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 2022

FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2022 was approximately RMB680.3 million, representing a decrease of approximately 15.0% as compared to that of the revenue for the year ended 31 December 2021 of approximately RMB800.5 million.

- The Group's gross profit for the year ended 31 December 2022 was approximately RMB75.6 million, representing a decrease of approximately 25.9% as compared to that of the gross profit for the year ended 31 December 2021 of approximately RMB102.0 million.

- The loss for the year and attributable to owners of the parent for the year ended 31 December 2022 was approximately RMB27.8 million, representing a decrease of approximately 242.9% as compared to that of the profit for the year and attributable to owners of the parent for the year ended 31 December 2021 of approximately RMB19.4 million.

- The loss before tax for the year ended 31 December 2022 was approximately RMB35.8 million, representing a decrease of approximately 275.1% as compared to that of the profit before tax for the year ended 31 December 2021 of approximately RMB20.5 million.

- The basic and diluted loss per share for the year ended 31 December 2022 was approximately RMB1.36 cents, representing a decrease of approximately 243.2% as compared to that of the basic and diluted earnings for the year ended 31 December 2021 of approximately RMB0.95 cents.

- The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: HK$0.0018 per share).

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 2022, together with the comparative figures for the year ended 31 December 2021 are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
REVENUE	4	**680,322**	800,510
Cost of sales		**(604,761)**	(698,502)
Gross profit		**75,561**	102,008
Other income and gains		**2,044**	4,875
Selling and distribution expenses		**(29,786)**	(25,028)
Administrative expenses		**(24,184)**	(25,192)
Research and development expenses		**(38,605)**	(35,023)
Other expenses		**(10,931)**	(31)
Impairment losses on financial and contract assets, net		**(10,695)**	(655)
Finance costs	6	**(746)**	(287)
Share of profit/(loss) of an associate		**1,513**	(207)
(LOSS)/PROFIT BEFORE TAX	5	**(35,829)**	20,460
Income tax credit/(expense)	7	**8,058**	(1,026)
(LOSS)/PROFIT FOR THE YEAR		**(27,771)**	19,434
Attributable to:			
Owners of the parent		**(27,770)**	19,434
Non-controlling interests		**(1)**	–
		(27,771)	19,434
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For (loss)/profit for the year		**RMB(1.36) cents**	RMB0.95 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
LOSS/(PROFIT) FOR THE YEAR	**(27,771)**	19,434
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on currency translation	**197**	126
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on currency translation of the parent	**6,033**	(2,052)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**6,230**	(1,926)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(21,541)**	17,508
Attributable to:		
Owners of the parent	**(21,540)**	17,508
Non-controlling interests	**(1)**	–
	(21,541)	17,508

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	**31 December 2022 RMB'000**	31 December 2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**972**	858
Right-of-use assets		**7,646**	7,027
Goodwill		**6,217**	6,217
Other intangible assets		**566**	788
Investment in an associate		**1,279**	454
Deferred tax assets		**9,128**	594
Total non-current assets		**25,808**	15,938
CURRENT ASSETS			
Inventories		**54,508**	54,312
Trade and bills receivables	10	**142,864**	140,875
Prepayments, deposits and other receivables		**34,678**	15,486
Financial assets at fair value through profit or loss		**5,050**	–
Contract assets		**3,447**	3,455
Time deposits and pledged deposits		**1,650**	25,364
Cash and cash equivalents		**55,256**	120,756
Total current assets		**297,453**	360,248
CURRENT LIABILITIES			
Trade payables	11	**76,766**	123,326
Other payables and accruals		**9,692**	9,762
Contract liabilities		**20,748**	22,888
Interest-bearing bank borrowings		**19,562**	–
Lease liabilities		**3,594**	4,421
Tax payable		**5,124**	5,312
Total current liabilities		**135,486**	165,709
NET CURRENT ASSETS		**161,967**	194,539
TOTAL ASSETS LESS CURRENT LIABILITIES		**187,775**	210,477

	Notes	**31 December 2022** *RMB'000*	31 December 2021 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**2,501**	1,876
Deferred tax liabilities		**142**	197
Total non-current liabilities		**2,643**	2,073
Net assets		**185,132**	208,404
EQUITY			
Equity attributable to owners of the parent			
Share capital		**18,654**	18,289
Reserves		**166,479**	190,115
		185,133	208,404
Non-controlling interests		**(1)**	–
Total equity		**185,132**	208,404

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.

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

Information about subsidiaries

The Company's subsidiaries are as follows:

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

Name	Place of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
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
Shanghai Eden Yunlian Technology Co., Ltd. (上海市伊登雲聯技術有限公司) ("**Shanghai Yunlian**")	PRC/Mainland China	–	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud services
Zhengzhou Tengyun Electronic Technology Co., Ltd. (鄭州市騰雲電子科技有限公司) ("**Zhengzhou Tengyun**")	PRC/Mainland China	–	–	100	Provision of IT infrastructure services, IT implementation and supporting services and cloud services
Shenzhen Shenghan Information Technology Co., Ltd. (深圳市盛涵信息科技有限公司) ("**Shenzhen Shenghan**")	PRC/Mainland China	–	–	80	Provision of IT infrastructure services, 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

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

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

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

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 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information[5]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "**2020 Amendments**")[2, 4]
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "**2022 Amendments**")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion

5. An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment that shall apply it on initial application of HKFRS 17

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

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 HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e.,1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. 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. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, 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 revisiting the accounting policy disclosures to ensure consistency with the amendments.

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 in HKAS 12 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 (provided that sufficient taxable profit is available) 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 financial statements.

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 2022			
	IT infrastructure services	**IT implementation and supporting services**	**Cloud services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Reportable segment revenue	**279,580**	**171,205**	**229,537**	**680,322**
Reportable segment cost of sales	**(249,581)**	**(153,358)**	**(201,822)**	**(604,761)**
Reportable segment gross profit	**29,999**	**17,847**	**27,715**	**75,561**

	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

Geographical information

(a) Revenue from external customers

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**659,483**	795,649
Hong Kong	**13,438**	4,861
Singapore	**7,401**	–
	680,322	800,510

(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 RMB121,019,000 (2021: RMB176,228,000) 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:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**680,322**	800,510

Revenue from contracts with customers

(a) ***Disaggregated revenue information***

For the year ended 31 December 2022

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	**279,580**	**–**	**–**	**279,580**
Sale of solution-based software and/or hardware products and related services	**–**	**128,585**	**214,498**	**343,083**
IT supporting and maintenance services	**–**	**17,099**	**–**	**17,099**
IT design and implementation services	**–**	**25,521**	**–**	**25,521**
Cloud platform design services	**–**	**–**	**15,039**	**15,039**
Total revenue from contracts with customers	**279,580**	**171,205**	**229,537**	**680,322**
Geographical markets				
Mainland China	**258,741**	**171,205**	**229,537**	**659,483**
Hong Kong	**13,438**	**–**	**–**	**13,438**
Singapore	**7,401**	**–**	**–**	**7,401**
Total revenue from contracts with customers	**279,580**	**171,205**	**229,537**	**680,322**
Timing of revenue recognition				
Services transferred over time	**–**	**42,620**	**15,039**	**57,659**
Services transferred at a point in time	**279,580**	**128,585**	**214,498**	**622,663**
Total revenue from contracts with customers	**279,580**	**171,205**	**229,537**	**680,322**

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

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:

	2022 ***RMB'000***	2021 *RMB'000*
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
IT infrastructure services	**7,300**	2,558
IT implementation and supporting services	**10,994**	7,050
Cloud services	**4,594**	2,330
	22,888	11,938

(b) Performance obligations

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

Sale of software and/or hardware products and related services

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

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

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

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

IT supporting and maintenance services

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

Cloud 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:

	2022	2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**8,851**	82,337
More than one year	**153,245**	178,820
	162,096	261,157

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 three years. All the other remaining performance obligations are expected to be recognised within one year.

	2022	2021
	RMB'000	*RMB'000*
Other income		
Bank interest income	**404**	792
Government grants – related to income*	**1,505**	2,738
Investment income from financial assets at fair value through profit or loss	**–**	587
	1,909	4,117
Gains		
Foreign exchange gains, net	**–**	642
Gain on financial assets at fair value through profit or loss	**50**	–
Others	**85**	116
	135	758
	2,044	4,875

* 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):

	2022 *RMB'000*	2021 *RMB'000*
Cost of inventories sold	**451,403**	450,789
Cost of services provided	**153,149**	247,713
Depreciation of property, plant and equipment	**199**	542
Depreciation of right-of-use assets	**1,799**	4,295
Amortisation of other intangible assets	**222**	220
Auditor's remuneration	**1,030**	1,120
Lease payments not included in the measurement of lease liabilities	**164**	611
Research and development expenses	**38,605**	35,023
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	**41,756**	34,569
Equity-settled share award expense	**1,418**	–
Pension scheme contributions**	**8,451**	5,304
	51,625	39,873
Foreign exchange differences, net*	**4,115**	(642)
Impairment losses on financial assets	**10,452**	642
Impairment losses on contract assets	**243**	14
Investment income on financial assets at fair value through profit or loss*	**–**	(587)
Gain on financial assets at fair value through profit or loss	**50**	–
Share of (profits)/losses of an associate	**(1,513)**	207
Write-down of inventories to net realizable value***	**6,815**	–

* 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.

*** Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 *RMB'000*	2021 *RMB'000*
Interest on bank loans	**467**	–
Interest on lease liabilities	**279**	287
	746	287

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% (2021: 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 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 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% (2021: 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 and New Technology Enterprise and was entitled to a preferential tax rate of 15% (2021: 15%), and Dongguan Eden, Shenzhen Yundeng and Shenzhen Heweiteng were recognised as Micro and Small Companies. Under the 2022 tax regime of Micro and Small Companies, Dongguan Eden, Shenzhen Yundeng and Shenzhen Heweiteng are entitled to a preferential tax rate of 2.5% (2021: 5%) for the first RMB1,000,000 of assessable profits and the remaining assessable profits below RMB3,000,000 are taxed at 5% (2021: 10%).

The subsidiary of the Group operating in Singapore is subject to the corporate income tax rate of 17% for the year ended 31 December 2022.

	2022 ***RMB'000***	2021 *RMB'000*
Current – PRC		
– charge for the year	**531**	1,345
Current – Hong Kong		
– charge for the year	**–**	–
Deferred	**(8,589)**	(319)
Total tax charge for the year	**(8,058)**	1,026

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

	2022		2021	
	RMB'000	*%*	*RMB'000*	*%*
(Loss)/profit before tax	**(35,829)**	**–**	20,460	–
Tax at the statutory tax rate	**(7,575)**	**21.1**	6,231	30.5
Entities subject to lower statutory income tax rates	**3,056**	**(8.5)**	(2,149)	(10.5)
(Income)/loss attributable to an associate	**(227)**	**0.6**	31	0.2
Additional deduction for research and development expense	**(4,146)**	**11.6**	(3,271)	(16.0)
Expenses not deductible for tax	**97**	**(0.3)**	120	0.6
Tax losses utilised from previous periods	**–**	**–**	(26)	(0.1)
Adjustments in respect of current tax of previous periods	**498**	**(1.39)**	(100)	(0.5)
Tax losses not recognised	**239**	**(0.7)**	190	0.9
Tax charge at the Group's effective tax rate	**(8,058)**	**22.5**	1,026	5.0

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

As at 31 December 2022, no deferred tax (2021: Nil) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB71,375,000 (2021: RMB92,974,000).

8. DIVIDENDS

On April 12, 2022, the Board declared a final dividend of HK$0.0018 per ordinary share for the year ended 31 December 2021. The dividend of HK$0.0018 per ordinary share totalling HK$3,681,000 was paid in June 2022.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,044,947,350 (2021: 2,044,947,350) in issue during the year.

The effect of shares assumed to have been issued at no consideration has been excluded from the computation of diluted loss per share for the year ended 31 December 2022 as its effects would be anti-dilutive.

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

	2022	2021
	RMB'000	*RMB'000*
Earnings		
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(27,771)**	19,434

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

The calculation of the basic and diluted earnings per share for all periods presented have been adjusted retrospectively due to the conversion of share premium reserve into share capital this year.

10. TRADE AND BILLS RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**138,200**	132,488
Impairment	**(11,967)**	(1,739)
Trade receivables, net	**126,233**	130,749
Bills receivable	**16,631**	10,126
	142,864	140,875

The Group grants certain credit periods to customers, except for new customers, where payment in advance is normally required. The credit period for specific customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

As at 31 December 2021 and 2022, certain of the Group's interest-bearing bank borrowings were secured by the Group's trade and bills receivables with carrying values of nil and RMB10,065,000 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:

	2022	2021
	RMB'000	*RMB'000*
Within 6 months	**100,155**	127,002
6 to 12 months	**27,179**	3,697
Over 12 months	**10,866**	1,789
	138,200	132,488

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**1,739**	1,097
Impairment losses	**10,228**	642
At end of year	**11,967**	1,739

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

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

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

		Ageing		
	Less than 6 months	**6 to 12 months**	**Over 12 months**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022				
Expected credit loss rate	**1.53%**	**8.38%**	**75.05%**	**8.66%**
Gross carrying amount *(RMB'000)*	**100,155**	**27,179**	**10,866**	**138,200**
Expected credit losses *(RMB'000)*	**1,535**	**2,277**	**8,155**	**11,967**
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

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:

	2022	2021
	RMB'000	*RMB'000*
Within 30 days	**64,642**	113,259
31 to 60 days	**6,481**	6,873
61 to 90 days	**47**	567
Over 90 days	**5,596**	2,627
	76,766	123,326

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. The carrying amounts of the trade payables approximate to their fair values.

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**"). The Company has adopted the Share Award Scheme Plan on 9 November 2021 and provided supplementary information to Shareholders and potential investors of the Company in relation to eligible participants and plan limit of the Plan on 11 January 2022. On 23 March 2022, the Board has resolved to grant 44,947,350 Award Shares to 42 Selected Participants, all of whom are Employees. As at the date of this announcement, the Company's total outstanding shares are 2,044,947,350. See the section headed "Share Award Scheme Plan" in this announcement for further details.

BUSINESS REVIEW

I. Business Review

The Group has improved its management structure and optimized its strategic objectives in 2022 after looking over the "Eden Management Strategy 2.0* (伊登2.0管理戰略)". Based on its major business segments, namely IT infrastructure services, IT implementation and supporting services and cloud services, the Group has made its efforts to diversify the supporting products and/or services lines. This enabled the Group to make specific development plan for its business units of the supporting products and/or services lines in the corresponding business segments in accordance with their own characteristics, and overcome internal constraints, if any, among them and also achieve the immeasurable marketing and business collaboration.

IT infrastructure services

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

The Group has continuously expanded and enhanced its product portfolio by strengthening strategic cooperation relationship with domestic and overseas reputable IT products providers, including but not limited to Sangfor Technologies Inc.* (深信服科技股份有限公司) and Yonyou Network Technology Co., Ltd.* (用友網路科技股份有限公司) ("**Yonyou**"). For example, (i) in order to jointly explore new business opportunities in the industry and provide leading products/services to help customers in solving problems during their operations, the Group further launched strategic cooperation with Veritas Technologies LLC. in April 2022 and held a meeting together on the theme of "Going Overseas with Smooth Connectivity and Compliance Protection* (暢聯出海，合規護航)" with it in June 2022 to provide enterprise solutions in response to the challenges and opportunities that Chinese enterprises may face when seeking business opportunities overseas, including but not limited to strategic planning, structure deployment, legal compliance and data security; and (ii) the Group and the Business Application team of Microsoft jointly organized the "Digital Driven, Winning in Innovation – Seminar on Digital Transformation of High-tech Enterprises* (數字驅動，贏在創變－高科技企業數位化轉型研討會)", to develop the new and digital business processes and mature solutions for high-tech enterprises.

In consideration of China-made IT products and services are becoming increasingly popular in recent years in China, the Group has increased its investment in China-made software products and information and innovation software and services. The Group has cooperated with an independent third party, who is one of the leading enterprises of domestic operating systems in the PRC ("**Kylin Provider**"), to organize 11 online training seminars in connection with Kylin Operating System (麒麟操作系統) for software engineers during 2022, wherein 136 participants have obtained certificates issued by the Education & Examination Center of MIIT* (工業和信息化部教育與考試中心) as well as the Kylin Operating System Engineer Certificates issued by KylinSoft Co., Ltd.* (麒麟軟件有限公司) upon completion of the corresponding training courses and passing the examinations until now, proving their professional technical capabilities in this field. Besides, the Group and Kylin Provider successfully held the award ceremony of "Kylin Software Education Development Center and Training Base* (麒麟軟體教育發展中心培訓基地)", which has promoted the long-term cooperation between the two sides into a new stage of development, and also became a milestone of co-construction of IT talents training base.

In August 2022, as an important partner of Yonyou, the Group was invited to attend the Yonyou 2022 Global Business Innovation Conference* (用友2022全球商業創新大會), and entered into a strategic cooperation agreement with Yonyou. By establishing a comprehensive, deep-seated, long-term and stable strategic partnership, the two parties will give full play to their respective advantages in technology, market and ecology, focus on the government and enterprise markets, as well as the needs of customers' digital transformation, to realize the closely coordinated development with end-to-end service capabilities.

IT implementation and supporting services

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

The Group continues to strengthen the research and development ("**R&D**") and promotion of its self-developed products and solutions. Leveraging its in-depth industry experience, the Group, on the one hand, has successfully provided standardized as well as customized new products with its self-owned intellectual property ("**IP**") rights to customers in various industries, such as education, healthcare, retail and manufacturing industries; on the other hand, the Group has integrated and upgraded its existing products and strengthened the R&D of products with strong market demand, including but not limited to software, which can increase the productivity, strengthen permission management and improve the function of mobile application. Besides, based on the integration with Eden Data Lake Platform* (伊登數據湖平台), the Group has also carried out the R&D of digital economy talent management platform and smart education evaluation products. As at 31 December 2022, the Group owned 107 registered software trademarks and two registered patent and had three patents during the application processes in the PRC.

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

Cloud services

For the year ended 31 December 2022, the Group has made efforts on the development of cloud services and became a Managerial Cloud Services Provider. With the aim of helping enterprise customers accelerate their digital transformation, the Group has provided the cloud services based on, not only, the cooperation with Chinese cloud services providers, including the top three Chinese cloud services providers in terms of their cloud infrastructure services market share in 2022 in the PRC and foreign cloud services providers, including the top two global cloud services providers in terms of their infrastructure-as-a-service market share in 2022 in the world, but also comprehensive solution services in connection with cloud, which included but is not limited to cloud consultancy, cloud migration, cloud implementation, cloud security and hybrid cloud.

- *Development of multi-cloud strategy:* the Group (i) established cooperation with a leading new energy vehicles provider in the PRC for provision of cloud services, which primarily comprises of preliminary consultation, mid-term migration implementation and post-maintenance, based on the Group's cooperation with a global leading cloud infrastructure and platform services provider, in January 2022; (ii) taking public cloud as the starting point, has achieved cross-industry development in multi-cloud field and is committed to seek close cooperation with small- and medium-sized enterprise customers in IT digital products field; (iii) won the "2021 HUAWEI Cloud Market Excellent Partner – Best Sales Blue Diamond Award* (2021年度華為雲市場優秀夥伴－最佳銷售藍鑽獎)" for its strong market competitiveness, excellent digital industry solutions as well as professional service team in April 2022; and (iv) obtained the 2022 "Emerging Distribution Partner* (新銳分銷夥伴)" from Alibaba Cloud in February 2023;

- *Development of self-developed cloud products:* eITSM Work Orders Management System* (eITSM工單管理系統), the Group's self-developed product and with the capabilities of standardizing the workflow of the employees, helping enterprises save operating costs, improving service resource utilization, service quality and customer satisfaction, was successfully launched in the Microsoft Teams store in April 2022; and

- *Major achievements of the Group in cloud computing:* (i) the Group has obtained the certification of Microsoft Azure Expert MSP Audit and became the Azure Expert Managed Service Provider in December 2022, which shows the Microsoft's recognition of the Group's service capabilities in Azure cloud field; (ii) two engineers of the Group have been recognised as Professional Cloud Architects by Google Cloud in June 2022, proving their understanding of Google Cloud Platform and capability to design and plan cloud solution architectures; (iii) four engineers of the Group have been recognised as the Certified Kubernetes Administrators by the Cloud Native Computing Foundation (established in 2015 as a part of Linux Foundation and committed to popularizing and advancing cloud native technologies) in January 2022, proving their sufficient skills, knowledge and competency to operate and manage Kubernetes, which is a widely-used open-source system for automating deployment, scaling and management of containerized applications; (iv) four engineers of the Group have obtained the Amazon Web Services ("**AWS**") certificates, and the Group has established new cooperation with a leading new energy vehicles provider in the PRC in January 2022, by which it has accumulated experience in providing public cloud services. The Group has been able to provide customers with comprehensive and in-depth technical support services in connection with the AWS product line; and (v) the Group has preliminarily reached strategic cooperation intention with Tencent Cloud Computing (Beijing) Co., Ltd.* (騰訊雲計算(北京)有限責任公司) ("**Tencent Cloud Computing**"). For example, the Group was invited to join the Tencent Cloud Hillhouse Digital Twin Building Space Partner Plan* (騰訊雲微瓴數字孿生建築空間合夥人計劃) in November 2022 to provide smart building solutions together with Tencent Cloud Computing.

Branding and marketing

China's macro economy faces the impact of the strict COVID-19 prevention and control restrictions and global inflation in 2022, which also brought relatively great development pressure and challenges to the Group. However, we have been continuously seeking to seize the new development opportunities in the industry, which refers to the obvious acceleration in the pace of digital technology innovation and iteration.

In the report of the State Council of the PRC with respect to the development of digital economy published on the Standing Committee of the National People's Congress of the PRC on 28 October 2022, it was mentioned that a new round of technological revolution and industrial transformation is gaining momentum, the internet, big data, cloud computing, AI, blockchain and other digital technologies are undergoing vigorous innovation, and the value of data as a key factor of production has become increasingly prominent and penetrated into the whole process of economic and social fields. The Group will continue to execute the "Eden Management Strategy 2.0" and increase its investment in big data, cloud computing services and high-end technical services, which will be the strategic focus of the Group in the future.

Based on the market research results, the Group deeply focuses on the industrial market, especially certain key industries including: (i) high-tech manufacturing industry, especially the manufacturing industry dominated by the upstream and downstream industry chain of new energy vehicles; (ii) education industry, especially institutions of higher education, vocational colleges, education chain institutions and other education systems; (iii) medical and healthcare industry, especially Class-III hospitals, internet hospitals, health chain institutions, etc.; and (iv) large consumption industries, especially leisure consumption chain institutions, fast-moving consumer goods manufacturers, cross-border e-commerce, etc..

Adhering to the core subjects of "New Eden, New Dreams* (新伊登、新夢想)" and "Eden Management Strategy 2.0", and encompassing the planning of "strengthening branding and marketing, establishing Edensoft brand image* (強化市場品牌建設，樹立伊登品牌形象)", the Group primarily made the following efforts:

- in May 2022, the Company, as the Vice President Company of Shenzhen Digital Economic Industry Promotion Association* (深圳市數字經濟產業促進會), participated in the "Digital Infrastructure High-Quality Development Conference and the First Plenary Meeting of the Digital Infrastructure Branch of the Shenzhen Digital Economic Industry Promotion Association in 2022* (數字基礎設施高質量發展大會暨2022年深圳市數字經濟產業促進會數字基礎設施分會第一次全體會議)", wherein Ms. Ding Xinyun, the Chairman of the Group, awarded licenses to three newly-selected Vice President Companies of the Digital Infrastructure Branch;

- in July 2022, the Company was invited to participate in the "2022 China Digital Economy Innovation Development Conference* (2022中國數字經濟創新發展大會)". During the conference, as the Vice President Company of Shenzhen Digital Economic Industry Promotion Association, as well as a high-tech enterprise specializing in integrated IT solutions and cloud services, the Company actively interacts with the industry experts to investigate and negotiate investment opportunities;

- in November 2022, the Company participated in the 24th China Hi-Tech Fair* (第二十四屆中國國際高新技術成果交易會) with IBwave, which is one of the largest and most influential science and technology exhibitions in the PRC. Both of the companies are committed to facilitating enterprise informatization and digital transformation through providing leading products, best solutions and efficient and convenient technical support services; and

- in December 2022, Shenzhen Chamber of International Investment and Financing* (深圳市國際投融資商會), which is an influential social organization in Shenzhen providing consultancy and other relevant services for enterprises' investment and financing, together with its member enterprises, visited the Group's office in Shenzhen. All aforementioned parties will jointly contribute to the economic development of Shenzhen and the construction of the Bay Area.

Regional business development

In September 2022, Edensoft Pte. Ltd, a subsidiary of the Group, was established in Singapore, which is an important step for the Group to accelerate enterprise diversification and digitization as well as its global layout. The Group intends to provide high-quality products, solutions and other IT services to overseas enterprise customers in the local markets. This will improve the Group's response efficiency to overseas customers' demand and the corresponding cooperation between them, which will further empower overseas customers and continuously generate value for them.

The Chairman of the Group, Ms. Ding Xinyun, believes that the establishment of the subsidiary in Singapore is an important step for the Group to layout the global market as well as a strategic need for further development. On the one hand, it will better provide high-quality services to overseas customers and empower their business; on the other hand, it is able to further promote the Group's strategy of globalization, improve the Group's international competitiveness and profitability, and effectively promote the business development of the Group in the overseas markets.

II. Acquisition Opportunities

After the Listing, the Group formulated a five-year strategic plan in July 2021, which include but is not limited to strategic investment, mergers and acquisitions, so as to promote the expansion and development of the Group's business. This will also provide support and guarantee for the optimization of the Group's business structure and sustainable growth of operation. In line with such strategy, the Group is currently conducting market research and has engaged professional consultants to identify suitable acquisition opportunities.

III. Future Prospectus

The Group believes that its future development must adhere to the principle of "reformation and innovation go hand in hand, affirmation and reflection coexist side by side* (改革與創新同行，肯定與反思並肩)". Although the COVID-19 pandemic brought adverse impacts on the development of market and industry during the year ended 31 December 2022, the Group has always forged ahead, adhering to the core subjects of "New Eden, New Dreams" and "Eden Management Strategy 2.0", optimized its enterprise management architecture and accelerated the enterprise information and digital transformation.

Although (i) the industry where the Group operates is getting increasingly competitive; and (ii) the negative impacts of COVID-19 pandemic on the Chinese macro economy also adversely affect the Group's business operation and development in 2022, the Group aims to continue to strengthen its innovation capacity to cater the on-going changing market demands and economic environment. The Group intends to focus on its self-developed products/services:

- *adjusting product development strategy:* (i) precipitating products based on customized solutions, developing independent brand products and continuously upgrading and optimizing the Group's products/services; (ii) integrating the existing products, as well as strengthening the R&D of products with strong market demands; and (iii) improving productivity tools, such as workflow engines, permissions management tools and mobile application tools, etc., which, the Group believes, have a wide range of applicable scenarios;

- *focusing on industry fields to create the Group's own IP rights:* (i) focusing on education, health care, retail and manufacturing industries to precipitate exclusive IP rights of Eden industry solutions; (ii) continuing to carry out the R&D of the digital economy talent management platform and the development of smart education evaluation products, as well as combining the products of the Eden Data Lake Platform to realize the integration between the products and industry IP rights; and (iii) combining peripheral products and with the basis of cooperation with IT solution providers to provide customized solutions, which are competitive and up to the demands and requirements of customers; and

- *introducing consultancy services in connection with IT services:* the Group intends to establish cooperation relationship with world-renowned consultancy service providers to enhance its execution capabilities and market competitiveness of the Group's products and/or services.

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

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2022 was approximately RMB680.3 million, representing a decrease of approximately RMB120.2 million, or approximately 15.0%, as compared to revenue of approximately RMB800.5 million for the year ended 31 December 2021. The overall decrease in revenue of the Group was primarily attributable to the resurgences of COVID-19 outbreak in the PRC in 2022, which adversely affected the market and in particularly led to (i) the suspension of the Group's business in eastern China in the first half of 2022 due to the strict pandemic control measures implemented by the PRC government authorities during the same period; and (ii) the decrease of revenue generated in December 2022 as compared to the revenue generated in the same period of 2021 due to the surge of COVID-19 infections after the relevant PRC government authorities announced to downgrade the management of COVID-19 from Class A to Class B in accordance with Chinese law on prevention and treatment of infectious disease, and remove it from quarantinable infectious disease management carried out in accordance with the Frontier Health and Quarantine Law of the PRC.

Cost of sales

Cost of sales of the Group decreased by approximately RMB93.7 million, or approximately 13.4% from approximately RMB698.5 million for the year ended 31 December 2021 to approximately RMB604.8 million for the year ended 31 December 2022. The decrease was in line with the decrease in revenue of the Group during the relevant period, which was mainly due to the negative impacts brought by the COVID-19 pandemic on the Group in the PRC in 2022.

Gross profit and margin

	2022	2021
	RMB'000	*RMB'000*
Revenue	**680,322**	800,510
Cost of sales	**(604,761)**	(698,502)
Gross profit	**75,561**	102,008
Gross profit margin *(%)*	**11.1%**	12.7%

The gross profit of the Group decreased by approximately RMB26.4 million, or approximately 25.9%, from approximately RMB102.0 million for the year ended 31 December 2021 to approximately RMB75.6 million for the year ended 31 December 2022, which was in line with the decrease in revenue of the Group during the relevant period. The gross profit margin of the Group decreased from 12.7% for the year ended 31 December 2021 to 11.1% for the year ended 31 December 2022, which was primarily due to the decrease of gross profit margin in business segment of IT implementation and supporting services.

Other income and gains

Other income and gains of the Group decreased from approximately RMB4.9 million for the year ended 31 December 2021 to approximately RMB2.0 million for the year ended 31 December 2022, representing a decrease of approximately 58.1%. Such decrease was mainly due to (i) the reduction of government subsidy relating to our Listing; (ii) the reduction of exchange gain due to the exchange rate fluctuation; and (iii) the reduction of interest income.

Selling and distribution expenses

The selling and distribution expenses of the Group increased from approximately RMB25.0 million for the year ended 31 December 2021 to approximately RMB29.8 million for the year ended 31 December 2022, representing an increase of approximately 19.0%. Such increase was primarily due to the increase of the number of sales staff to enhance the Group's marketing activities.

Administrative expenses

The administrative expenses of the Group decreased from approximately RMB25.2 million for the year ended 31 December 2021 to approximately RMB24.2 million for the year ended 31 December 2022, representing a decrease of approximately 4.0%. The decrease was primarily because that the Group recognized the rental concessions in connection with the prevention and control measures of the COVID-19 pandemic implemented by the corresponding government authorities in 2022.

Research and development expenses

The research and development expenses of the Group increased from approximately RMB35.0 million for the year ended 31 December 2021 to approximately RMB38.6 million for the year ended 31 December 2022, representing an increase of approximately 10.2%. Such increase was mainly due to the increase of investment for strengthening and developing the Group's R&D capabilities, especially for its self-developed products.

Other expenses

Other expenses of the Group increased from approximately RMB31,000 for the year ended 31 December 2021 to approximately RMB10.9 million for the year ended 31 December 2022, representing an increase of approximately 35,161.3%. Such increase was mainly because that (i) the Group recognized write-down of inventories to net realizable value of approximately RMB6.8 million for the year ended 31 December 2022; and (ii) the Group recognized foreign exchange losses of approximately RMB4.1 million for the year ended 31 December 2022, while it recognized foreign exchange gain of approximately RMB0.6 million for the year ended 31 December 2021, which representing a decrease of approximately 741.0%.

Impairment losses on financial and contract asset

Impairment losses on financial and contract asset of the Group increased from approximately RMB0.7 million for the year ended 31 December 2021 to approximately RMB10.7 million for the year ended 31 December 2022, representing an increase of approximately 1,532.8%. Such increase was mainly due to the increase of impairment losses on trade receivables in 2022.

Finance costs

Finance costs of the Group increased from approximately RMB0.3 million for the year ended 31 December 2021 to approximately RMB0.7 million for the year ended 31 December 2022, representing an increase of approximately 159.9%. Such increase was mainly due to the increase of borrowing for the Group's business operation.

Income tax credit

The Group recorded an income tax expenses of approximately RMB1.0 million for the year ended 31 December 2021, while it recorded an income tax credit of approximately RMB8.1 million for the year ended 31 December 2022, which was comprised of a current income tax expense of approximately RMB0.5 million for FY2022 (2021: RMB1.3 million) and a deferred tax credit of approximately RMB8.6 million for FY2022 (2021: RMB0.3 million). The significant increase in the deferred tax credit was primarily due to the Group's provision of deferred income tax assets arising from the recoverable loss during the relevant period.

Loss for the year and attributable to owners of the parent

As a result of the foregoing, the Group recorded a loss for the year and attributable to owners of the parent of approximately RMB27.8 million for the year ended 31 December 2022, representing a decrease of approximately 242.9%, as compared to a profit for the year and attributable to owners of the parent of approximately RMB19.4 million for the year ended 31 December 2021. Such decrease was primarily due to (i) the decrease of the Group's gross profit, which was in line with the decrease in its revenue during the relevant period; (ii) the increase of the Group's recognition of impairment losses on financial and contract asset during the relevant period; and (iii) the recognition of the write-down of inventories to net realizable value during the relevant period.

CHARGES ON ASSETS

The Group had pledged deposits in the aggregate amount of approximately RMB1.7 million to banks as a deposit for the Group's factoring loans and letter of guarantee as at 31 December 2022 (2021: approximately RMB9.0 million).

CAPITAL EXPENDITURE AND COMMITMENTS

As at 31 December 2022, the Group had capital expenditure amounted to approximately RMB0.4 million (31 December 2021: RMB0.2 million) in relation to the purchase of property, plant and equipment in the PRC. The Group had no commitments (31 December 2021: nil) which had been contracted but not provided for as at 31 December 2022.

CONTINGENT LIABILITIES

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, the Group's current assets were approximately RMB297.5 million (31 December 2021: RMB360.2 million), of which approximately RMB55.3 million (31 December 2021: RMB120.8 million) were cash and cash equivalents and approximately RMB1.7 million (31 December 2021: RMB25.4 million) were time deposits and pledged deposits. As at 31 December 2022, the net asset value of the Group amounted to approximately RMB185.1 million, representing a decrease of approximately 11.2% as compared to approximately RMB208.4 million at 31 December 2021. The decrease in net asset value in 2022 compared to that of 2021 was primary due to the Group recorded a loss for the year of approximately RMB27.8 million for the year ended 31 December 2022.

As at 31 December 2022, the Group's gearing ratio (calculated by dividing net debt by capital plus net debt) was approximately 21.0% (31 December 2021: 4.7%). Net debt is calculated as interest-bearing bank borrowings, lease liabilities, trade payables, financial liabilities included in other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.

As at 31 December 2022, the share capital of the Company was approximately RMB18.7 million (31 December 2021: RMB18.3 million). The Group's reserves were approximately RMB166.5 million (31 December 2021: RMB190.1 million). As at 31 December 2022, the Group had total current liabilities of approximately RMB135.5 million (31 December 2021: RMB165.7 million), mainly comprising trade payables and other payables and accruals, contract liabilities and short-term borrowing. The total non-current liabilities of the Group amounted to approximately RMB2.6 million (31 December 2021: RMB2.1 million), which mainly represented lease liabilities.

CAPITAL STRUCTURE OF THE GROUP

As at 31 December 2022, the capital structure of the Group consists of (i) debts, which include lease liabilities of approximately RMB6.1 million, trade payables of approximately RMB76.8 million, financial liabilities included in other payables and accruals of approximately RMB1.7 million and interest-bearing bank borrowings of approximately RMB19.6 million; and (ii) equity reserves attributable to owners of the parent of approximately RMB185.1 million, comprising issued share capital and various reserves.

As at 31 December 2022, financial liabilities included in other payables and accruals were non-interest bearing and were repayable within one year. All interest-bearing bank borrowings are repayable within one year. The contractual interest rate on bank borrowings was in line with LPR. LPR, i.e., Loan Prime Rate (貸款市場報價利率), which stood for the loan base rates announced by the National Interbank Lending Centre (全國銀行間同業拆借中心) of the PRC.

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 2022. The management monitors the Group's interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

USE OF PROCEEDS

The Group intends to strengthen 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 amounted to approximately HK$74.0 million. Up to 31 December 2022, the Group has utilised all the net proceeds from the Listing of HK$74.0 million in accordance with the purposes stated in the prospectus of the Company dated 23 April 2020.

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

During the year ended 31 December 2022, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as the future plans or development of the Group's business as disclosed in the paragraphs headed "Business Review" 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 2022.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed a total of 295 (31 December 2021: 258) employees. Total employee benefit expense (including Directors' remuneration) for the years ended 31 December 2022 and 2021 were approximately RMB51.6 million and approximately RMB39.9 million, respectively. Remuneration is determined with reference to market level of salaries paid by comparable companies, the respective responsibilities of the individual employee and the performance of the Group. In addition to a basic salary, benefits in kind and discretionary bonuses were offered to those employees according to the assessment of individual performance.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group has no material subsequent events after 31 December 2022, which are required to be disclosed.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: HK$0.0018 per share).

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 2022 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 2022, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed from the Listing Date to 31 December 2022.

SHARE AWARD SCHEME PLAN

The Company adopted a Share Award Plan (the "**Plan**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group' operations. Unless the context otherwise requires, capitalised terms used in this section shall have the same meanings as those defined in the announcements of the Company dated 9 November 2021, 11 January 2022 and 23 March 2022 in relation to the adoption of the Plan.

Eligible participants of the Plan will be selected by the committee, which comprises Directors and senior management of the Group. The Plan became effective on 9 November 2021 (the "**Adoption Date**") and, subject to any early termination in accordance with the rules of the Plan, the Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date.

According to the Plan, any Award Shares shall either be (i) existing Shares as may be purchased by the Trustee on the Stock Exchange or off the market; or (ii) new Shares to be allotted and issued to the Trustee by the Company pursuant to general mandate or specific mandate granted by Shareholders at general meeting(s) of the Company from time to time. The maximum number of Shares to be subscribed for and/or purchased by the Trustee for the purpose of the Plan shall not exceed 10% of the total number of issued Shares as at the Adoption Date (i.e. not exceed 200,000,000 Shares).

On 23 March 2022, the Board has resolved to grant 44,947,350 Award Shares to 42 Selected Participants, all of whom are Employees (i.e. Class (I) Participants), under the Plan (the "**Grantee(s)**"). The Award Shares represent (i) approximately 2.25% of the issued share capital of the Company as at the Adoption Date and the date of this announcement (i.e. 2,000,000,000 Shares) and (ii) approximately 2.20% of the enlarged issued share capital after the allotment. No funds will be raised from the allotment and issue of the new Shares.

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 2022.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interest of the Shareholders. To accomplish this, save for the deviation from the Code Provision C.2.1 as set out below, the Company has complied with the code provisions set out in the Corporate Governance Code in Appendix 14 to the Listing Rules from the Listing Date to 31 December 2022.

Code Provision C.2.1 stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Ding is the chairperson of the Board and the chief executive officer of the Company. In 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. To the best of knowledge of Directors, there is no relationship (including financial, business, family or other relationship(s)) between any Directors, chairman, chief executive officer and senior management of the Company.

The Directors will continue to review and consider splitting the roles of 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 2022.

ANNUAL GENERAL MEETING

The 2023 AGM will be held on Wednesday, 28 June 2023. A notice convening the meeting will be issued and sent to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the annual general meeting of the Company ("**2023 AGM**"), the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023, both days inclusive, during which period, no transfer of Shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Wednesday, 21 June 2023.

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. Hou Hsiao Wen, 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 2022. The Audit Committee is of the opinion that the consolidated financial results of the Group for the year ended 31 December 2022 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 31 December 2022 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 2022 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, 31 March 2023

As at the date of this announcement, the Board comprises Ms. Ding Xinyun (chairman and chief executive officer) and Ms. Li Yi as the executive directors, and Mr. Leung Chu Tung, Ms. Zhu Weili and Mr. Hou Hsiao Wen as the independent non-executive directors.

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