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# 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 2023

### FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2023 was approximately RMB815.3 million, representing an increase of approximately 19.8% as compared to that for the year ended 31 December 2022 of approximately RMB680.3 million.

- The Group's gross profit for the year ended 31 December 2023 was approximately RMB99.1 million, representing an increase of approximately 31.2% as compared to that for the year ended 31 December 2022 of approximately RMB75.6 million.

- The profit attributable to owners of the parent for the year ended 31 December 2023 was approximately RMB6.1 million, representing an increase of approximately 122.1% as compared to the loss attributable to owners of the parent for the year ended 31 December 2022 of approximately RMB27.8 million.

- The profit before tax for the year ended 31 December 2023 was approximately RMB5.3 million, representing an increase of approximately 114.7% as compared to the loss before tax for the year ended 31 December 2022 of approximately RMB35.8 million.

- The basic and diluted earnings per share for the year ended 31 December 2023 was approximately RMB0.30 cents, representing an increase of approximately 122.1% as compared to the basic and diluted loss per share for the year ended 31 December 2022 of approximately RMB1.36 cents.

- The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

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 2023, together with the comparative figures for the year ended 31 December 2022 as below.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2023*

| | Notes | **2023** *RMB'000* | 2022 *RMB'000* |
|---|---|---|---|
| **REVENUE** | 4 | **815,325** | 680,322 |
| Cost of sales | | **(716,190)** | (604,761) |
| Gross profit | | **99,135** | 75,561 |
| Other income and gains | | **8,644** | 2,044 |
| Selling and distribution expenses | | **(30,679)** | (29,786) |
| Administrative expenses | | **(25,133)** | (24,184) |
| Research and development expenses | | **(35,661)** | (38,605) |
| Other expenses | | **(1,987)** | (10,931) |
| Impairment losses on financial and contract assets, net | | **(6,805)** | (10,695) |
| Finance costs | 6 | **(2,250)** | (746) |
| Share of profit of an associate | | **–** | 1,513 |
| **PROFIT/(LOSS) BEFORE TAX** | 5 | **5,264** | (35,829) |
| Income tax credit | 7 | **826** | 8,058 |
| **PROFIT/(LOSS) FOR THE YEAR** | | **6,090** | (27,771) |
| Attributable to: | | | |
| Owners of the parent | | **6,137** | (27,770) |
| Non-controlling interests | | **(47)** | (1) |
| | | **6,090** | (27,771) |
| **EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT** | 9 | | |
| Basic and diluted | | | |
| – For profit/(loss) for the year | | **RMB0.30 cents** | RMB(1.36) cents |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2023*

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **PROFIT/(LOSS) FOR THE YEAR** | **6,090** | (27,771) |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on currency translation | **(769)** | 197 |
| Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on currency translation of the parent | **968** | 6,033 |
| **OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | **199** | 6,230 |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | **6,289** | (21,541) |
| Attributable to: | | |
| Owners of the parent | **6,336** | (21,540) |
| Non-controlling interests | **(47)** | (1) |
| | **6,289** | (21,541) |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*31 December 2023*

| | Notes | **31 December 2023** *RMB'000* | 31 December 2022 *RMB'000* |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **768** | 972 |
| Right-of-use assets | | **9,352** | 7,646 |
| Goodwill | | **6,217** | 6,217 |
| Other intangible assets | | **346** | 566 |
| Investment in an associate | | **–** | 1,279 |
| Deferred tax assets | | **9,514** | 9,128 |
| Total non-current assets | | **26,197** | 25,808 |
| **CURRENT ASSETS** | | | |
| Inventories | | **89,790** | 54,508 |
| Trade and bills receivables | 10 | **234,064** | 142,864 |
| Prepayments, deposits and other receivables | | **62,442** | 34,678 |
| Financial assets at fair value through profit or loss | | **–** | 5,050 |
| Contract assets | | **1,727** | 3,447 |
| Time deposits and pledged deposits | | **15,136** | 1,650 |
| Cash and cash equivalents | | **5,643** | 55,256 |
| Total current assets | | **408,802** | 297,453 |
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | 11 | **143,543** | 76,766 |
| Other payables and accruals | | **7,585** | 9,692 |
| Contract liabilities | | **33,596** | 20,748 |
| Interest-bearing bank borrowings | | **48,232** | 19,562 |
| Lease liabilities | | **3,218** | 3,594 |
| Tax payable | | **3,295** | 5,124 |
| Total current liabilities | | **239,469** | 135,486 |
| **NET CURRENT ASSETS** | | **169,333** | 161,967 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **195,530** | 187,775 |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| **NON-CURRENT LIABILITIES** | | |
| Lease liabilities | **3,865** | 2,501 |
| Deferred tax liabilities | **87** | 142 |
| Other liabilities | **–** | – |
| Total non-current liabilities | **3,952** | 2,643 |
| Net assets | **191,578** | 185,132 |
| **EQUITY** | | |
| **Equity attributable to owners of the parent** | | |
| Share capital | **18,654** | 18,654 |
| Reserves | **172,972** | 166,479 |
| | **191,626** | 185,133 |
| Non-controlling interests | **(48)** | (1) |
| Total equity | **191,578** | 185,132 |

# 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 People's Republic of China ("**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/Chinese Mainland | 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/Chinese Mainland | RMB30,345,000 | – | 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 Direct % | Indirect % | Principal activities |
|---|---|---|---|---|---|
| Dongguan Edensoft Limited (東莞市伊登軟件有限公司) ("**Dongguan Edensoft**")^ | PRC/Chinese Mainland | RMB2,160,000 | – | 100 | Provision of IT infrastructure services, IT implementation and supporting services and cloud services |
| Shenzhen Heweiteng Technology Limited (深圳市合威騰信息技術有限公司) ("**Shenzhen Heweiteng**")^ | PRC/Chinese Mainland | 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/Chinese Mainland | – | – | 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/Chinese Mainland | – | – | 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/Chinese Mainland | – | – | 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 Chinese Mainland 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**"), and the Hong Kong Companies Ordinance, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, wealth management products and equity investments 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 2023. 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, 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| HKFRS 17 | *Insurance Contracts* |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | *Disclosure of Accounting Policies* |
| Amendments to HKAS 8 | *Definition of Accounting Estimates* |
| Amendments to HKAS 12 | *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* |
| Amendments to HKAS 12 | *International Tax Reform – Pillar Two Model Rules* |

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

(a) Amendments to HKAS 1 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 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* 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.

    Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 27 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

| | |
|---|---|
| Amendments to HKFRS 10 and HKAS 28 | *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*[1] |
| Amendments to HKAS 1 | *Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[1, 4] |
| Amendments to HKAS 1 | *Non-current Liabilities with Covenants* (the "**2022 Amendments**")[1, 4] |
| Amendments to HKAS 7 and HKFRS 7 | *Supplier Finance Arrangements*[1] |
| Amendments to HKAS 21 | *Lack of Exchangeability*[2] |

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

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

4 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

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

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 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 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 was removed by the HKICPA. 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.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments 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. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application 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 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's 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 2023** | | | |
|---|---|---|---|---|
| | **IT infrastructure services** | **IT implementation and supporting services** | **Cloud services** | **Total** |
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| Reportable segment revenue | **322,227** | **233,051** | **260,047** | **815,325** |
| Reportable segment cost of sales | **(294,571)** | **(190,270)** | **(231,349)** | **(716,190)** |
| Reportable segment gross profit | **27,656** | **42,781** | **28,698** | **99,135** |

| | 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 |

**Geographical information**

***(a) Revenue from external customers***

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Chinese Mainland | **796,988** | 659,483 |
| Hong Kong | **18,337** | 13,438 |
| Singapore | **–** | 7,401 |
| | **815,325** | 680,322 |

***(b) Non-current assets***

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

**Information about a major customer**

Revenue of approximately RMB163,788,000 (2022: RMB121,019,000) 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:

| | **2023** *RMB'000* | 2022 *RMB'000* |
|---|---|---|
| Revenue from contracts with customers | **815,325** | 680,322 |

**Revenue from contracts with customers**

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

**For the year ended 31 December 2023**

| **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 | **322,227** | **–** | **–** | **322,227** |
| Sale of solution-based software and/or hardware products and related services | **–** | **166,923** | **252,607** | **419,530** |
| IT supporting and maintenance services | **–** | **25,584** | **–** | **25,584** |
| IT design and implementation services | **–** | **40,544** | **–** | **40,544** |
| Cloud platform design services | **–** | **–** | **7,440** | **7,440** |
| Total revenue from contracts with customers | **322,227** | **233,051** | **260,047** | **815,325** |
| **Geographical markets** | | | | |
| Chinese Mainland | **309,634** | **227,824** | **259,530** | **796,988** |
| Hong Kong | **12,593** | **5,227** | **517** | **18,337** |
| Total revenue from contracts with customers | **322,227** | **233,051** | **260,047** | **815,325** |
| **Timing of revenue recognition** | | | | |
| Services transferred over time | **–** | **66,128** | **7,440** | **73,568** |
| Services transferred at a point in time | **322,227** | **166,923** | **252,607** | **741,757** |
| Total revenue from contracts with customers | **322,227** | **233,051** | **260,047** | **815,325** |

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** | | | | |
| Chinese Mainland | 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 |

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:

| | **2023** ***RMB'000*** | 2022 *RMB'000* |
|---|---|---|
| Revenue recognised that was included in the contract liabilities at the beginning of the reporting period: | | |
| IT infrastructure services | **6,391** | 7,300 |
| IT implementation and supporting services | **6,925** | 10,994 |
| Cloud services | **7,432** | 4,594 |
| | **20,748** | 22,888 |

*(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 and 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:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Amounts expected to be recognised as revenue: | | |
| Within one year | **10,934** | 8,851 |
| More than one year | **217,166** | 153,245 |
| | **228,100** | 162,096 |

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Other income** | | |
| Bank interest income | **381** | 404 |
| Government grants – related to income* | **1,199** | 1,505 |
| Tax preference** | **7,090** | – |
| Total other income | **8,670** | 1,909 |
| **Gains** | | |
| Gain on financial assets at fair value through profit or loss | **–** | 50 |
| Losses on disposal of an associate*** | **(24)** | – |
| Others | **(2)** | 85 |
| Total gains | **(26)** | 135 |
| Total other income and gains | **8,644** | 2,044 |

* 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.

** Since 1 January 2023, taxpayers in the living service industries are allowed to enjoy additional 10% of input VAT amount deductible from tax payable. Such additional VAT deduction was record as "Other income and gains".

*** In 2023, the company recognized a disposal loss of RMB24,000 due to the liquidation of its associate, Fuzhou Donghu Education Technology Ltd..

## 5. PROFIT BEFORE TAX

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Cost of inventories sold | **525,920** | 451,612 |
| Cost of services provided | **190,270** | 153,149 |
| Depreciation of property, plant and equipment | **231** | 199 |
| Depreciation of right-of-use assets | **3,734** | 1,799 |
| Amortisation of other intangible assets | **220** | 222 |
| Auditor's remuneration | **1,030** | 1,030 |
| Lease payments not included in the measurement of lease liabilities | **363** | 164 |
| Research and development expenses | **35,661** | 38,605 |
| Employee benefit expense (including Directors' remuneration): | | |
| Wages and salaries | **36,990** | 41,756 |
| Equity-settled share award expense | **157** | 1,418 |
| Pension scheme contributions** | **11,758** | 8,451 |
| | **48,905** | 51,625 |
| Foreign exchange differences, net* | **1,171** | 4,115 |
| Impairment losses on financial assets | **6,668** | 10,452 |
| Impairment losses on contract assets | **137** | 243 |
| Gain on financial assets at fair value through profit or loss | **–** | 50 |
| Share of (profits)/losses of an associate | **–** | (1,513) |
| Losses on disposal of an associate | **24** | – |
| Write-down of inventories to net realizable value*** | **691** | 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:

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loans | **1,956** | 467 |
| Interest on lease liabilities | **294** | 279 |
| | **2,250** | 746 |

## 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% (2022: 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 (2022: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Group operating in Chinese Mainland are subject to Corporate Income Tax at a rate of 25% (2022: 25%) on the taxable income. Preferential tax treatment is available to the Group's operating subsidiaries, Eden Information, Dongguan Edensoft, Shenzhen Yundeng, Zhengzhou Tengyun 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% (2022: 15%), and Dongguan Edensoft, Shenzhen Yundeng, Zhengzhou Tengyun and Shenzhen Heweiteng were recognised as Micro and Small Companies. Under the 2023 tax regime of Micro and Small Companies, Dongguan Edensoft, Shenzhen Yundeng, Zhengzhou Tengyun and Shenzhen Heweiteng are entitled to a preferential tax rate of 5% (2022: 2.5%) for the first RMB1,000,000 of assessable profits and the remaining assessable profits below RMB3,000,000 are taxed at 5% (2022: 5%).

The subsidiary of the Group operating in Singapore is subject to the corporate income tax rate of 17% for the year ended 31 December 2023.

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current – PRC | | |
| – charge for the year | **(385)** | 531 |
| Deferred | **(441)** | (8,589) |
| Total tax charge for the year | **(826)** | (8,058) |

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:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | ***RMB'000*** | *%* | *RMB'000* | *%* |
| (Loss)/profit before tax | **5,264** | | (35,829) | |
| Tax at the statutory tax rate (25%) | **2,530** | **48.1** | (7,575) | 21.1 |
| Entities subject to lower statutory income tax rates | **(956)** | **(18.2)** | 3,056 | (8.5) |
| (Income)/loss attributable to an associate | **(3)** | **(0.1)** | (227) | 0.6 |
| Additional deduction for research and development expense | **(4,218)** | **(80.1)** | (4,146) | 11.6 |
| Expenses not deductible for tax | **421** | **8.0** | 97 | (0.3) |
| Tax losses utilised from previous periods | **148** | **2.8** | – | – |
| Adjustments in respect of current tax of previous periods | **(410)** | **(7.8)** | 498 | (1.39) |
| Tax losses not recognised | **1,662** | **31.6** | 239 | (0.7) |
| Tax charge at the Group's effective tax rate | **(826)** | **(15.7)** | (8,058) | 22.5 |

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 Chinese Mainland. 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 Chinese Mainland 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 Chinese Mainland in respect of earnings generated from 1 January 2008.

As at 31 December 2023, no deferred tax (2022: 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 Chinese Mainland. 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 Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB83,351,000 (2022: RMB71,375,000).

## 8. DIVIDENDS

The Board does not recommend any final dividends for the years ended 31 December 2023 (2022: Nil).

## 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 (2022: 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 2023 as its effects would be anti-dilutive.

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Earnings** | | |
| (Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | **6,090** | (27,771) |
| | **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 |

## 10. TRADE AND BILLS RECEIVABLES

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **209,126** | 138,200 |
| Impairment | **(18,774)** | (11,967) |
| Trade receivables, net | **190,352** | 126,233 |
| Bills receivable | **43,712** | 16,631 |
| | **234,064** | 142,864 |

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 2022 and 2023, certain of the Group's interest-bearing bank borrowings were secured by the Group's trade and bills receivables with carrying values of RMB10,065,000 and nil respectively. Trade and bills receivables are non-interest-bearing, and the carrying amounts of the trade and bills receivables approximate to their fair values. Information about the pledged assets is disclosed in note 26 to the financial statements.

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

| | 2023 | 2022 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Within 6 months | **154,061** | 100,155 |
| 6 to 12 months | **32,959** | 27,179 |
| Over 12 months | **22,106** | 10,866 |
| | **209,126** | 138,200 |

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

| | 2023 | 2022 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| At beginning of year | **11,967** | 1,739 |
| Impairment losses | **6,807** | 10,228 |
| At end of year | **18,774** | 11,967 |

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 2023** | | | | |
| Expected credit loss rate | **2.16%** | **9.68%** | **55.43%** | **8.98%** |
| Gross carrying amount *(RMB'000)* | **154,061** | **32,959** | **22,106** | **209,126** |
| Expected credit losses *(RMB'000)* | **3,332** | **3,189** | **12,253** | **18,774** |
| 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 |

## 11. TRADE AND BILLS PAYABLES

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

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 30 days | **129,602** | 64,642 |
| 31 to 60 days | **8,733** | 6,481 |
| 61 to 90 days | **9** | 47 |
| Over 90 days | **5,199** | 5,596 |
| | **143,543** | 76,766 |

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 Chinese Mainland. 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 Plan" in this announcement for further details.

## BUSINESS REVIEW

### I. Business Review

Looking back at 2023, with the normalization of the prevention and control measures taken by the PRC governments on the COVID-19 and a slowdown in macroeconomic markets, both the Group and the Group's customers have been affected to varying degrees. However, with the emergence of Large Language Model (i.e. AIGC) hotspot triggered by ChatGPT developed by OpenAI, the trend of construction of machine learning platform, model training platform and automatic modeling platform in various industries has been stimulated, which has created a new business model for the enterprise IT market. The Group has seized the opportunity of AIGC, paid close attention to the market iteration and the technology innovation, and quickly launched the OpenAI's ChatGPT industry solutions to ensure that the Group remained competitive in the software industry and rapidly increased its market share.

*IT Infrastructure Services*

In the process of cooperation with the world's top IT software product manufacturers, the Group has established a professional service team certificated by the original technology providers, providing customers with products and related value-added services, covering, among others, hardware, software, services, data security, network security and other series of IT infrastructure services.

Under the background of the accelerated expansion of the cyber security and IT application* (網路安全和資訊化) industry and the corresponding domestic substitute products were increasingly accepted by the users in Chinese Mainland in recent years, the Group focuses on cooperation with cyber security and IT application brands. As a partner of KylinSoft Co., Ltd.* (麒麟軟件有限公司) ("**Kylin Provider**"), which is one of the leading enterprises of domestic operating systems in Chinese Mainland, the Group participates in the holding of training seminars in connection with Kylin Operating System (麒麟操作系統), training domestic operating system professionals who are in short supply and vigorously supporting the construction of information and innovation talent team. In 2023, the certification training of Kylin Certified Operating System Operations Professional, which is an intermediate course of Kylin Software Education Development Center curriculum system, was successfully held for three sessions. After completing the training seminar and passing the examination, the participants are able to obtain certificates issued by the Education & Examination Center of Ministry of Industry and Information Technology* (工業和信息化部教育與考試中心) of Chinese Mainland as well as the Kylin Provider.

We believe that technology empowers the talent reserve. With the development of ChatGPT technology, the Group successfully held two courses named "Decrypting ChatGPT Language Model – Application Advanced Workshop* (解密ChatGPT語言模型－應用高級研修班)" in May 2023 based on its understanding of the market development and rapid adaptability. The workshops invited industry experts to introduce and explain ChatGPT technology from the concept, application, commercial value, potential opportunities, development prospects and other modules from a forward-looking and commercial perspective, so as to help participants establish a deeper understanding of ChatGPT.

Focusing on the commercial scenario of ChatGPT, the Group's experts elaborated on the industrial application concept of generative artificial intelligence ("**AI**") technology, which is represented by ChatGPT, from the aspects of commercial scenario discovery and industry fields through detailed explanation of ChatGPT enterprise application scenarios, helping participants get the capability to make use of ChatGPT to satisfy their own needs. At the same time, from the perspective of practicality, the Group's experts also helped participants quickly understand the commercial scenarios and service provision framework of ChatGPT through practical exercises.

*IT Implementation and Supporting Services*

The Group takes full advantage of multiple related technologies, such as big data, AI and the Internet, to assist its customers in different industries, which helps them smoothly carry out digital transformation. In this way, the Group has created an open and win-win IT ecosystem and promoted the Internet construction in different 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. As at 31 December 2023, the Group owned 125 registered software trademarks and three registered patent and had three patents during the application processes in Chinese Mainland.

In June 2023, the Group has successfully passed the evaluation of international authorities and won the certification of Capability Maturity Model Integration ("**CMMI**") Level III ("**CMMI3**") in global software field. CMMI represents the highest authoritative standard to measure the software capability maturity and project management level of software enterprises. It is the most advanced software engineering management method in the world, and it is also the passport for software products to enter the international market. The certification of CMMI3 indicates that the Group has been recognized by international authorities in terms of its software capability maturity, software R&D capability, project management level and service delivery capability, realizing the integration with the international mainstream technologies and management requirements. It lays a solid foundation for continuous innovation and upgrading of the Group's cloud technology, self-developed products and solutions in the future.

*Cloud Services*

As an independent third-party cloud Managed Service Provider ("**MSP**"), the Group has been deeply engaged in the field of cloud services by providing domestic basic cloud resources, primarily including Huawei Cloud, Alibaba Cloud and Tencent Cloud, and overseas basic cloud resources, primarily including Microsoft Azure, Amazon Web Services ("**AWS**") and Google Cloud Platform, for enterprise customers, as well as comprehensive cloud solutions such as cloud consulting (雲諮詢), cloud migration (雲遷移), cloud implementation (雲實施), cloud security (雲安全) and hybrid clouds (混合雲), which are designed to help enterprise customers accelerate their digital transformation. In the past year, the Group's capabilities for provision of cloud services have also been recognized by major participants in the relevant fields and the Group has also received various awards in this connection during its business expansion in the cloud field.

- In February 2023, the Group became the first Licensing Solution Partner who got six certifications of Microsoft Cloud Partner Program (微軟雲夥伴計劃) ("**MCPP**") in Chinese Mainland, which are new partner capability certifications launched by Microsoft with the purpose of enhancing partners' cloud services provision capabilities. MCPP focuses on the cloud and comprehensively evaluates the business and service provision capabilities of partners across six categories, including business applications, data and AI, digital and innovative applications, infrastructure, modern work, and security, as well as other 18 sub-categories, such as number of new customers and technical certifications. Each category evaluates partners' performance, skill certification, and customer success in multiple dimensions, such as new customers, new deployments, deployment customer activations and incremental usage, which enables Microsoft to fully evaluate its partners' service provision capability and sales system.

- In February 2023, as an excellent partner of Huawei Cloud and a domestic integrated IT solution provider, the Group was invited to participate in the 2023 Asia-Pacific Partner Leadership Summit* (2023亞太合作夥伴領袖峰會) held by Huawei Cloud in Indonesia. With its strong market competitiveness, excellent digital industry solutions and professional service team, the Group was recognized as "Huawei Cloud 2022 Professional Partner* (華為雲2022年度專業合作夥伴)", which represents the recognition of the Group by Huawei Cloud and thousands of customers in the software services market. In August 2023, with its mature delivery methodology, excellent delivery capability and high-quality service capability, the Group was recognized as "Huawei Cloud Innovation Center Excellent Service and Delivery Partner* (華為雲創新中心優秀服務與交付夥伴)" in Huawei 828 B2B Enterprise Festival* (華為828 B2B企業節), which represents Huawei Cloud's high recognition and affirmation of the Group's high efficiency, high quality and high response and delivery ability in customers serving. These awards represent the customers' trust and the Group's service and delivery strength.

- In May 2023, relying on its professional cloud service provision capabilities and accumulated customer resources, the Group completed the Amazon Cloud AWS technical capability certification. Besides, the Group also completed the AWS Solution Provider Program certification, becoming a contracting partner with the AWS solution provider. These certifications validate the feasibility of the Group's multi-cloud development strategy, which is one of the major development strategies that would be persisted in the foreseeable future.

1. *Self-developed products and solutions combined with ChatGPT developed by OpenAI*

OpenAI's ChatGPT set off the wave of AI in 2023, which represents the arrival of the intelligent revolution. As one of the first batch of companies to access ChatGPT technology in Chinese Mainland and with the advantages of its own technological innovation, the Group combines its self-developed products and solutions with AI capacities and brings great convenience and benefits to its customers.

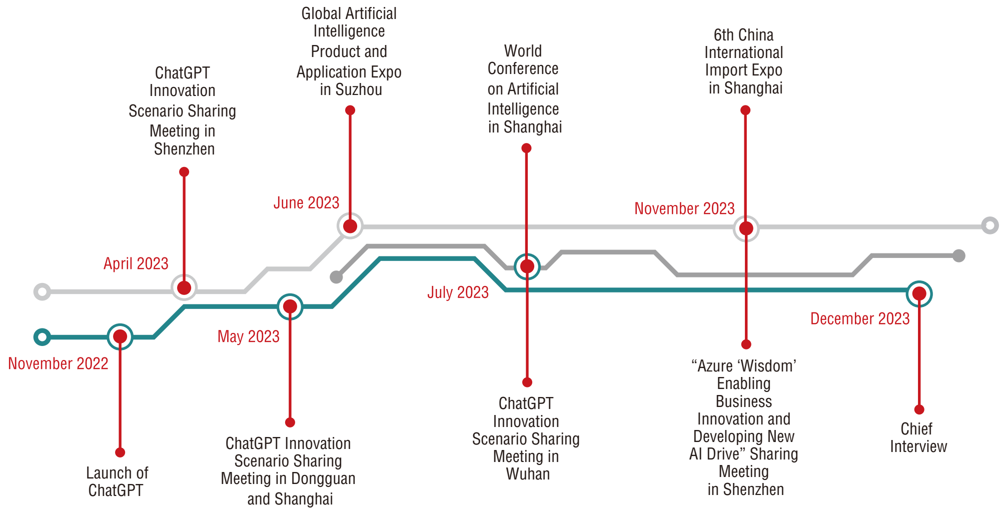

- *e-GPT Enterprise Intelligence Assistant* (企業智能助手):* a commercial enterprise intelligence application platform based on Azure OpenAI services. The platform supports multiple AIGC scenarios, including but not limited to content generation, image generation, summary, translation, and intelligent enquiries and feedbacks. Meanwhile, the platform establishes user systems subject to the enterprise customers' internal demand, such as rights management, to help enterprise customers achieve cost reduction, efficiency goals and realize intelligence in the future. Besides, in order to make it more convenient and faster for customers to use the e-GPT Enterprise Intelligence Assistant, the Group also provides the web page and WeChat mini-program, which allows customers to quickly generate AI contents and pictures on their personal computers and mobile phones with more than 60 AIGC application scenarios ready to use;

- *e-GPT Intelligent Knowledge Evaluation System* (智慧知識測評系統):* a set of online evaluation system combined with ChatGPT technology, providing customers with comprehensive knowledge evaluation services. This system analyzes students' learning situation through multiple scenarios, establishes accurate ability portraits, and uses AI technology for accurate assessment, which helps customers improve learning efficiency, strengthen the teaching process and realize multi-scenario integration and personalized education;

- *e-GPT Cloud Document Management System* (雲文檔管理系統):* an enterprise-class document collaboration management platform, focusing on creating a secured, flexible and efficient document collaboration platform with centralized storage function. The platform is able to manage the whole life cycle of documents and data analysis, and combine AI in order to access intelligent AI assistants in documents to achieve efficient collaboration. The platform enables the Group to help its customers get an easy access to realizing the goal of "content creates value and knowledge drives the future* (內容創造價值，知識驅動未來)"; and

- *e-GPT Intelligent Customer Server Xiao Yi* (智能客服小伊):* an AI-driven intelligent customer service assistant developed based on Microsoft Power Platform and Azure OpenAI. It relies on the powerful language understanding and content generation capabilities of GPT model to accurately solve customers' personalized problems and provide customers with 24-hour, efficient and standardized services. Benefited from this assistant, the Group is able to improve service efficiency and customer satisfaction, build a new bridge for enterprise communication services, and inject new vitality into customer relations.

2. *Market promotion of OpenAI and/or ChatGPT*




With the normalization of the prevention and control measures taken by Chinese Mainland governments on the COVID-19, the Group seizes the new development opportunities of AI and held the "Explore the Application Boundary and Commercial Value of AI Technology – ChatGPT Innovation Scenario* (探索人工智慧技術的應用邊界與商業價值－ChatGPT創新場景)" sharing meetings in Shenzhen, Dongguan, Shanghai and Wuhan in 2023. Ms. Ding Xinyun ("**Ms. Ding**"), the Chairman of the Group, introduced the Group's certifications, including but not limited to the full MCPP certifications and Azure Expert MSP certification of Microsoft, unique advantages and rich practical experience in Azure OpenAI technology at the meetings. With these qualifications, professional competence and practical experience, the Group is able to provide a bridge and channel for customers to build and use ChatGPT, helping customers successfully apply ChatGPT and achieve business growth and innovation. Besides, the Group's technical experts also shared OpenAI innovation scenarios and provided participants with an in-depth understanding of the principle of OpenAI technology and its potential in the business field through cases and demonstrations.

In June 2023, the Group brought its self-developed innovative AI products and solutions for different industries to participate in the Global Artificial Intelligence Product and Application Expo held in Suzhou. The Group received positive feedback and attracted a large number of participants' attention and consultation in such conference.

In July 2023, the Group brought four self-developed AI products to the World Conference on Artificial Intelligence, which is the most influential international stage of AI in the world, demonstrating its innovative AI solutions in education, enterprise office, intelligent customer service and other industries and fields.

In November 2023, the Group participated in the 6th China International Import Expo* (第六屆中國國際進口博覽會), which was successfully held in Shanghai, attracting excellent enterprises from 154 countries, regions and international organizations to participate in, among which 289 industries leading enterprises of the world's top 500 participated in the exhibition, the number of which was the largest ever. As an innovative enterprise committed to promoting digital transformation and intelligent technology application, the Group has strong technical strength and rich practical experience in enabling industrial solutions with advanced technologies such as AI big models. At the expo, the Group displayed a variety of products in education, enterprise office, intelligent customer service and other industries and fields, such as innovative AI solutions, the Eden Data Lake Platform* (伊登數據湖平台) that is able to manage data from various channels and explore the value of data, and the desktop cloud unified management platform that is able to manage and maintain cloud desktops.

Also in November 2023, the "Azure 'Wisdom' Enabling Business Innovation and Developing New AI Drive* (Azure「智」賦業務創新，發展AI新驅力)" sharing meeting jointly organized by Microsoft and the Group was successfully held in Shenzhen, attracting more than 50 enterprise chief technology officers and technology executives to attend. The sharing meeting shared the latest practices of OpenAI and Github Copilot and provided hands-on experiences to interact with these technologies.

In December 2023, Ms. Ding was invited as a guest of the Chief Interview* (首席採訪), which is an innovative media IP, committed to providing a platform for exchange and dialogue for opinion leaders in business, technology, culture, art, public welfare and other fields. In the interview, Ms. Ding talked with the host face to face about cutting-edge technologies, and shared with all the guests how she used data to lead the era of ChatGPT as a female entrepreneur of a listed company.

## 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.

## III. Future Prospects

In 2023, although the negative impact of COVID-19 has gradually eliminated, the PRC's market economy still faces downward pressure in the coming year. The Group strives to firmly grasp the potential business opportunities, adhere to the policy of leading urban upgrading with technological innovation, and develop products and solutions in the fields of AI, big data, enterprise digitalization, and intelligent transformation, which will enable the Group to cope with the continuous changes in market demand and economic environment. The Group plans to focus on developing its cloud services as well as self-developed products and industry solutions:

- *Cloud services:* with the wave of digital transformation in the PRC, cloud has become an important engine to promote digital transformation of the enterprises. The Group's multi-cloud development strategy has achieved initial results and will be implemented continually in the future. The Group plans to enhance its multi-cloud technology capabilities and vigorously carry out close cooperation with small and medium-sized enterprise customers in various fields of IT information digitization products by taking public cloud as the entry point; and

- *Self-developed products and industry solutions:* based on years of experience in the IT industry and customer service, the Group has developed a number of IT-based products and industry solutions. With the emergence of IT hotspots such as AIGC technology and ChatGPT application in 2023, the Group has kept pace with the technological developments, continued technological innovation, and timely integrated AI into self-developed products and solutions. In this way, the Group is able to bring the latest technical products to its customers and provide competitive customized solutions.

In anticipation of the new market opportunities, the Group will persist in leading urban upgrading with technological innovation, devote itself to the application and research of advanced technologies such as AI, big data, digitalization and intelligent transformation, and strive to provide customers with more valuable and intimate services.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the year ended 31 December 2023 was approximately RMB815.3 million, representing an increase of approximately RMB135.0 million, or approximately 19.8%, as compared to revenue of approximately RMB680.3 million for the year ended 31 December 2022. The overall increase in revenue of the Group was primarily attributable to the obvious increase of approximately RMB42.6 million, RMB61.8 million and RMB30.5 million of revenue derived from the Group's IT infrastructure services, IT implementation and supporting services and cloud services, respectively, as a result of continuous recovery in the overall performance of the Group's business after the relaxation of pandemic prevention and control measures in the PRC in the year ended 31 December 2023.

### Cost of sales

Cost of sales of the Group increased by approximately RMB111.4 million, or approximately 18.4% from approximately RMB604.8 million for the year ended 31 December 2022 to approximately RMB716.2 million for the year ended 31 December 2023. The increase was generally in line with the increase in revenue of the Group during the relevant period.

### Gross profit and margin

| | **2023** | 2022 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Revenue | **815,325** | 680,322 |
| Cost of sales | **(716,190)** | (604,761) |
| Gross profit | **99,135** | 75,561 |
| Gross profit margin *(%)* | **12.2%** | 11.1% |

The gross profit of the Group increased by approximately RMB23.6 million, or approximately 31.2%, from approximately RMB75.6 million for the year ended 31 December 2022 to approximately RMB99.1 million for the year ended 31 December 2023, which was in line with the increase in revenue of the Group during the relevant period. The gross profit margin of the Group remained relatively stable at 11.1% for the year ended 31 December 2022 and 12.2% for the year ended 31 December 2023.

**Other income and gains**

Other income and gains of the Group increased from approximately RMB2.0 million for the year ended 31 December 2022 to approximately RMB8.6 million for the year ended 31 December 2023, representing an increase of approximately 322.9%. Such increase was mainly due to the additional deduction of input value-added tax resulting from the government's favourable tax policy for the residential living services industry in the year ended 31 December 2023.

**Selling and distribution expenses**

The selling and distribution expenses of the Group increased from approximately RMB29.8 million for the year ended 31 December 2022 to approximately RMB30.7 million for the year ended 31 December 2023, representing an increase of approximately 3.0%. The selling and distribution expenses remained relatively stable for the year ended 31 December 2022 and 2023.

**Administrative expenses**

The administrative expenses of the Group increased from approximately RMB24.2 million for the year ended 31 December 2022 to approximately RMB25.1 million for the year ended 31 December 2023, representing an increase of approximately 3.9%. The administrative expenses remained relatively stable for the year ended 31 December 2022 and 2023.

**Research and development expenses**

The research and development expenses of the Group decreased from approximately RMB38.6 million for the year ended 31 December 2022 to approximately RMB35.7 million for the year ended 31 December 2023, representing a decrease of approximately 7.6%. Such decrease was mainly due to the decrease in R&D-related staff cost as a result of the reduction in the number of such R&D-related staff based on the slowdown in macro-economic markets.

**Other expenses**

Other expenses of the Group decreased from approximately RMB10.9 for the year ended 31 December 2022 to approximately RMB2.0 million for the year ended 31 December 2023, representing a decrease of approximately 81.8%. Such decrease was mainly because that (i) the significant decrease of the Group's write-down of inventories to net realisable value from approximately RMB6.8 million for the year ended 31 December 2022 to approximately RMB0.7 million for the year ended 31 December 2023; and (ii) the decrease of the Group's foreign exchange losses from approximately RMB4.1 million for the year ended 31 December 2022 to approximately RMB1.2 million for the year ended 31 December 2023 as a result of the smaller volatility in RMB/USD exchange rates in 2023.

**Impairment losses on financial and contract asset**

Impairment losses on financial and contract asset of the Group decreased from approximately RMB10.7 million for the year ended 31 December 2022 to approximately RMB6.8 million for the year ended 31 December 2023, representing a decrease of approximately 36.4%. Such decrease was mainly due to the decrease of impairment losses on trade receivables in 2023.

**Finance costs**

Finance costs of the Group increased from approximately RMB0.7 million for the year ended 31 December 2022 to approximately RMB2.3 million for the year ended 31 December 2023, representing an increase of approximately 201.6%. Such increase was mainly due to the significant increase of the Group's short-term borrowing for its business operation.

**Income tax credit**

The Group recorded an income tax credit of approximately RMB8.1 million for the year ended 31 December 2022, while it recorded an income tax credit of approximately RMB0.8 million for the year ended 31 December 2023. The decrease in the deferred tax credit was primarily because the Group recorded provision for deferred income tax assets arising from the recoverable loss in the year ended 31 December 2022, while the Group did not record such provision in the year ended 31 December 2023 as a result of the profit for the year.

**Profit for the year**

As a result of the foregoing, the Group recorded a profit for the year of approximately RMB6.1 million for the year ended 31 December 2023, representing an increase of approximately 121.9%, as compared to a loss for the year of approximately RMB27.8 million for the year ended 31 December 2022. Such increase was primarily due to (i) the increase of the Group's gross profit, which was in line with the increase in its revenue during the relevant period; (ii) the increase of the additional deduction of input value-added tax resulting from the government's favourable tax policy for the residential living services industry in the year ended 31 December 2023; (iii) the decrease of the recognition of the write-down of inventories to net realisable value during the relevant period; and (iv) the decrease of the recognition of impairment losses on financial and contract asset during the relevant period.

**PLEDGE OF ASSETS**

The Group had pledged deposits in the aggregate amount of approximately RMB5.1 million to banks as a deposit for the Group's acceptance bill as at 31 December 2023. Besides, as at 31 December 2023, the assets, 88.0% of the shares in the subsidiary (Dongguan Eden Software Co., LTD.* (東莞市伊登軟件有限公司)) and pledged bank deposit amounting to approximately RMB10.0 million were restricted due to the reason of judicial freezing (31 December 2022: approximately RMB1.7 million to secure factoring loans and letters of guarantee of the Group).

## CAPITAL EXPENDITURE AND COMMITMENTS

As at 31 December 2023, the Group had capital expenditure amounted to RMB27,000 (31 December 2022: RMB0.4 million) in relation to the purchase of property, plant and equipment in the PRC. The Group had no commitments (31 December 2022: nil) which had been contracted but not provided for as at 31 December 2023.

## CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities (31 December 2022: nil).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's current assets were approximately RMB408.8 million (31 December 2022: RMB297.5 million), of which approximately RMB234.1 million (31 December 2022: RMB142.9 million) were trade and bills receivables, approximately RMB89.8 million (31 December 2022: RMB54.5 million) were inventories, approximately RMB62.4 million (31 December 2022: RMB34.7 million) were prepayments, deposits and other receivables (mainly consisting of the installments of service fee payable by the Group to two of its suppliers in the amount of approximately RMB37.0 million and RMB15.0 million, respectively, which were recorded as prepayment in December 2023), approximately RMB5.6 million (31 December 2022: RMB55.3 million) were cash and cash equivalents and approximately RMB15.1 million (31 December 2022: RMB1.7 million) were time deposits and pledged deposits. As at 31 December 2023, the net asset value of the Group amounted to approximately RMB191.6 million, representing an increase of approximately 3.5% as compared to approximately RMB185.1 million at 31 December 2022. The increase in net asset value in 2023 compared to that of 2022 was primary due to the Group recorded a profit for the year of approximately RMB6.1 million for the year ended 31 December 2023.

As at 31 December 2023, the Group's gearing ratio (calculated by dividing net debt by capital plus net debt) was approximately 51.0% (31 December 2022: 21.0%). Net debt is calculated as interest-bearing bank borrowings, lease liabilities, trade and bills 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 2023, the share capital of the Company was approximately RMB18.7 million (31 December 2022: RMB18.7 million). The Group's reserves were approximately RMB173.0 million (31 December 2022: RMB166.5 million). As at 31 December 2023, the Group had total current liabilities of approximately RMB239.5 million (31 December 2022: RMB135.5 million), mainly comprising trade and bills payables, interest-bearing bank borrowings, contract liabilities, and other payables and accruals. The total non-current liabilities of the Group amounted to approximately RMB4.0 million (31 December 2022: RMB2.6 million), which mainly represented lease liabilities.

## CAPITAL STRUCTURE OF THE GROUP

As at 31 December 2023, the capital structure of the Group consists of (i) debts, which include lease liabilities of approximately RMB7.1 million, trade and bills payables of approximately RMB143.5 million, financial liabilities included in other payables and accruals of approximately RMB3.2 million and interest-bearing bank borrowings of approximately RMB48.2 million; and (ii) equity reserves attributable to owners of the parent of approximately RMB191.6 million, comprising issued share capital and various reserves.

As at 31 December 2023, 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 Chinese Mainland.

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 2023. 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 Chinese Mainland; (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 2023, 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 2023, 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" in this Management Discussion and Analysis, there was no specific plan for material investments or capital assets as at 31 December 2023.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed a total of 253 (31 December 2022: 295) employees. Total employee benefit expense (including Directors' remuneration) for the years ended 31 December 2023 and 2022 were approximately RMB48.9 million and approximately RMB51.6 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

On 24 March 2023, due to the dispute between Eden Information Service Limited* (深圳市伊登軟件有限公司) ("**Eden Information**"), one of the Group's subsidiaries, and its supplier (the "**Plaintiff**") over the contractual services provision scope of a service purchase agreement entered into between them, the Plaintiff filed a claim with the People's Court of Futian District, Shenzhen City* (深圳市福田區人民法院) against Eden Information (the "**Lawsuit**").

As at the date of this announcement, the Lawsuit had its first hearing and second hearing on 8 August 2023 and 18 September 2023, respectively, and is still awaiting the result of judgment. See the section headed "Events After the Reporting Period" in the interim report for the six months ended 30 June 2023 of the Company for further details.

Save as disclosed above, the Group has no material subsequent events after 31 December 2023 and up to the date of this announcement, which are required to be disclosed.

## DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

## 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 "Share Option Scheme" in the annual report of the Company for the year ended 31 December 2023, at no time during, or as at the end of, the year ended 31 December 2023 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 2023, there were no outstanding share options. No share options were granted, exercised or cancelled or lapsed from the Listing Date to 31 December 2023.

## SHARE AWARD 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's 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 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. As of the date of this announcement, it has a remaining life of approximately seven years and seven months.

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.

Further information about the Plan will be disclosed in the annual report of the Company for the year ended 31 December 2023.

## 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 2023.

## 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 C1 to the Listing Rules from the Listing Date to 31 December 2023.

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 chairman of the Board and the chief executive officer of the Company. In the view that Ms. Ding is one of the founders of the Group and has been operating and managing Eden Information Service Limited* (深圳市伊登軟件有限公司), the major operating subsidiary of the Group since November 2002, the Board believes that the vesting of the roles of chairman and chief executive officer in Ms. Ding is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. To the best 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 chairman and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 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 2023.

## ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Friday, 24 May 2024. A notice convening the meeting will be issued in due course.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive, during which period, no transfer of Shares will be registered. In order to qualify for attending and voting at the 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 Monday, 20 May 2024.

## 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 2023. The Audit Committee is of the opinion that the consolidated financial results of the Group for the year ended 31 December 2023 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 financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Ernst & Young in this respect did not constitute an audit, review or other 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 auditor on the preliminary 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 2023 containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
**Edensoft Holdings Limited**
**Ms. Ding Xinyun**
*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 26 March 2024

*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.*