EDENSOFT HOLDINGS LIMITED
伊登軟件控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1147)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2021 was approximately RMB800.5 million, representing an increase of approximately 15.9% as compared to that of the revenue for the year ended 31 December 2020 of approximately RMB690.7 million.

- The gross profit of the Group for the year ended 31 December 2021 was approximately RMB102.0 million, representing an increase of approximately 43.1% as compared to that of the gross profit for the year ended 31 December 2020 of approximately RMB71.3 million.

- The profit for the year and attributable to owners of the parent for the year ended 31 December 2021 was approximately RMB19.4 million, representing an increase of approximately 21.3% as compared to that of the profit for the year and attributable to owners of the parent for the year ended 31 December 2020 of approximately RMB16.0 million.

- If the Group excludes the one-off listing expenses, the profit before tax for the year ended 31 December 2021 and 2020 was approximately RMB20.5 million and RMB26.9 million, respectively, representing a decrease of approximately 24.1%.

- The basic and diluted earnings per share increased by approximately 10.2% to approximately RMB0.97 cents (31 December 2020: approximately RMB0.88 cents).

- The Group recommended the payment of dividend of HK$0.0018 per share for the year ended December 31 December 2021 (2020: nil), which is subject to the approval by the shareholders at the annual general meeting of the Company. The dividend is expected to be payable to the shareholders on or before 10 June 2022. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on 18 May 2022.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Edensoft Holdings Limited (the “**Company**”) is pleased to announce the annual results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	Notes	2021 RMB’000	2020 RMB’000
REVENUE	4	**800,510**	690,717
Cost of sales		**(698,502)**	(619,413)
Gross profit		**102,008**	71,304
Other income and gains	4	**4,875**	6,729
Selling and distribution expenses		**(25,028)**	(14,282)
Administrative expenses		**(25,192)**	(23,499)
Research and development expenses		**(35,023)**	(19,778)
Other expenses		**(31)**	(147)
Impairment losses on financial and contract asset, net		**(655)**	(188)
Finance costs	6	**(287)**	(406)
Share of loss of an associate		**(207)**	(467)
PROFIT BEFORE TAX	5	**20,460**	19,266
Income tax expense	7	**(1,026)**	(3,241)
PROFIT FOR THE YEAR		**19,434**	16,025
Attributable to:			
Owners of the parent		**19,434**	16,025
		19,434	16,025
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For profit for the year		**RMB0.97 cents**	RMB0.88 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021	2020
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**19,434**	16,025
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on currency translation	**126**	402
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on currency translation of the parent	**(2,052)**	(6,548)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,926)**	(6,146)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**17,508**	9,879
Attributable to:		
Owners of the parent	**17,508**	9,879
	17,508	9,879

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2021

	Notes	31 December 2021 RMB'000	31 December 2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**858**	1,229
Right-of-use assets		**7,027**	9,817
Goodwill		**6,217**	6,217
Other intangible assets		**788**	1,008
Investment in an associate		**454**	661
Deferred tax assets		**594**	330
Total non-current assets		**15,938**	19,262
CURRENT ASSETS			
Inventories		**54,312**	60,393
Trade and bills receivables	10	**140,875**	133,364
Prepayments, deposits and other receivables		**15,486**	10,624
Contract assets		**3,455**	3,246
Time deposits and pledged deposits		**25,364**	35,689
Cash and cash equivalents		**120,756**	105,313
Total current assets		**360,248**	348,629
CURRENT LIABILITIES			
Trade payables	11	**123,326**	141,235
Other payables and accruals		**9,762**	11,202
Contract liabilities		**22,888**	11,938
Interest-bearing bank borrowings		**–**	2
Lease liabilities		**4,421**	3,944
Tax payable		**5,312**	5,037
Total current liabilities		**165,709**	173,358
NET CURRENT ASSETS		**194,539**	175,271
TOTAL ASSETS LESS CURRENT LIABILITIES		**210,477**	194,533

	Notes	31 December 2021 RMB'000	31 December 2020 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**1,876**	3,385
Deferred tax liabilities		**197**	252
Total non-current liabilities		**2,073**	3,637
Net assets		**208,404**	190,896
EQUITY			
Equity attributable to owners of the parent			
Share capital		**18,289**	18,289
Reserves		**190,115**	172,607
Total equity		**208,404**	190,896

NOTES

1. CORPORATE AND GROUP INFORMATION

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

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

In the opinion of the directors (the "**Directors**"), as at the date of this announcement, Aztec Pearl Limited, and through the Family Trust, Tricor Equity Trustee, Ms. Ding Xinyun ("**Ms. Ding**"), Green Leaf Development Limited ("**Green Leaf**") and Mr. Cai Aaron Ding ("**Mr. Cai**") are regarded as a group of the Company's controlling shareholders.

Information about subsidiaries

The Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Frontier View Limited	British Virgin Islands	US$1	100	–	Investment holding
Edensoft International Limited	Hong Kong	HK$1	–	100	Investment holding
Shenzhen Yundeng Technology Limited (深圳市雲登科技有限公司) ("**Shenzhen Yundeng**")*^	PRC/Mainland China	RMB10,000,000	–	100	Investment holding
Eden Information Service Limited (深圳市伊登軟件有限公司) ("**Eden Information**")^	PRC/Mainland China	RMB30,345,010	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud services
Dongguan Edensoft Limited (東莞市伊登軟件有限公司) ("**Dongguan Edensoft**")^	PRC/Mainland China	RMB2,160,000	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud services
Shenzhen Heweiteng Technology Limited (深圳市合威騰信息技術有限公司) ("**Shenzhen Heweiteng**")^	PRC/Mainland China	RMB1,000,000	–	100	Provision of IT implementation and supporting services and cloud services

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

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

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Chinese Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and the 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 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. The amendments did not have any significant impact on the financial position and performance of the Group.

(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 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.

The Group has early adopted the amendment on 1 January 2021. During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office premises had been reduced. However, the Group has not received Covid-19-related rent concessions during the year ended 31 December 2021 and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to 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 expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

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 expected to be 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- 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.

3. OPERATING SEGMENT INFORMATION

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

– IT infrastructure services: Assessing customers' needs and their existing IT environment and providing IT infrastructure services by advising them on the suitable hardware and/or software products that their IT environment would require, and procuring the relevant hardware and/or software products from IT product vendors and installing these IT products in customers' IT environment.

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

– Cloud services: Offering design, management and technical support for using cloud platforms which include the self-developed cloud platform and other third-party cloud platforms.

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

Information regarding the Group's reportable segments as provided to the Group's management for the purposes of resource allocation and assessment of segment performance is set out below:

	Year ended 31 December 2021			
	IT infrastructure services	**IT implementation and supporting services**	**Cloud services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	**352,807**	**188,567**	**259,136**	**800,510**
Reportable segment cost of sales	**(311,574)**	**(160,527)**	**(226,401)**	**(698,502)**
Reportable segment gross profit	**41,233**	**28,040**	**32,735**	**102,008**

	Year ended 31 December 2020			
	IT infrastructure services	IT implementation and supporting services	Cloud services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	338,362	150,339	202,016	690,717
Reportable segment cost of sales	(306,901)	(136,055)	(176,457)	(619,413)
Reportable segment gross profit	31,461	14,284	25,559	71,304

Geographical information

(a) Revenue from external customers

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**795,649**	680,944
Hong Kong	**4,861**	9,773
	800,510	690,717

(b) Non-current assets

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

Information about a major customer

Revenue of approximately RMB176,228,000 (2020: RMB215,131,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**800,510**	690,717

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2021

Segments	**IT infrastructure services** *RMB'000*	**IT implementation and supporting services** *RMB'000*	**Cloud services** *RMB'000*	**Total** *RMB'000*
Types of goods or services				
Sale of software and/or hardware products and related services	**352,807**	**–**	**–**	**352,807**
Sale of solution-based software and/or hardware products and related services	**–**	**103,022**	**233,754**	**336,776**
IT supporting and maintenance services	**–**	**8,785**	**–**	**8,785**
IT design and implementation services	**–**	**76,760**	**–**	**76,760**
Cloud solution services	**–**	**–**	**19,826**	**19,826**
Cloud platform design services	**–**	**–**	**5,556**	**5,556**
Total revenue from contracts with customers	**352,807**	**188,567**	**259,136**	**800,510**
Geographical markets				
Mainland China	**347,946**	**188,567**	**259,136**	**795,649**
Hong Kong	**4,861**	**–**	**–**	**4,861**
Total revenue from contracts with customers	**352,807**	**188,567**	**259,136**	**800,510**
Timing of revenue recognition				
Services transferred over time	**–**	**85,545**	**25,382**	**110,927**
Services transferred at a point in time	**352,807**	**103,022**	**233,754**	**689,583**
Total revenue from contracts with customers	**352,807**	**188,567**	**259,136**	**800,510**

For the year ended 31 December 2020

Segments	IT infrastructure services *RMB'000*	IT implementation and supporting services *RMB'000*	Cloud services *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of software and/or hardware products and related services	338,362	–	–	338,362
Sale of solution-based software and/or hardware products and related services	–	116,146	112,493	228,639
IT supporting and maintenance services	–	9,399	–	9,399
IT design and implementation services	–	24,794	–	24,794
Cloud solution services	–	–	13,007	13,007
Cloud platform design services	–	–	76,516	76,516
Total revenue from contracts with customers	338,362	150,339	202,016	690,717
Geographical markets				
Mainland China	328,589	150,339	202,016	680,944
Hong Kong	9,773	–	–	9,773
Total revenue from contracts with customers	338,362	150,339	202,016	690,717
Timing of revenue recognition				
Services transferred over time	–	34,193	89,523	123,716
Services transferred at a point in time	338,362	116,146	112,493	567,001
Total revenue from contracts with customers	338,362	150,339	202,016	690,717

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

	2021 ***RMB'000***	2020 *RMB'000*
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
IT infrastructure services	**2,558**	2,039
IT implementation and supporting services	**7,050**	1,693
Cloud services	**2,330**	1,525
	11,938	5,257

(b) Performance obligations

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

Sale of software and/or hardware products and related services

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

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

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

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

IT supporting and maintenance services

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

Cloud solution services

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

IT design and implementation services & Cloud platform design services

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

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

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**82,337**	41,848
More than one year	**178,820**	210,745
	261,157	252,593

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

	2021	2020
	RMB'000	*RMB'000*
Other income		
Bank interest income	**792**	327
Government grants – related to income*	**2,738**	5,247
Investment income from financial assets at fair value through profit or loss	**587**	–
	4,117	5,574
Gains		
Foreign exchange gains, net	**642**	1,072
Gain on financial assets at fair value through profit or loss	**–**	45
Others	**116**	38
	758	1,155
	4,875	6,729

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

5. PROFIT BEFORE TAX

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

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories sold	**450,789**	414,268
Cost of services provided	**247,713**	205,145
Depreciation of property, plant and equipment	**542**	559
Depreciation of right-of-use assets	**4,295**	3,589
Amortisation of other intangible assets	**220**	92
Auditor's remuneration	**1,120**	1,226
Lease payments not included in the measurement of lease liabilities	**611**	154
Listing expense	**–**	7,675
Research and development expenses	**35,023**	19,778
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	**34,569**	30,951
Pension scheme contributions**	**5,304**	402
	39,873	31,353
Foreign exchange differences, net*	**(642)**	(1,072)
Recognition of impairment losses on trade and bills receivables	**642**	268
Recognition/(reversal) of impairment losses on contract assets	**14**	(80)
Investment income on financial assets at fair value through profit or loss*	**(587)**	(45)
Share of losses of an associate	**207**	467

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

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	RMB'000	*RMB'000*
Interest on bank loans	**–**	147
Interest on lease liabilities	**287**	259
	287	406

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 operate.

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

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

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Group operating in Mainland China are subject to Corporate Income Tax at a rate of 25% (2020: 25%) on the taxable income. Preferential tax treatment is available to the Group's operating subsidiaries, Eden Information, Dongguan Eden, Shenzhen Yundeng and Shenzhen Heweiteng, since Eden Information was recognised as a High Technology Enterprise and was entitled to a preferential tax rate of 15% (2020: 15%), and Dongguan Eden, Shenzhen Yundeng and Shenzhen Heweiteng were recognised as Micro and Small Companies and were entitled to a preferential tax rate of 15% (2020: 15%). Under the 2021 tax regime of Micro and Small Companies, Dongguan Eden, Shenzhen Yundeng and Shenzhen Heweiteng are entitled to a preferential tax rate of 5% (2020: 5%) for the first RMB1,000,000 of assessable profits and the remaining assessable profits below RMB3,000,000 are taxed at 10% (2020: 10%).

	2021 ***RMB'000***	2020 *RMB'000*
Current – PRC		
– charge for the year	**1,345**	3,063
Current – Hong Kong		
– charge for the year	**–**	292
Deferred	**(319)**	(114)
Total tax charge for the year	**1,026**	3,241

8. DIVIDENDS

The board proposed a final dividend in respect of year ended 31 December 2021 of HK0.18 cent (2020: Nil) per ordinary share, the final number of ordinary shares subject to the approval of the Company's shareholders at the forthcoming annual general meeting. This proposed dividend is not reflected as dividend payable in the consolidated financial statements.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,000,000,000 (2020: 1,818,306,011) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

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

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**19,434**	16,025
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**2,000,000,000**	1,818,306,011

10. TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**132,488**	121,746
Impairment	**(1,739)**	(1,097)
Trade receivables, net	**130,749**	120,649
Bills receivable	**10,126**	12,715
	140,875	133,364

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.

As at 31 December 2020 and 2021, certain of the Group's interest-bearing bank borrowings were secured by the Group's trade and bills receivables with carrying values of RMB2,000 and nil, respectively. Trade and bills receivables are non-interest-bearing, and the carrying amounts of the trade and bills receivables approximate to their fair values.

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

	2021	2020
	RMB'000	*RMB'000*
Within 6 months	**127,002**	105,697
6 to 12 months	**3,697**	10,630
Over 12 months	**1,789**	5,419
	132,488	121,746

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**1,097**	829
Impairment losses	**642**	268
At end of year	**1,739**	1,097

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

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

	Ageing			
	Less than 6 months	**6 to 12 months**	**Over 12 months**	**Total**
As at 31 December 2021				
Expected credit loss rate	**1.18%**	**3.93%**	**5.13%**	**1.31%**
Gross carrying amount *(RMB'000)*	**127,002**	**3,697**	**1,789**	**132,488**
Expected credit losses *(RMB'000)*	**1,502**	**145**	**92**	**1,739**
As at 31 December 2020				
Expected credit loss rate	0.76%	1.36%	2.75%	0.90%
Gross carrying amount *(RMB'000)*	105,697	10,630	5,419	121,746
Expected credit losses *(RMB'000)*	804	144	149	1,097

11. TRADE PAYABLES

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

	2021	2020
	RMB'000	*RMB'000*
Within 30 days	**113,259**	130,809
31 to 60 days	**6,873**	7,336
61 to 90 days	**567**	87
Over 90 days	**2,627**	3,003
	123,326	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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

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

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") by way of share offer on 13 May 2020 (the "**Listing Date**"). 500,000,000 ordinary shares of the Company (the "**Share(s)**") (comprising a public offer of 250,000,000 Shares to the public in Hong Kong and a placing of 250,000,000 Shares to selected professional, institutional and other investors), of an aggregate nominal value of HK$5,000,000, have been offered for subscription at an offer price of HK$0.25 per Share (the "**Listing**").

BUSINESS REVIEW

I. The Group's countermeasures for the evolution of the industry

In 2021, the Group withstood the challenges brought by impacts of the US-China trade disputes and the novel coronavirus ("**COVID-19**") pandemic. According to the Central Economic Working Conference* (中央經濟工作會議) in December 2021, China will concentrate efforts on the supply-chain reinforcement and supplementation, technological breakthrough, digital transformation, upgrade of traditional industries and development of green and low-carbon industries in the future. As such, with acceleration of digital transformation, the Directors believe that the integration of certain new technologies with application scenarios is expected to be expedited in 2022 and applications of artificial intelligence, cloud computing and big data are expected to play an increasingly important role in the future. Meanwhile, the digitalization of production and operation process of the enterprises in China will hopefully be strengthened.

In response to the abovementioned national policies and development trend in the industry, it is made clear in the Eden Management Strategy 2.0 that cloud computing and related services and data assets related services, primarily including enterprise database construction, big data and data lake services are the strategic focuses of the Group in the future. To seize the business opportunities of digital transformation in China, the Group primarily made the following efforts to enhance its sales and marketing for the year ended 31 December 2021.

Branding and marketing

With the planning, deployment and implementation of Eden Management Strategy 2.0 in 2021, the branding and marketing of the Group has been enhanced. According to the plan of "strengthening branding and marketing to establish brand image of Eden" in the industry, the Group primarily made the following efforts:

- With the aim of establishing a green and environment-friendly brand image of the Group in the industry and in response to the trend for energy conservation and pollution reduction in China, the Group joined the "Carbon Neutral Platform on Forerunner Action* (碳中和領跑聯盟)", which was founded by more than 20 associations in the corresponding industries, including Guangdong Energy Conservation and Pollution Reduction Standardization Promotion Association* (廣東省節能減排標準化促進會) and Foshan Shunde Product Quality Association* (佛山市順德區產品質量協會), in October 2021;

- The Group participated in the "Breaking Spheres – Shenzhen Smart Office Ecology Summit* (突破圈層－深圳智慧辦公生態峰會)", which was an industrial social organization conference founded by Shenzhen Smart Office Industry Association* (深圳市智慧辦公行業協會), in December 2021 in Shenzhen. The Group shared its experience in contributing to upgrade and transformation of high technology manufacturing industries through digitalization in this summit in order to establish its brand image as an expert in provision of industrial solutions;

- The Group participated in the High Technology Collaborative Innovation "Talent & Venture", Development Summit* (高科技協同創新「人才+創投」高峰論壇), which was a governmental summit held by Shenzhen Talent Bureau* (深圳人才工作局), Shenzhen Futian District Committee of the Communist Party of China* (中共深圳市福田區委員會) and People's Government of Futian District of Shenzhen* (深圳市福田區人民政府), with a theme of "Gathering Wisdom, Reshaping the Situation* (凝思匯智，共謀新局)", in October 2021 in Shenzhen, and the 2021 Conference IT School-Enterprise Cooperation in China* (2021中國IT產業校企合作大會), which was hosted by Shenzhen Science and Technology Innovation Committee* (深圳市科技創新委員會), the Pilot Software Engineering Schools Association* (示範性軟件學院聯盟) and China International Talent Exchange Foundation* (中國國際人才交流基金會), in April 2021 in Shenzhen. In February 2021, the Group was recognised as a Practice Base for University Students of 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 of Shenzhen. All the aforementioned participations and recognition have indicated that the Group attach great importance to the value of the talents in the operation and management of the Group;

- With the aim of integrating the development of itself into the regional development trend of Guangdong-Hong Kong-Macao Greater Bay Area, the Group participated in the "Digital China" 2021 Guangdong-Hong Kong-Macao Greater Bay Area Digital Development Summit* (「點亮數字中國」2021粵港澳大灣區數字化發展高峰論壇), which was held by Shenzhen Watermelon Interactive Media Co., Ltd.* (深圳市西瓜互動傳媒有限公司) and Shenzhen Federation of Industry* (深圳工業總會), in May 2021 in Shenzhen. The Group was also awarded the Top Ten Management Innovation Brands of Business Digitalisation* (企業數字化十大管理創新品牌) by this summit.

Furthermore, the Group was awarded as one of the top 100 enterprises in terms of revenue from software business in Shenzhen* (深圳市軟件業務收入百家企業) for the year of 2020 in August 2021, and was awarded as the "Anti-COVID-19 Star* (抗疫之星)" as a science and technology enterprise of Futian District of Shenzhen, in April 2021.

Strengthening the Group's services capacity and improve its products and/or services portfolio

In 2021, the Group continued to diversify its product lines and enhance its collaboration with internationally renowned IT products vendors. The Group entered into the strategic cooperative relationships with certain internationally renowned IT products vendors in 2021 and made efforts to enhance and promote the industrialization of scenarios of the target markets and related services market. For example, the Group established a relationship of strategic cooperative partners with Parasoft (Shanghai) Co., Ltd.* (倍睿軟件（上海）有限公司) in September 2021, as the only first tier agent 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, to penetrate into the testing fields of white goods and new energy that enjoy broad prospects in China. Meanwhile, the Group participated in standardization of industrial tests of certain domestic industrial associations in 2021 in the PRC. In response to the relevant new laws and regulations on data privacy and security promulgated in China, the Group held activities on the "Strategy to Expedite Data Protection* (加速數據保護策略)" with Veeam Software (Beijing) Co., Ltd., a global leader in back-up that delivers cloud data management, in November 2021 in Shenzhen. In January 2022, the Group also joined the "Microsoft Ignite China 2022" in Beijing as its top-level partner and has showed its professional ability to provide IT products and/or services to the Group's customers and its cooperative partners worldwide.

In consideration of China-made IT products and services are becoming increasingly popular in recent years in China, the Group accelerated its efforts on introduction of China-made software products, IT application innovation software and related services into its products and/or services portfolio. For example, it has introduced Coremail into its own product portfolio, which is one of the most widely used email systems in China, from a reputable domestic supplier. The Group is currently seeking cooperation with the supplier of a China-made operating system, which has the top level of security in China, and aims to introduce its products in its own product portfolio and further reaches strategic cooperation with its official training school by the end of 2022. In December 2021, the Group successfully held the first session of Kylin Operating System Administrator Training Course in Shenzhen, which, the Directors believe, has added new driving force to the training services of China-made software products and IT application innovation software in Shenzhen and even in the entire Southern China.

II. Business segments of the Group

With the planning, deployment and implementation of Eden Management Strategy 2.0, the Group refined and improved the structure and strategic objectives of its product lines in 2021. Based on the three business segments, namely IT infrastructure services, IT implementation and supporting services and cloud services, the Group made efforts to diversify the supporting product lines. This enabled the Group to make development plan for the business units of the supporting product lines in the corresponding business segment in accordance with their own characteristics, reduce internal constraints, if any, among them and also achieve effective market collaboration and business cooperation with its business partners. The Group's total revenue increased from approximately RMB690.7 million for the year ended 31 December 2020 to approximately RMB800.5 million for the year ended 31 December 2021, representing an increase of approximately 15.9%, among which, the Group's revenue derived from Eastern China (including seven provinces and municipalities located in the eastern part of China, referring to Shanghai, Jiangsu, Zhejiang, Jiangxi, Anhui, Fujian and Shandong) increased from approximately RMB66.6 million for the year ended 31 December 2020 to approximately RMB97.8 million for the year ended 31 December 2021, representing an increase of approximately 46.9%, which was primarily due to the increase of the Group's revenue derived from provision of cloud services in Eastern China. For the year ended 31 December 2021, the Group was principally engaged in the following business activities:

IT infrastructure services

As one of the components of the regional expansion strategy to penetrate into the local markets of Eastern China, the Group established Shanghai Branch office at the end of 2020. In order to further ensure the steady growth of its overall revenue, the Group plans to take various go-to-market approaches, including establishing Beijing Branch office to increase the business presence in the local markets of Northern China, which includes 13 provinces and municipalities located in the northern part of China, referring to Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin, Shaanxi, Henan, Gansu, Qinghai, Ningxia and Xinjiang, and expending industry coverage to high technology, finance and manufacturing, etc.

Meanwhile, in order to cater to the on-going changing international political environment, enhance the provision capacity of products and services of China-made software and follow the trend of IT application innovation in China, on the one hand, the Group has continuously expanded its software products portfolio with independent intellectual property rights owned by China in relation to IT application innovation, keep pace with internationally renowned IT products vendors and provide such China-made software products as well as the Group's supporting value-added services for the enterprise customers in China. On the other hand, the Group intends to promote China-made software products in the overseas markets leveraging its expansion of overseas resources, including but not limited to its sales channels. This will enable the Group to achieve synchronized business growth of overseas and domestic products.

IT implementation and supporting services

In line with the strategy of strengthening core competitiveness and the evolution of relevant markets, the Group's structure of its business segments has been constantly optimized in 2021. The proportion of revenue derived from IT infrastructure services in the Group's total revenue decreased from approximately 49.0% for the year ended 31 December 2020 to approximately 44.1% for the year ended 31 December 2021. On the other hand, the proportion of the Group's revenue derived from IT implementation and supporting services as well as the cloud services increased from approximately 51.0% for the year ended 31 December 2020 to approximately 55.9% for the year ended 31 December 2021. Meanwhile, the efficiency and value of the research and development ("**R&D**") Centre in Wuhan, which was established in collaboration with a number of universities at the end of 2020, are also being increasingly demonstrated in 2021. It has been providing development support for the Group's internal R&D capabilities since 2021.

Furthermore, benefiting from the enhancement of market related activities in 2020 and 2021, the Group has completed the industrialization of solution products. For example, medical service platform solutions, smart education solutions, high technology manufacturing solutions and retail industry solutions have been launched in the markets successively and have obtained positive feedbacks from the corresponding customers.

Looking forward to 2022, the Group intends to strategically and continuously increase its investment in customization and development of self-developed business application solutions. Meanwhile, the Group will continue to enhance its efforts on the development and expansion of its industrialization of self-developed business applications and strengthen the acquisition of independent intellectual property rights. The Group aims to enter into the industrial markets such as enterprise database construction, Customer Relationship Management platform construction, big data and data lake related scenarios, thereby building its brand image as an industrial solutions customization developer in the future. The Directors believe that its extensive experience from successful projects in Fast Moving Consumer Goods, manufacturing, education and pharmaceutical industries will also contribute to the business expansion in the forementioned new industrial markets.

Cloud services

Cloud services have been clearly defined as one of the Group's future strategic focuses according to the Eden Management Strategy 2.0. Currently, the Group's cloud services mainly comprise of resale services, value-added services, development and other related services provided to enterprise customers via basic cloud platforms.

In line with the development trend of software-as-a-service ("**SaaS**") market for enterprises in China, the Group has established its own SaaS application online mall on the basis of the self-established container platform, which is a platform-as-a-service ("**PaaS**") platform, with the Group's self-developed products provided. Customers are now able to activate and use the online application system immediately after the online payment. For example, the Cloud Documents Management System* (雲文檔管控系統) and the Enterprise Assets Management System* (企業資產管理系統), which were previously sold mainly through the private approaches, are now gradually accessible in the online malls of domestic enterprises, This indicates that the Group has started to provide online purchase and activation services to the relevant enterprise customers. Generally, the enterprise customers purchase the services on an annual basis under the corresponding circumstances.

Besides the abovementioned, the Group has been making efforts to build an ecological alliance for its SaaS application online mall. For the industrial customer scenarios, not only the self-developed software of the Group, but also software from the ecological partners in the industry, may log into the online mall and the Group together with such ecological partners could make joint efforts to build the SaaS application scenarios and ecology of the industry. The Directors believe that such ecological alliance could provide a sounder scenario for industrial customers and further explore the value of the Group's SaaS platform.

Except for SaaS application online mall, while researching and developing its own container platform and SaaS application mall, the Group has obtained solid experience in construction of enterprise-level container platform and development of DevOps mode, which is complementary with Agile software development combined software development (Dev) and IT operations (Ops), as well as cloud-native application development. The Group has also successively developed and built tools platform related to operation and maintenance, which primarily comprises of multi-cloud management platform, monitoring platform and IT service management system. Meanwhile, the Group is now making efforts to reshape such capacity into standardized services, which will be available for promotion among the Group's customers, so as to provide managerial services for the cloud-based platforms of enterprise customers, including value-added services such as cloud architecture 7*24 monitoring service (雲架構7*24監控服務) and cloud architecture management, operation and maintenance service (雲架構管理運維服務). By adopting this approach, the Group aims to become a comprehensive third-party Managerial Cloud Services Providers ("**MCSP**"). The Group will provide enterprise customers with full-stack service capacity output, which covers infrastructure-as-a-service ("**IaaS**")/PaaS and SaaS under the cloud architecture mode, and also further support the transformation need of IT operation and maintenance of cloud-native environment, which is entailed by cloud-based operation. As such, while expanding its capacities for provision of cloud services, the Group intends to establish an upselling channel for its existing customers.

Therefore, benefited from the expansion of marketing channels, establishment of ecological cooperation and formation of core technological competitiveness, the Directors believe that its profitability would be improved and enhanced.

The Group aims to provide enterprise customers with one-stop services in the future by establishing and improving its ability and service extension as an independent third-party MCSP, which primarily comprises of on-demand supply of domestic and overseas basic cloud resources (IaaS/PaaS), construction consulting services of cloud-native platform, development of cloud-native application and maintenance services of cloud platform operation. The Directors believe that this will attract the potential enterprise customers to outsource specific tasks or overall cloud infrastructure, especially the multi-cloud environment, to the Group's technical team, which consists of professionals in the industry with a cooperative business culture to support one another in operations and management. Besides, such customers will also have access to strong technical support services of the Group for private cloud, hybrid cloud and public cloud platforms, primarily including cloud migration, cloud monitoring operation and maintenance, cloud-native application development and other related services.

III. Acquisition opportunities

The Directors believe that suitable acquisition opportunities will further strengthen the competitiveness of its business and will allow the Group to, among other things, provide effective support to the optimization of its business structure and sustainable expansion of its business.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2021 was approximately RMB800.5 million, representing an increase of approximately RMB109.8 million, or approximately 15.9%, compared to revenue of approximately RMB690.7 million for the year ended 31 December 2020. The overall increase in revenue was primarily attributable to the increase of revenue derived from the provision of cloud services designed to meet the new demands from the Group's existing customer.

Cost of sales

Cost of sales of the Group increased by approximately RMB79.1 million, or approximately 12.8% from approximately RMB619.4 million for the year ended 31 December 2020 to approximately RMB698.5 million for the year ended 31 December 2021. The increase was in line with the increase in revenue during the relevant period, which was mainly due to the increase of revenue derived from the provision of cloud services.

Gross profit and margin

	2021	2020
	RMB'000	*RMB'000*
Revenue	**800,510**	690,717
Cost of sales	**(698,502)**	(619,413)
Gross profit	**102,008**	71,304
Gross profit margin *(%)*	**12.7%**	10.3%

The gross profit increased by approximately RMB30.7 million, or approximately 43.1%, from approximately RMB71.3 million for the year ended 31 December 2020 to approximately RMB102.0 million for the year ended 31 December 2021, primarily attributable to the increase of revenue derived from the provision of cloud services and IT implementation and supporting services. The gross profit margin increased from 10.3% for the year ended 31 December 2020 to 12.7% for the year ended 31 December 2021, which was primarily due to (i) the decrease in average procurement costs for IT products or services for provision of the Group's IT implementation and supporting services and cloud services; and (ii) the Group had relatively more projects with higher gross profit margin in 2021 compared to the same in 2020.

Other income and gains

Other income and gains decreased from approximately RMB6.7 million for the year ended 31 December 2020 to approximately RMB4.9 million for the year ended 31 December 2021, representing a decrease of approximately 27.6%. Such decrease was mainly due to the decrease in government grants received in 2021 compared to the same in 2020.

Selling and distribution expenses

The selling and distribution expenses increased from approximately RMB14.3 million for the year ended 31 December 2020 to approximately RMB25.0 million for the year ended 31 December 2021, representing an increase of approximately 75.2%. Such increase was primarily due to the increase in staff cost and marketing expense for the year ended 31 December 2021.

Administrative expenses

Administrative expenses increased from approximately RMB23.5 million for the year ended 31 December 2020 to approximately RMB25.2 million for the year ended 31 December 2021, representing an increase of 7.2%. Such increase was mainly due to the increase in staff cost in 2021 compared to that of 2020.

Research and development expenses

The research and development expenses increased from approximately RMB19.8 million for the year ended 31 December 2020 to approximately RMB35.0 million for the year ended 31 December 2021, representing an increase of approximately 77.1%. Such increase was mainly due to the increase of investment for strengthening and developing the Group's R&D and IT services capabilities and further expanding the Group's cloud services.

Finance costs

Finance costs decreased from approximately RMB0.4 million for the year ended 31 December 2020 to approximately RMB0.3 million for the year ended 31 December 2021, representing a decrease of approximately 29.3%. Such decrease was mainly due to the decrease in interest-bearing bank borrowings in 2021 compared to the same of 2020.

Income tax expenses

Income tax expenses had decreased by approximately 68.3% from approximately RMB3.2 million for the year ended 31 December 2020 to approximately RMB1.0 million for the year ended 31 December 2021. Such decrease was primarily due to the decrease in current tax in 2021 compared to the same in 2020, which was primarily attributable to the increase of additional tax deductions according to the policy of the PRC government primarily because that the Group's research and development expenses increased in 2021 compared to that of 2020.

Profit for the year and attributable to owners of the parent

As a result of the foregoing, the Group recorded a profit for the year and attributable to owners of the parent of approximately RMB19.4 million for the year ended 31 December 2021, representing an increase of approximately 21.3%, as compared to a profit for the year and attributable to owners of the parent of approximately RMB16.0 million for the year ended 31 December 2020. Such increase was in line with the increase of the Group's revenue for the relevant period, which was primarily due to the increase of revenue derived from the provision of cloud services for the relevant period.

If the Group excludes the one-off listing expense, the profit before tax decreased by approximately 24.1% from approximately RMB26.9 million for the year ended 31 December 2020 to approximately RMB20.5 million for the year ended 31 December 2021, as analysed below:

	2021	2020
	RMB'000	*RMB'000*
Profit before tax	**20,460**	19,266
Add: listing expense	**–**	7,675
	20,460	26,941

CHARGES ON ASSETS

The Group had pledged deposits in the aggregate amount of approximately RMB9.0 million to banks for the Group's factoring loans and letters of guarantee as at 31 December 2021 (2020: approximately RMB15.5 million).

CAPITAL EXPENDITURE AND COMMITMENTS

As at 31 December 2021, the Group had capital expenditure amounted to RMB0.2 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 31 December 2021.

CONTINGENT LIABILITIES

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, the Group's current assets were approximately RMB360.2 million (31 December 2020: RMB348.6 million), of which approximately RMB120.8 million (31 December 2020: RMB105.3 million) were cash and cash equivalents and approximately RMB25.4 million (31 December 2020: RMB35.7 million) were time deposits and pledged deposits. As at 31 December 2021, the net asset value of the Group amounted to approximately RMB208.4 million, representing an increase of approximately 9.2% as compared to approximately RMB190.9 million at 31 December 2020. The increase in net asset value in 2021 compared to that of 2020 was primary due to the expansion of business.

As at 31 December 2021, the Group's gearing ratio (calculated by dividing net debt by capital plus net debt) was 4.7% (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 31 December 2021, the share capital of the Company was approximately RMB18.3 million (31 December 2020: RMB18.3 million). The Group's reserves were approximately RMB190.1 million (31 December 2020: RMB172.6 million). As at 31 December 2021, the Group had total current liabilities of approximately RMB165.7 million (31 December 2020: RMB173.4 million), mainly comprising trade payables and other payables and accruals and contract liabilities. The total non-current liabilities of the Group amounted to approximately RMB2.1 million (31 December 2020: RMB3.6 million), which mainly represented lease liabilities.

CAPITAL STRUCTURE OF THE GROUP

As at 31 December 2021, the capital structure of the Group consists of (i) debts, which include lease liabilities of approximately RMB6.3 million, trade payables of approximately RMB123.3 million and financial liabilities included in other payables and accruals of approximately RMB1.4 million; and (ii) equity reserves attributable to owners of the parent of approximately RMB208.4 million, comprising issued share capital and various reserves.

As at 31 December 2021, financial liabilities included in other payables and accruals were non-interest bearing and were repayable within one year.

The Group's monetary assets, liabilities and transactions are mainly denominated in RMB. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. The Group is closely monitoring the risk and will apply appropriate hedging instruments when it is needed.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management of the Company, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

INTEREST RATE RISK

Interest rate risk refers to the risk that the fair value of interest rate risk in relation to fixed rate bank borrowings. The Group is also exposed to cash flow interest rate due to fluctuation of prevailing market interest rate on bank deposits and bank borrowings carried at prevailing market interest rates. The Group however did not engage in any derivatives agreements and did not commit any financial instrument to hedge its interest rate risk during the year ended 31 December 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 the market position and increase its market share by, (i) continuing to strengthen and develop its R&D and IT services capabilities and further expand its cloud services; (ii) expanding its offices and enhancing its services capacity to capture business opportunities in different regions in the PRC; (iii) establishing technical services centres to further enhance its IT services; (iv) strengthening its marketing efforts and improving its brand recognition; and (v) maintaining fund for performance bond.

After deduction of all related listing expenses and commissions, the net proceeds from the Listing of the Shares on the Stock Exchange Listing amounted to approximately HK$74.0 million. Up to 31 December 2021, the Group has utilised approximately HK$60.6 million of the net proceeds from the Listing in accordance with the purposes stated in the prospectus of the Company dated 23 April 2020 (the "**Prospectus**") as follows:

	As stated in Prospectus *HK$'000*	Actual use of proceeds from the date of Listing up to 31 December 2020 *HK$'000*	Actual use of proceeds during the year ended 31 December 2021 *HK$'000*	Unused Amount *HK$'000*	Expected timeline of fullutilisation of the remaining net proceeds
Expanding its offices and enhancing its service capacity to capture business opportunities in different regions in the PRC	24,400	–	13,024	11,376	by the first half of the year ending 31 December 2022
Strengthening and developing its R&D and IT services capabilities and further expanding its cloud services	26,000	49	25,951	–	–
Maintaining fund for performance bond	12,400	7,771	4,629	–	–
Strengthening its marketing effort and improving its brand recognition	3,800	–	2,710	1,090	by the year ending 31 December 2022
Working capital and general corporate purposes	7,400	1,983	4,438	979	by the first half of the year ending 31 December 2022
Total	74,000	9,803	50,752	13,445	

The Group intends to utilise the proceeds from the Listing in accordance with the purposes stated in the Prospectus.

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

Save for the below, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the year ended 31 December 2021.

The Group subscribed for approximately RMB40.0 million of principal-guaranteed wealth management products issued by Industrial Bank Shenzhen Branch with floating income on 9 July 2021 for a period of investment from 12 July 2021 to 30 December 2021, and subsequently redeemed all amount of fund of such wealth management products on 30 December 2021. It gained approximately RMB0.6 million from such wealth management products for the year ended 31 December 2021. For further details, please refer to the announcement of the Company dated 12 July 2021. As at 31 December 2021, the Group did not hold any wealth management products (31 December 2020: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as the future plans or development of the Group's business as disclosed in the paragraphs headed "Business Review" and "Events After the Reporting Period" in this Management Discussion and Analysis, there was no specific plan for material investments or capital assets as at 31 December 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group employed a total of 258 (31 December 2020: 198) employees. Total employee benefit expense (including Directors' remuneration) for the years ended 31 December 2021 and 2020 were approximately RMB39.9 million and approximately RMB31.4 million, respectively. Remuneration is determined with reference to market level of salaries paid by comparable companies, the respective responsibilities of the individual employee and the performance of the Group. In addition to a basic salary, benefits in kind and discretionary bonuses were offered to those employees according to the assessment of individual performance.

EVENTS AFTER THE REPORTING PERIOD

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

The Company has adopted the Share Award Plan on 9 November 2021 and provided supplementary information to Shareholders and potential investors of the Company in relation to Eligible Participants and Plan Limit of the Share Award Plan on 11 January 2022. The Awards are expected to be granted to Eligible Participants after 18 March 2022.

Save for the above, as at the date of this announcement, the Group has no material subsequent events after 31 December 2021 which are required to be disclosed.

DIVIDEND

The Group recommended the payment of dividend of HK$0.0018 per share for the year ended 31 December 2021, which is subject to the approval by the shareholders at the annual general meeting of the Company. The dividend is expected to be payable to the shareholders on or before 10 June 2022. The dividend will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on 18 May 2022.

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 31 December 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 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 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	1,455,000,000	72.75%

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 1,455,000,000 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 31 December 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 31 December 2021, the following persons (not being a Director or chief executive of the Company) have 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 or which would be required to be entered into the registered required to be kept 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	1,455,000,000	72.75%
Tricor Equity Trustee *(Note 2)*	Trustee of the Family Trust and interest in a controlled corporation	1,455,000,000	72.75%
Ms. Ding *(Note 1)*	Settlor of the Family Trust and beneficial interest	1,455,000,000	72.75%
Green Leaf *(Note 1)*	Beneficiary of the Family Trust	1,455,000,000	72.75%
Mr. Cai Aaron Ding ("**Mr. Cai**") *(Note 1)*	Beneficiary of the Family Trust	1,455,000,000	72.75%
Mr. Yan Shi *(Note 3)*	Interest of a spouse	1,455,000,000	72.75%

Notes:

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 1,455,000,000 Shares held by the Family Trust.

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.

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' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and the "Share Option Scheme" in this announcement of the Directors, at no time during, or as at the end of, the year ended 31 December 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 14 April 2020 to attract and retain the best competent personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. As at 31 December 2021, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed from the Listing Date to 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the securities of the Company during the year ended 31 December 2021.

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 as set out below, the Company has complied with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules from the Listing Date to 31 December 2021.

Code Provision A.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 the 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 chairperson 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.

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 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 from the Listing Date to 31 December 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the annual general meeting of the Company ("**2022 AGM**"), the register of members of the Company will be closed from Tuesday, 3 May 2022 to Friday, 6 May 2022, both days inclusive, during which period, no transfer of Shares will be registered. In order to qualify for attending and voting at the 2022 AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 29 April 2022.

In addition, the register of members of the Company will be closed from Monday, 16 May 2022 to Wednesday, 18 May 2022, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, no later than 4:30 p.m. on Friday, 13 May 2022.

ANNUAL GENERAL MEETING

The 2022 AGM will be held on Friday, 6 May 2022. A notice convening the meeting will be issued and sent to the shareholders in due course.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

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

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

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the consolidated financial results of the Group for the year ended 31 December 2021. The Audit Committee is of the opinion that the consolidated financial results of the Group for the year ended 31 December 2021 complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable requirements and that adequate disclosures have been made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended December 31, 2021 as set out in this results announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on this results announcement.

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

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.edensoft.com.cn), and the annual report of the Company for the year ended 31 December 2021 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, 18 March 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, Mr. Liang Chi and Ms. Zhang Shuo as the independent non-executive directors.

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