the son of Ms. Ding, with Tricor Equity Trustee Limited (“**Tricor Equity Trustee**”) acting as the trustee, holds the entire issued share capital of Aztec Pearl Limited (“**Aztec Pearl**”). Ms. Ding beneficially owns the entire issued share capital of Green Leaf. Therefore, Ms. Ding is deemed to be interested in 1,500,000,000 Shares held by Aztec Pearl for the purpose of the SFO. Ms. Ding is the sole director of Green Leaf.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature	Number of Share(s) held/ interested in	Percentage of interest
Ms. Ding	Green Leaf	Beneficial owner	1	100%

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as is known to the Directors, and as at 30 June 2021, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company maintained under Section 336 of the SFO.

Long Position in the Company

Name	Capacity/Nature of interest	Number of Shares held/ Interested in	Percentage of interest in the Company
Aztec Pearl (Note 1)	Registered Owner	1,500,000,000	75%
Tricor Equity Trustee (Note 2)	Trustee of the Family Trust and interest in a controlled corporation	1,500,000,000	75%
Ms. Ding (Note 1)	Settlor of the Family Trust and beneficial interest	1,500,000,000	75%
Green Leaf (Note 1)	Beneficiary of the Family Trust	1,500,000,000	75%
Mr. Cai Aaron Ding ("Mr. Cai") (Note 1)	Beneficiary of the Family Trust	1,500,000,000	75%
Mr. Yan Shi (Note 3)	Interest of a spouse	1,500,000,000	75%

Note 1: Aztec Pearl is wholly-owned by Tricor Equity Trustee acting as the trustee of the Family Trust. The Family Trust is a revocable discretionary trust established by Ms. Ding as the settlor and protector. The beneficiaries of the Family Trust are Green Leaf and Mr. Cai. Ms. Ding is deemed to be interested in 1,500,000,000 Shares held by the Family Trust.

Note 2: Tricor Equity Trustee is the trustee of the Family Trust and holds 100% issued share capital of Aztec Pearl, thus Tricor Equity Trustee is deemed to be interested in all the Shares held by Aztec Pearl for the purpose of the SFO.

Note 3: Mr. Yan Shi is the spouse of Ms. Ding. Therefore, Mr. Yan Shi is deemed, or taken to be, interested in all the Shares in which Ms. Ding has, or is deemed to have, an interest for the purpose of the SFO.

Interests of the Substantial Shareholders of any member of the Group (other than the Company)

Name of shareholders	Name of subsidiary of the Company	Capacity/ Nature of interest	Equity interests (RMB'000)	Approximate percentage of equity interests in the subsidiary of the Company
Fuzhou Career Technical Institute* (福州職業技術學院)	Fuzhou Donghu	Beneficial owner of Fuzhou Fuzhi Yunzhi Education Investment Co., Ltd.* (福州福職蘊智教育投資有限公司)	2,550	51%
Chen Liangsong (陳良松)	Fuzhou Donghu	Beneficial owner of Fujian Xindonghu Technology Development Co., Ltd.* (福建新東湖科技發展有限公司)	1,250	25%
Chen Xin (陳鑫)	Fuzhou Donghu	Beneficial owner of Fujian Xindonghu Technology Development Co., Ltd.* (福建新東湖科技發展有限公司)	1,250	25%

Save as set out above, the Directors are not aware of any person (not being a Director or chief executive of the Company) who is interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group (other than the Company) or any options in respect of such class of share capital.



DIRECTORS' INTEREST IN A COMPETING BUSINESS

For the six months ended 30 June 2021 and up to the date of this report, save as disclosed in this report, the Directors confirm that none of the Directors or Controlling Shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) has engaged in any business that competes or may compete, directly or indirectly, with the business of the Group.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 14 April 2020 to attract and retain the best available 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 the date of this report, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed from the Listing Date to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries of a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the six months ended 30 June 2021.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the securities of the Company from the Listing Date to the date of this report.



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 A.2.1, for the six months ended 30 June 2021, 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 Listing Rules.

Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Ding has been acting as both 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 both 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 chairman and chief executive officer 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 2021.



CHANGES IN DIRECTOR'S INFORMATION

Changes in director's information since the date of the 2020 Annual Report of the Company, which is required to be disclosed pursuant to Rules 13.51B(1) of the Listing Rules, is set out below.

Mr. Ho Ka Chun resigned as an independent non-executive Director, and ceased to be the chairman of audit committee of the Company ("**Audit Committee**") and the member of each of the remuneration committee of the Company ("**Remuneration Committee**") and the nomination committee of the Company ("**Nomination Committee**") with effect from 14 May 2021. For more details, please refer to the announcement of the Company dated 14 May 2021.

Mr. Yu Kwok Leung resigned as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee with effect from 20 May 2021. For more details, please refer to the announcement of the Company dated 14 May 2021.

Mr. Leung Chu Tung has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee with effect from 14 May 2021. For more details, please refer to the announcement of the Company dated 14 May 2021.

Ms. Zhu Weili has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Nomination Committee and the Audit Committee with effect from 20 May 2021. For more details, please refer to the announcement of the Company dated 14 May 2021.

Ms. Zhang Shuo has been appointed as an independent non-executive Director with effect from 25 June 2021. For more details, please refer to the announcement of the Company dated 25 June 2021.

Save as disclosed above, there is no other changes of the Director's information required to be disclosed under Rule 13.51B(1) of the Listing Rules.



AUDIT COMMITTEE AND REVIEW OF INTERIM REPORT

The Company established the Audit Committee on 14 April 2020, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 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 Mr. Liang Chi. The unaudited condensed interim consolidated results of the Group for the six months ended 30 June 2021 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

Subsequent to the interim period, on 9 July 2021, the Company entered into the wealth management agreement with Industrial Bank Co. Ltd, pursuant to which, the Company agreed to subscribe for the wealth management products with subscription amount of RMB40.0 million (equivalent to approximately HK\$48.0 million) (the “**Subscription**”). The funds for the Subscription of the wealth management products are the Group’s internal funds that are not required immediately for operation or capital expenditure purposes. The Subscription constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For more details, please refer to the announcement of the Company dated 12 July 2021.

Save as disclosed above, the Group did not have any material event requiring disclosure under the Listing Rules that has taken place subsequent to 30 June 2021 and up to the date of this report.

By Order of the Board
Edensoft Holdings Limited
Ms. Ding Xinyun

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 20 August 2021