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***eden*SOFT**  
**EDENSOFT HOLDINGS LIMITED**  
**伊登軟件控股有限公司**

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

**(Stock code: 1147)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO ADOPTION OF SHARE AWARD PLAN**

Reference is made to the announcement of the Company dated 9 November 2021 (the “**Announcement**”) in relation to the adoption of share award plan of the Company. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

In addition to the information contained in the Announcement, the Board would like to provide the following supplementary information to Shareholders and potential investors of the Company.

**ELIGIBLE PARTICIPANTS**

In addition to the disclosures in the Announcement, the Company would like to provide further information on the following classes of Eligible Participants:

- (i) **Any Employee (whether full time or part time) of the Company, any subsidiary of the Company or any Invested Entity (“Class (i) Participant(s)”)**

Class (i) Participants are Employees selected for the participation in the Share Award Plan, who are expected to be high caliber individuals of the Group. The Group aims to recognize their contributions and provide them with incentives in order to retain them for the continual contribution and development of the Group’s business. They will generally be senior and mid-level management, core technical and operational personnel with key skills and core resources to serve in key roles for the core operations of the Group or Employees with exceptional contribution to the Group.

**(ii) Any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any Invested Entity (“Class (ii) Participant(s)”)**

Class (ii) Participants include such advisor(s), consultant(s) or expert(s) who provide specific area of information technology (“IT”) services to the Group with relevant intellectual properties (“IPs”) or technical know-how. Class (ii) Participants are expected to provide specific area of IT services in relation to which the Group does not at the time possess relevant technical knowledge, such as digital security and big data etc., so as to enable the Group to offer comprehensive IT services in its ordinary and usual course of business to its customers on an on-going basis. There are two types of Class (ii) Participants: (a) those who possess exclusive rights or interests in IPs and technical know-how to which the Group itself has no access and would not gain access through other means; and (b) those who provide specific area of IT services with relevant IPs and technical know-how whereby alternative sources with similar qualifications may be available in the market (the “**Long-standing Advisors**”).

**(iii) Any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group (“Class (iii) Participant(s)”)**

Class (iii) Participants include (i) existing and future joint ventures partners and shareholders, directors and senior management of existing and future joint ventures entities (the “**Class (iii) JV Participants**”); and (ii) strategic business alliances such as entities for research and development of IT projects and the shareholders, directors and senior management of strategic business alliance entities (the “**Class (iii) Business Alliances Participants**”). There are two types of strategic business alliances falling within such class: (a) those who possess technical know-how that is not readily accessible by the Group; and (b) those who has early-stage research and development endeavours (e.g. software under development) of which the Group would like to cooperate and develop further with a view to commercialisation of the developed software products; each of which is expected to contribute to the development of self-owned software of the Group and thereby benefit the long-term development of the IT infrastructure business of the Group.

## **Selection Criteria**

The selection criteria for each class of Eligible Participants are set out below:

**(i) Class (i) Participants**

The Group will assess Class (i) Participants’ performance, qualification, education background, contribution, experience and loyalty to determine whether to grant Award Shares (and if so, the number of Award Shares to be granted) to Class (i) Participants.

***(ii) Class (ii) Participants***

The Company will assess whether to grant Award Shares (and if so, the number of Award Shares to be granted) to Class (ii) Participants with reference to selection criteria including but not limited to: (a) performance (i.e. actual and/or potential financial or other contribution to the Group; IT services offerings; level of complexity and specialization; duration of engagement; and customers' feedback); (b) professional qualifications and IPs; (c) expertise; (d) experience and track record; and (e) historical relationship with Long-standing Advisors.

***(iii) Class (iii) Participants***

The Company will assess whether to grant Award Shares (and if so, the number of Award Shares to be granted) to Class (iii) Participants with reference to selection criteria including but not limited to: (a) market presence (i.e. geographical compatibility of customers with the Group's targeted areas of expansion, regional business network and market ranking); (b) customers' portfolio (i.e. quantity, scale and credibility of customers); (c) technical, research and development capabilities and IPs; (d) duration and collaborations with Class (iii) JV Participants and their substantial contribution to the Group; and (e) products commercialization and marketability of self-owned software developed under Class (iii) Business Alliances Participants.

In order to provide a quantitative assessment in respect of Class (ii) Participants and Class (iii) Participants, the Group had adopted an internal assessment system (the "**Internal Assessment System**"). The Internal Assessment System would be utilized to appraise the past or future contributions of Eligible Participants by reference to a range of factors. The assessment involves the quantification of the Eligible Participants' actual and/or potential contribution with specific weighting in order to provide a fair and objective appraisal of the Eligible Participants before the grant of an Award, such that the Awards will be made on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole. Based on the above-mentioned assessment, the Committee will propose to the Board the Awards to be made to the Eligible Participants. The remuneration committee of the Company will also obtain and review such proposal and make recommendation in respect of the reasonableness and suitability of such proposed Awards to the Board for its final decision.

**Reasons for the inclusion of Class (ii) Participants and Class (iii) Participants as Eligible Participants**

The Directors consider that Class (ii) Participants and Class (iii) Participants would provide services to and/or contribute or add value to business expansion and development of the Group on a continuing and recurring basis in the ordinary and usual course of business of the Group, which are material to the long-term growth of the Group. The Company will also put in place appropriate claw-back mechanism or vesting conditions as a mean to ensure that the grant of Awards would have the effect of adding value to business expansion and development of the Group on a continuing and recurring basis and contribute to the long-term growth of the Group.

**(i) Class (ii) Participants**

The Directors consider that the provision of integrated IT services involves various components which require different aspects of expertise to address customer's needs. The Group will be provided with specific area(s) of IT services by Class (ii) Participants on a recurring basis, thereby enabling the Group to enlarge its services offering to its existing customers and attract new customers, which would in turn increase the market presence of the Group. The Directors consider that Class (ii) Participants' contributions would be material to the long-term growth of the Group and their participation in the Share Award Plan would align their interest with the Group's interest. Amongst Class (ii) Participants, the Company is of the view that finding a replacement for Long-standing Advisors (who have established a long-term cooperative relationship with the Company) would create additional transaction costs and reduce efficiency, due to the lack of confidence and understanding and the additional time required to establish a new cooperation.

**(ii) Class (iii) Participants**

Class (iii) Participants include existing and future joint ventures partners who have market presence in the region or specific group of customer base into which the Group is planning to further expand in the long run. The Directors consider that cooperation by the way of joint venture is an effective and commonly adopted approach for IT services providers to expand into a geographic segment in which it has limited market presence (e.g. for the Group, Shanghai, Beijing and other North China region(s)) and increase their customer base. In addition, strategic cooperation with entities for research and development of IT projects (through which the Group targets to develop self-owned software in the future) will enrich products offering to its customers, which will strengthen market competitiveness of the Group. As such, the Directors consider that Class (iii) Participants' contributions would be material to the long-term growth of the Group.

The Directors had considered alternatives other than making Awards to Class (ii) Participants and Class (iii) Participants under the Share Award Plan, including but not limited to cash incentives and share options of the Company. The Directors believe that the Share Award Plan represents one of the best options for the Group to fulfil its aim of maximizing the incentivization effect to Class (ii) Participants and Class (iii) Participants, which is consistent with the intended purpose of the Share Award Plan, having considered the following factors: (a) the Group is an integrated IT solution and cloud services provider in the PRC. It is the market practice (common for Hong Kong listed IT companies) and an important leverage of listed IT and innovative companies to offer share awards to external contributors (including persons other than their employees) as incentives; (b) the requirement to pay exercise price makes share options less attractive in serving the Company's aim of rewarding and recognizing the historical performance, or providing incentives for future contributions and long-term commitment of the Eligible Participants; and (c) the issue and allotment of new Shares under the Share Award Plan will not result in cash outflow of the Group and would be beneficial to

the cash position of the Group when compared with cash incentive. Based on the above, the Directors consider that the inclusion of Class (ii) Participants and Class (iii) Participants as Eligible Participants of the Share Award Plan is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **PLAN LIMIT**

As disclosed in the Announcement: (i) the maximum number of Shares to be subscribed for and/or purchased by the Trustee for the purpose of the Share Award Plan shall not exceed 10% of the total number of issued Shares as at the Adoption Date (i.e. not exceeding 200,000,000 Shares) (the “**Plan Limit**”); and (ii) the maximum number of Shares which may be subject to an award or awards to a Selected Participant shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date (the “**Individual Limit**”).

Both the Plan Limit and Individual Limit are applicable throughout the ten years’ term of the Share Award Plan.

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

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 11 January 2022

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