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**edenSOFT**

**EDENSOFT HOLDINGS LIMITED**

**伊登軟件控股有限公司**

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

**(Stock code: 1147)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**FINANCIAL HIGHLIGHTS**

- The Group's unaudited revenue for the six months ended 30 June 2020 was approximately RMB334.7 million, representing a decrease of approximately 29.7% as compared to that of the unaudited revenue for the corresponding period in 2019 of approximately RMB476.1 million.
- The unaudited gross profit of the Group for the six months ended 30 June 2020 was approximately RMB35.5 million, representing a decrease of approximately 13.4% as compared to that of the unaudited gross profit for the corresponding period in 2019 of approximately RMB41.0 million.
- The unaudited profit for the period attributable to owners of the parent for the six months ended 30 June 2020 was approximately RMB10.4 million, representing a decrease of approximately 30.7% as compared to that of the unaudited profit for the period attributable to owners of the parent for the corresponding period in 2019 of approximately RMB15.0 million.
- If the Group excludes the one-off listing expenses, the unaudited profit before tax for the six months ended 30 June 2020 and 2019 was approximately RMB20.1 million and RMB23.4 million, respectively, representing a decrease of 14.1%.
- The unaudited basic and diluted earnings per share attributable to owners of the parent decreased by approximately 37.6% to approximately RMB0.63 cents (30 June 2019: approximately RMB1.01 cents).
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: nil).

The board of directors (the “**Board**”) of Edensoft Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period in 2019 as below. Unless otherwise specified, terms used in this announcement shall have the same meanings as those defined in the Company’s prospectus dated 23 April 2020.

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

For the six months ended 30 June 2020

	<i>Notes</i>	<b>2020</b> <b>(Unaudited)</b> <b>RMB’000</b>	2019 (Unaudited) RMB’000
<b>REVENUE</b>	5	<b>334,702</b>	476,058
Cost of sales		<u><b>(299,219)</b></u>	<u>(435,101)</u>
Gross profit		<u><b>35,483</b></u>	<u>40,957</u>
Other income and gains	5	<b>3,253</b>	3,443
Selling and distribution expense		<b>(5,285)</b>	(5,780)
Administrative expense		<b>(13,091)</b>	(13,063)
Research and development expense		<b>(5,557)</b>	(5,076)
Other expense		<b>(631)</b>	(163)
Recognition of impairment losses on financial and contract assets		<b>(1,226)</b>	(343)
Finance costs	8	<b>(257)</b>	(1,845)
Share of losses of an associate		<u><b>(305)</b></u>	<u>(219)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>12,384</b>	17,911
Income tax expense	7	<u><b>(1,964)</b></u>	<u>(2,925)</u>
<b>PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<u><u><b>10,420</b></u></u>	<u><u>14,986</u></u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on currency translation		<u><b>(171)</b></u>	<u>148</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>		<u><b>(171)</b></u>	<u>148</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<u><u><b>10,249</b></u></u>	<u><u>15,134</u></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
– Basic and diluted	10	<u><u><b>RMB0.63 cents</b></u></u>	<u><u>RMB1.01 cents</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

		30 June 2020 (Unaudited) <i>RMB'000</i>	31 December 2019 (Audited) <i>RMB'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	1,338	1,369
Right-of-use assets		6,406	8,083
Investment in an associate		823	1,128
Deferred tax assets		386	239
		8,953	10,819
<b>CURRENT ASSETS</b>			
Inventories		49,234	38,228
Trade and bills receivables	<i>12</i>	117,297	101,236
Prepayments, deposits and other receivables		5,908	8,340
Contract assets		12,694	14,609
Pledged deposits		8,165	9,376
Cash and cash equivalents		174,954	23,892
		368,252	195,681
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>13</i>	165,692	82,397
Other payables and accruals		5,170	7,515
Contract liabilities		5,927	5,257
Interest-bearing bank borrowings		12	5,652
Lease liabilities		2,577	3,213
Tax payable		5,448	3,975
		184,826	108,009
<b>NET CURRENT ASSETS</b>		183,426	87,672
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		192,379	98,491
<b>NON-CURRENT LIABILITY</b>			
Lease liabilities		1,112	2,230
<b>Net assets</b>		191,267	96,261

		<b>30 June</b>	31 December
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>14</i>	<b>18,289</b>	—*
Reserves		<b>172,978</b>	96,261
		<hr/>	<hr/>
Total equity		<b>191,267</b>	96,261
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\* *The amount is less than RMB500.*

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 (note 14)	Other capital reserve RMB'000	Share premium reserve RMB'000	Statutory surplus reserve RMB'000	Merge reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 31 December 2019 (audited)	-	(1,152)	14,806	9,746	28,877	95	43,889	96,261
Profit for the period	-	-	-	-	-	-	10,420	10,420
Other comprehensive loss for the period:								
Exchange differences on currency translation	-	-	-	-	-	(171)	-	(171)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(171)	10,420	10,249
Issue of shares for the Initial Public Offering ("IPO")	18,289	-	96,016	-	-	-	-	114,305
Share issue expenses	-	-	(29,548)	-	-	-	-	(29,548)
Transfer from retained profits	-	-	-	1,541	-	-	(1,541)	-
At 30 June 2020 (unaudited)	18,289	(1,152)	81,274	11,287	28,877	(76)	52,768	191,267

For the six months ended 30 June 2019

	Attributable to owners of the parent							Total equity RMB'000
	Share capital RMB'000 (note 14)	Other capital reserve RMB'000	Share premium reserve RMB'000	Statutory surplus reserve RMB'000	Merge reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	
At 31 December 2018 (audited)	-	(1,152)	7,105	6,630	30,345	(227)	22,457	65,158
Profit for the period	-	-	-	-	-	-	14,986	14,986
Other comprehensive income for the period:								
Exchange differences on currency translation	-	-	-	-	-	148	-	148
Total comprehensive income for the period	-	-	-	-	-	148	14,986	15,134
Issue of shares of the Company	-	-	7,701	-	-	-	-	7,701
Business combination under common control	-	-	-	-	(1,468)	-	-	(1,468)
Transfer from retained profits	-	-	-	1,957	-	-	(1,957)	-
At 30 June 2019 (unaudited)	-	(1,152)	14,806	8,587	28,877	(79)	35,486	86,525

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Notes	2020 (Unaudited) RMB'000	2019 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		12,384	17,911
Adjustments for:			
Depreciation of property, plant and equipment	6	179	278
Depreciation of right-of-use assets	6	1,677	1,649
Gain on financial assets at fair value through profit or loss	5	(34)	(218)
Gain on disposal of property, plant and equipment	5	–	(15)
Share of losses of an associate		305	219
Bank interest income	5	(82)	(78)
Recognition of impairment losses on financial and contract assets		1,226	343
Finance costs	8	257	1,845
		<b>15,912</b>	21,934
(Increase)/decrease in inventories		(11,006)	23,553
Increase in trade and bills receivables		(17,301)	(11,807)
Decrease/(increase) in prepayments, deposits and other receivables		2,432	(8,529)
Decrease/(increase) in contract assets		1,929	(7,071)
Increase/(decrease) in trade payables		83,295	(14,997)
(Decrease)/increase in other payables and accruals		(2,345)	1,614
Increase/(decrease) in contract liabilities		670	(1,178)
		<b>73,586</b>	3,519
Cash generated from operations		73,586	3,519
Income tax paid		(638)	(3,242)
		<b>72,948</b>	277
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(148)	(801)
Proceeds from disposal of items of property, plant and equipment		–	47
Proceeds from financial assets at fair value through profit or loss		34	218
Consideration paid for acquisition of subsidiaries under common control		–	(1,468)
Cost of investment in an associate		–	(1,200)
Interest received	5	82	78
Decrease/(increase) in pledged deposits		1,211	(24,179)
		<b>1,179</b>	(27,305)
Net cash flows from/(used in) investing activities		1,179	(27,305)

	<b>2020</b> <b>(Unaudited)</b> <b>RMB'000</b>	2019 (Unaudited) RMB'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares of the Company	<b>114,305</b>	7,701
Share issue expenses	<b>(29,548)</b>	–
New bank loans	<b>15,012</b>	105,382
Repayment of bank loans	<b>(20,652)</b>	(64,869)
Principal payments of lease liabilities	<b>(1,752)</b>	(1,222)
Interest paid	<b>(259)</b>	(1,604)
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Net cash flows from financing activities	<b>77,106</b>	45,388
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<b>151,233</b>	18,360
Cash and cash equivalents at the beginning of period	<b>23,892</b>	14,022
Effect of foreign exchange rate changes, net	<b>(171)</b>	148
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<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>174,954</b>	32,530
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# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 4 September 2018. The registered office of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. For the six months ended 30 June 2020, the principal activities of the subsidiaries comprised provision of IT infrastructure services, IT implementation and supporting services and cloud services in the Mainland China.

## 2. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2019.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.



- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2017 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB500,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

#### **4. SEGMENT INFORMATION**

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

- IT infrastructure services: Assessing customers' needs and their existing IT environment and providing IT infrastructure services by advising them on the suitable hardware and/or software products that their IT environment would require and procuring the relevant hardware and/or software products from IT products vendors and installing these IT products in customers' IT environment.
- IT implementation and supporting services: (i) design of IT solutions, (ii) development and/or implementation of solution-based software and/or hardware products and (iii) provision of technical and maintenance supporting services.
- Cloud services: Offering design, management and technical support for using cloud platforms which include self-developed cloud platform and other third party cloud platforms.

Revenue and expense are allocated to the reportable segments with reference to revenue generated by those segments and the expense incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred during the periods ended 30 June 2020 and 2019. The Group's other income and expense items, such as administrative expense, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, depreciation and amortisation, interest income and interest expense is presented.

Information regarding the Group's reportable segments as provided to the Group's management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2020 and 2019 is set out below:

	Six months ended 30 June 2020			Total <i>RMB'000</i> (Unaudited)
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud services <i>RMB'000</i> (Unaudited)	
Reportable segment revenue	195,703	54,593	84,406	334,702
Reportable segment cost of sales	(177,156)	(50,419)	(71,644)	(299,219)
Reportable segment gross profit	<u>18,547</u>	<u>4,174</u>	<u>12,762</u>	<u>35,483</u>
	Six months ended 30 June 2019			Total <i>RMB'000</i> (Unaudited)
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud services <i>RMB'000</i> (Unaudited)	
Reportable segment revenue	266,347	77,570	132,141	476,058
Reportable segment cost of sales	(252,095)	(71,094)	(111,912)	(435,101)
Reportable segment gross profit	<u>14,252</u>	<u>6,476</u>	<u>20,229</u>	<u>40,957</u>

## 5. REVENUE AND OTHER INCOME AND GAINS

### Revenue from contracts with customers

#### Disaggregated revenue information

	Six months ended 30 June 2020			Six months ended 30 June 2019		
	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud services <i>RMB'000</i> (Unaudited)	IT infrastructure services <i>RMB'000</i> (Unaudited)	IT implementation and supporting services <i>RMB'000</i> (Unaudited)	Cloud services <i>RMB'000</i> (Unaudited)
<b>Type of services</b>						
Sale of software and/or hardware products and related services	195,703	-	-	266,347	-	-
Sale of solution-based software and/or hardware products and related services	-	38,895	-	-	47,325	-
IT supporting and maintenance services	-	1,443	-	-	1,415	-
Cloud solution services	-	-	83,392	-	-	123,550
IT design and implementation services	-	14,255	-	-	28,830	-
Cloud platform design services	-	-	1,014	-	-	8,591
Total revenue from contracts with customers	<u>195,703</u>	<u>54,593</u>	<u>84,406</u>	<u>266,347</u>	<u>77,570</u>	<u>132,141</u>
<b>Geographical markets</b>						
Mainland China	186,012	54,593	84,406	266,347	77,570	132,141
Hong Kong	9,691	-	-	-	-	-
	<u>195,703</u>	<u>54,593</u>	<u>84,406</u>	<u>266,347</u>	<u>77,570</u>	<u>132,141</u>
<b>Timing of revenue recognition</b>						
At a point in time	195,703	38,895	-	266,347	47,325	-
Over time	-	15,698	84,406	-	30,245	132,141
Total revenue from contracts with customers	<u>195,703</u>	<u>54,593</u>	<u>84,406</u>	<u>266,347</u>	<u>77,570</u>	<u>132,141</u>

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Other income		
Bank interest income	<b>82</b>	78
Government grants – related to income	<b>3,137</b>	1,546
	<b>3,219</b>	1,624
Gains		
Foreign exchange gains, net	–	1,586
Gain on financial assets at fair value through profit or loss	<b>34</b>	218
Gain on disposal of items of property, plant and equipment	–	15
	<b>34</b>	1,819
	<b>3,253</b>	3,443

## 6. PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of inventories sold and services provided	<b>299,219</b>	435,101
Depreciation of property, plant and equipment	<b>179</b>	278
Depreciation of right-of-use assets	<b>1,677</b>	1,649
Auditor's remuneration	<b>130</b>	–
Rental expenses from short-term leases	<b>382</b>	25
Listing expense	<b>7,675</b>	5,486
Research and development expenses	<b>5,557</b>	5,076
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	<b>7,403</b>	6,083
Pension scheme contributions	<b>1,258</b>	1,035
	<b>8,661</b>	7,118
Foreign exchange differences, net*	<b>584</b>	(1,586)
Recognition of impairment losses on trade and bills receivables	<b>1,240</b>	308
(Reversal)/recognition of impairment losses on contract assets	<b>(14)</b>	35
Gain on financial assets at fair value through profit or loss	<b>(34)</b>	(218)
Share of losses of an associate	<b>305</b>	219

\* Included in "Other income and gains" or "Other expense" in profit or loss

## 7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during periods ended 30 June 2020 and 2019, except for one subsidiary of the Company which is a qualifying entity under the two-tier profit tax rate regime effective from the year of assessment 2019/2020. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Company operating in Mainland China are subject to Corporate Income Tax at a rate of 25% on the taxable income. Preferential tax treatment is available to the Company's operating subsidiaries, Eden Information Service Limited, Dongguan Edensoft Ltd., and Shenzhen Yundeng Technology Ltd., since Eden Information Service Limited was recognised as High Technology Enterprise and was entitled to a preferential tax rate of 15%, and Dongguan Edensoft Ltd. and Shenzhen Yundeng Technology Ltd. were recognised as Micro and Small Company and were entitled to a preferential tax rate of 5% for the first RMB1,000,000 of assessable profits and the remaining assessable profits below RMB3,000,000 are taxed at 10% for the period ended 30 June 2020.

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current – PRC – charge for the period	1,799	3,052
Current – Hong Kong – charge for the period	312	–
Deferred	(147)	(127)
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Total tax charge for the period	<b>1,964</b>	2,925
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## 8. FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans	147	1,665
Interest on lease liabilities	110	180
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	<b>257</b>	1,845
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## 9. DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: nil)

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the parent of RMB10.4 million (30 June 2019: RMB15.0 million), and the weighted average number of ordinary shares of 1,634,615,385 (30 June 2019: 1,500,000,000) shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2020 and 2019.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired assets with a cost of RMB131,000 (30 June 2019: RMB951,000) and disposed of assets with a net carrying amount of nil (30 June 2019: RMB32,000).

## 12. TRADE AND BILLS RECEIVABLES

	<b>30 June 2020</b>	31 December 2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>100,144</b>	101,615
Impairment	<b>(2,069)</b>	(829)
	<hr/>	<hr/>
Trade receivables, net	<b>98,075</b>	100,786
Bills receivables	<b>19,222</b>	450
	<hr/>	<hr/>
	<b>117,297</b>	101,236
	<hr/> <hr/>	<hr/> <hr/>

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

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

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

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Within 30 days	65,572	67,116
31 to 60 days	9,796	24,913
61 to 90 days	4,562	5,605
Over 90 days	20,214	3,981
	<u>100,144</u>	<u>101,615</u>

### 13. TRADE PAYABLES

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

	<b>30 June 2020 RMB'000 (Unaudited)</b>	31 December 2019 RMB'000 (Audited)
Within 30 days	156,377	80,084
31 to 60 days	8,388	1,279
61 to 90 days	8	–
Over 90 days	919	1,034
	<u>165,692</u>	<u>82,397</u>

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

### 14. SHARE CAPITAL

	<b>30 June 2020 (Unaudited)</b>	31 December 2019 (Audited)
Issued and fully paid: 2,000,000,000 (2019: 2) ordinary shares of HK\$0.01 each (HK\$)	<u>20,000,000.00</u>	<u>0.02</u>
Equivalent to RMB	<u>18,289,000.00</u>	<u>0.02</u>

## 15. RELATED PARTY TRANSACTIONS AND BALANCES

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>An associate:</b>		
Sales of products*	<u>271</u>	<u>–</u>
(2) Other transactions with related parties:		
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Banking facilities and borrowings guaranteed by:</b>		
Ms. Ding Xinyun**	<u>–</u>	<u>60,000</u>
(3) Balances with related party		
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Due from an associate:</b>		
Fuzhou Donghu Education Technology Ltd. (Fuzhou Donghu)# (福州東湖教育科技有限公司) ***	<u>750</u>	<u>750</u>
(4) Compensation of key management personnel of the Group including Directors' remuneration:		
	<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries, allowances and benefits in kind	<u>1,544</u>	<u>1,124</u>
Pension scheme contributions	<u>201</u>	<u>152</u>
	<u>1,745</u>	<u>1,276</u>

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

\*\* Controlling Shareholder of the Company.

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



## 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying Amounts/Fair Values	
	30 June 2020 <i>RMB'000</i> (Unaudited)	31 December 2019 <i>RMB'000</i> (Audited)
<b>Financial assets</b>		
Trade and bills receivables	117,297	101,236
Financial assets included in prepayments, deposits and other receivables	4,337	6,421
Pledged deposits	8,165	9,376
Cash and cash equivalents	174,954	23,892
	<u>304,753</u>	<u>140,925</u>
<b>Financial liabilities</b>		
Trade payables	165,692	82,397
Financial liabilities included in other payables and accruals	1,478	2,870
Lease liabilities	3,689	5,443
Interest-bearing bank borrowings	12	5,652
	<u>170,871</u>	<u>96,362</u>

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing bank borrowings approximate to their respective carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

## Fair value hierarchy

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

Liabilities for which fair values are disclosed:

As at 30 June 2020

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Interest-bearing bank borrowings	–	12	–	12

As at 31 December 2019

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant observable inputs (Level 2) <i>RMB'000</i>	Significant unobservable inputs (Level 3) <i>RMB'000</i>	
Interest-bearing bank borrowings	–	5,652	–	5,652

During the six months ended 30 June 2020 and year ended 31 December 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

## 17. EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events after 30 June 2020 and up to the date of approval of these financial statements.

## 18. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 17 August 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is an integrated IT solutions and cloud services provider in the PRC. Its business portfolio includes provision of IT infrastructure services, IT implementation and supporting services and cloud services.

The shares of the Company (“**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited by way of Share Offer on 13 May 2020 (the “**Listing Date**”). 500,000,000 ordinary Shares of the Company (comprising a public offer of 250,000,000 Shares and a placing of 250,000,000 Shares) have been offered for subscription and for sale at an offer price of HK\$0.25 per Share (the “**Listing**”).

In the first half of 2020, under the dual pressure of Sino-US trade friction and novel coronavirus (COVID-19) pandemic, both the Group and its customers were affected to different degrees. The Group kept abreast of the change in the national related industry policies and paid close attention to market iteration and the innovation in research and development of new technology of the industry in which it operates, to maintain its competitiveness and increase its market share in the IT services industry. The Group will also continue to monitor the development of the COVID-19 pandemic and its impact on the operations results of the Group, if any.

For the six months ended 30 June 2020, the Group was principally engaged in the following business activities:

#### I. IT infrastructure services

1. The Group continued to diversify and expand its customer base, and deeply explored customers’ demand. To this end, the Group established a call center-business operation department, which centralized its resources on the development of long-term non-strategic customers and explored business opportunities for the Group’s strategic products;
2. In order to carry out enterprise information reform, the Group launched enterprise-wide internal procurement platform for customers integrating software, hardware and mobile management service, which can bring them contactless purchasing experience.

#### II. IT implementation and supporting service

During the COVID-19 pandemic, the Group has realised remote delivery of most of its IT implementation and supporting services to support its customers’ telecommuting, which were recognised by them. Meanwhile, by virtue of its practical experience accumulated in response to the COVID-19 pandemic, the Group quickly seized the business opportunity, developing a series of customized solutions for its customers, such as “Epidemic Control System Cloud Platform”, “Eden New Medical Services System”, “Telecommuting Solutions” and “Remote Health Care Collaboration Solutions”.

### III. Cloud services

#### 1. *Intensifying its cooperation with domestic cloud vendors*

- (1) The Group obtained gold distributor agent qualification from Kingsoft on 1 April 2020 and executed distributor agreement on the Kingsoft's office software products;
- (2) Following the completion of product compatibility tests with Huawei, Eden Cloud Office# (伊登雲文檔) officially passed the certification of Huawei Cloud, marking another expert-level certification obtained by Eden Cloud Office# (伊登雲文檔) from enterprises. The Group will pursue its diversified development toward the direction of cloud storage and platform-based management by integrating collaborative sharing of instant messaging, document collaboration, task management and other office applications.

#### 2. *Continuously developing its own cloud service capabilities*

The Group has continuously increased its commitment to cloud services, introduced a number of middle- and high-end talents with ample industry experience, and actively developed products with market competitiveness, such as the research and development of multi-cloud management platform, cloud market operation platform, CRM, artificial intelligence and IoT solutions, to keep pace with the development trend of mobile internet technologies.

- (1) The Group has obtained software copyright for three cloud service products, namely “Intelligent Storage two-dimensional code recognition system V1.0# (智能倉儲二維碼識別系統 V1.0)”, “Network disk mobile payment docking system V1.0# (網盤移動支付對接系統 V1.0)” and “Smart Storage Asset USB Scanning System V1.0# (智能倉儲資產 USB 掃描系統 V1.0)” in the second half of 2020;
- (2) Eden mail large attachment assistant software# (伊登郵件大附件產品) was included on the list of recommend products for the public welfare activity named “Joining Efforts to Expedite Work Resumption” initiated by China Central Enterprise E-Commerce Alliance# (央企電商聯盟—凝眾力，促復工) ;
- (3) During the COVID-19 pandemic, as Eden Cloud Office# (伊登雲文檔) provided free document services for small and medium enterprises to expedite the resumption of work and production by way of telecommuting, the number of newly registered users and usage of the platform have grown exponentially as compared with the same periods in the previous years, certain of which have become our paying users;
- (4) During the COVID-19 pandemic, the Group provided free assistance with enterprises' remote cooperative office through Eden corporate cloud system.

## **FUTURE PROSPECTS**

Due to the uncertainties in the global economic environment, the Group will take steps to expand the coverage of its business operations and diversify its customer base. In order to better meet the demand of customers in different regions in the PRC for the Group's products and/or services, the Group has commenced its formal preparation for setting up a new office in Shanghai in July 2020. The industrial and commercial registration of the office in Shanghai has been completed in early August 2020 and it was officially opened at the same month to promote the Group's IT services, particularly cloud services, and expand the geographical coverage of such services.

The Group intends to establish the Wuhan Technology Center in the second half of 2020. The management of the Company believes that, the establishment of a technology center in Wuhan, which is geographically located in the heart of China with many renowned universities, will be favorable to reducing the Group's costs incurred in carrying out business operations across the country and will also be conducive to expanding the Group's talent pool.

At the same time, the Group will continue to improve its management level and operational efficiency through internal control and the establishment of organisation structure. The Group intends to upgrade its customer relationship management system to enhance the management of customer information, improve internal control management processes and identify marketing leads and targets. The Business Operation Department, newly-established call center this year, is mainly responsible for the data analysis in terms of industry market, customer demand and marketing environment; conducting analysis and implementation for the operation of strategic products and attaining relevant indicators; and exploring business opportunities by telemarketing and assisting sales representatives in signing contracts. The department is also responsible for maintaining the Group's long-term relationship with cloud service customers as well as the activation and tracking of cloud services.

On 19 June 2020, Shenzhen Association for Promoting High-Tech Enterprise Collaborative Innovation (“**SAPHTECI**”) was officially established in Futian District, Shenzhen. The Group, as one of the founding members and promoters of the association, will cooperate with its members in the future in the exhibition and promotion of scientific and technological achievements; transformation and cooperation of scientific and technological achievement; and fostering and serving national high-tech enterprises.

Lastly, the Group acquired a company with Internet Content Provider (“**ICP**”) license(s) to assist the Group in carrying out related business concerning value-added telecommunication operations.

In summary, the Group believes that such plans will help maximise the interests of our shareholders and employees, consolidate the Group's leading position in the industry and lay a solid foundation for the Group's future development.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 June 2020 was approximately RMB334.7 million, representing a decrease of approximately RMB141.4 million, or 29.7%, compared to revenue of approximately RMB476.1 million for the same period of last year. The overall decrease in revenue was primarily attributable to the decrease in sales attributed to the largest customer of the Group resulting from the U.S. Ban.

### Cost of sales

Cost of sales of the Group decreased by approximately 31.2% from approximately RMB435.1 million for the six months ended 30 June 2019 to approximately RMB299.2 million for the six months ended 30 June 2020. The decrease was mainly in line with decrease in revenue.

### Gross profit and margin

The following table sets forth a breakdown of gross profit and gross profit margin for the periods indicated:

	For the six months ended	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<b>334,702</b>	476,058
Cost of sales	<b>(299,219)</b>	(435,101)
Gross profit	<b>35,483</b>	40,957
Gross profit margin (%)	<b>10.6%</b>	8.6%

The gross profit decreased by approximately 13.4%, from approximately RMB41.0 million for the period ended 30 June 2019 to approximately RMB35.5 million for the period ended 30 June 2020. The gross profit margin increased from 8.6% for the period ended 30 June 2019 to 10.6% for the period ended 30 June 2020. The decrease in gross profit were primarily attributable to the decrease in sales to the largest customer of the Group resulted from the U.S. Ban. For the six months ended 30 June 2020, the gross profit margin increased because the proportion of the sales to the largest customer decreased, the sales to which had a lower gross profit margin.

### Other income and gains

The other income and gains remained relatively stable at RMB3.3 million and RMB3.4 million for the six months ended 30 June 2020 and 2019, respectively.

### **Selling and distribution expense**

The selling and distribution expense remained relatively stable at RMB5.3 million and RMB5.8 million for the six months ended 30 June 2020 and 2019, respectively.

### **Administrative expense**

The administrative expense remained relatively stable at RMB13.1 million for the six months ended 30 June 2020 and 2019.

### **Research and development expense**

The research and development expense remained relatively stable at RMB5.6 million and RMB5.1 million for the six months ended 30 June 2020 and 2019, respectively.

### **Finance costs**

Finance costs decreased from approximately RMB1.8 million for the six months ended 30 June 2019 to approximately RMB0.3 million for the six months ended 30 June 2020, representing a decrease of approximately 83.3%. Such decrease was mainly due to the decrease in bank borrowings compared to that of corresponding period in 2019.

### **Income tax expense**

Income tax expense had been decreased by approximately 31.0% from approximately RMB2.9 million for the six months ended 30 June 2019 to approximately RMB2.0 million for the six months ended 30 June 2020. Such decrease was due to the decrease in profit before tax in the PRC subsidiary for the six months ended 30 June 2020.

### **Profit for the period attributable to owners of the parent**

As a result of the foregoing, the Group recorded a profit for the period attributable to owners of the parent of approximately RMB10.4 million for the six months ended 30 June 2020, representing a decrease of approximately 30.7%, as compared to a profit for the period attributable to owners of the parent of approximately RMB15.0 million for the six months ended 30 June 2019. Such decrease was mainly attributable to (i) the decrease in gross profit by approximately RMB5.5 million which was mainly due to the decrease in sales to the largest customer of the Group resulted from the U.S. Ban; and (ii) the increase in recognition of impairment losses on financial and contract assets of approximately RMB0.9 million compared to that of corresponding period in 2019.

If the Group excludes the one-off listing expense, the profit before tax decreased by 14.1% from approximately RMB23.4 million for the period ended 30 June 2019 to approximately RMB20.1 million for the period ended 30 June 2020, as analysed below:

	<b>For the six months ended</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Profit before tax	<b>12,384</b>	17,911
Add: listing expense	<b>7,675</b>	5,486
	<b><u>20,059</u></b>	<u>23,397</u>

## **PLEDGE OF ASSETS**

The Group has pledged deposits in the aggregate amount of approximately RMB8.2 million as at 30 June 2020 as a deposit for recovery of payment from a customer and letters of guarantee of the Group (31 December 2019: approximately RMB9.4 million to secure factoring loans and letters of guarantee of the Group).

## **CAPITAL EXPENDITURE AND COMMITMENTS**

As at 30 June 2020, the Group had no capital expenditure and commitments (31 December 2019: RMB1.2 million) in relation to the purchase of property, plant and equipment in the PRC which had been contracted but not provided for.

## **CONTINGENT LIABILITIES**

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2020, the Group's current assets were RMB368.3 million (31 December 2019: RMB195.7 million), of which RMB175.0 million (31 December 2019: RMB23.9 million) were cash and cash equivalents and RMB8.2 million (31 December 2019: RMB9.4 million) were pledged deposits. As at 30 June 2020, the net asset value of the Group amounted to RMB191.3 million, representing an increase of approximately 98.7% as compared to RMB96.3 million at 31 December 2019.

As at 30 June 2020, the Group's cash and cash equivalents exceed the net debt, therefore the gearing ratio is not applicable to the Group (31 December 2019: 43.0%). Net debt is calculated as interest-bearing bank borrowings, lease liabilities, trade payables, financial liabilities included in other payables and accruals, less cash and cash equivalents. Capital represents equity attributable to owners of the parent.



As at 30 June 2020, the share capital of the Company was RMB18.3 million (31 December 2019: nil). The Group's consolidated reserves were RMB173.0 million (31 December 2019: RMB96.3 million). As at 30 June 2020, the Group had total current liabilities of RMB184.8 million (31 December 2019: RMB108.0 million), mainly comprising trade payables, other payables and accruals and contract liabilities. The total non-current liability of the Group amounted to RMB1.1 million (31 December 2019: RMB2.2 million), which represented lease liabilities.

## **CAPITAL STRUCTURE OF THE GROUP AND EXCHANGE RISK**

The capital structure of the Group consists of debts, which include interest-bearing bank borrowings, lease liabilities, trade payables, financial liabilities included in other payables and accruals. Equity reserves attributable to owners of the parent, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management of the Company, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts. The Group's monetary assets, liabilities and transactions are mainly denominated in RMB. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. The Group is closely monitoring the risk and will apply appropriate hedging instruments when it is needed.

## **INTEREST RATE RISK**

Interest rate risk refers to the risk that the fair value of interest rate risk in relation to fixed rate bank borrowings. The Group is also exposed to cash flow interest rate due to fluctuation of prevailing market interest rate on bank deposits and bank borrowings carried at prevailing market interest rates. The Group however did not engage in any derivatives agreements and did not commit any financial instrument to hedge its interest rate risk during the period ended 30 June 2020. 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 our market position and increase our market share by, (i) continuing to strengthen and develop our R&D and IT services capabilities and further expand our cloud services; (ii) expanding our offices and enhancing our services capacity to capture business opportunities in different regions in the PRC; (iii) establishing technical services centres to further enhance our IT services; (iv) strengthening our marketing efforts and improving our brand recognition; and (v) maintaining fund for performance bond.

After deduction of all related listing expenses and commissions, the net proceeds from the Listing amounted to approximately HK\$74.0 million. Up to 30 June 2020, the Group has approximately utilised HK\$0.2 million of the net proceeds from the Listing as follows:

	<b>As stated in Prospectus HK\$'000</b>	<b>Actual use of proceeds from the date of Listing up to 30 June 2020 HK\$'000</b>	<b>Unused Amount HK\$'000</b>
Expanding our offices and enhancing our service capacity to capture business opportunities in different regions in the PRC	24,400	–	24,400
Strengthening and developing our R&D and IT services capabilities and further expanding our cloud services	26,000	–	26,000
Maintaining fund for performance bond	12,400	–	12,400
Strengthening our marketing effort and improving our brand recognition	3,800	–	3,800
Working capital and general corporate purposes	7,400	218	7,182
	<u>74,000</u>	<u>218</u>	<u>73,782</u>
Total	<u>74,000</u>	<u>218</u>	<u>73,782</u>

## **EMPLOYEES AND REMUNERATION POLICES**

As at 30 June 2020, the Group employed a total of 155 (30 June 2019: 119) employees. Total employee benefit expense (including Directors' remuneration) for the periods ended 30 June 2020 and 2019 were approximately RMB8.7 million and approximately RMB7.1 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 were offered to those employees according to the assessment of individual performance.

## **DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (30 June 2019: nil).

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

As at 30 June 2020, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance, Chapter 571 of the laws of Hong Kong (“SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register of the Company required to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (“Model Code”) set out in Appendix 10 to the Listing Rules were as follows:

### (i) Long position in the Shares

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

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

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

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

Save as disclosed above, as at 30 June 2020, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were: (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred to therein; or (c) pursuant to the Model Code, notified to the Company and the Stock Exchange.

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

So far as is known to the Directors, and as at 30 June 2020, the following persons (not being a Director or chief executive of our Company) have interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### *Long Position in our Company*

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

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

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

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

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

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

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

## DIRECTORS' INTEREST IN A COMPETING BUSINESS

For the six months ended 30 June 2020 and up to the date of this announcement, save as disclosed in this announcement, the Directors confirm that none of the Directors or Controlling Shareholders of the Company or any of their respective close associates (as defined in the Main Board Listing Rules) has engaged in any business that competes or may compete, directly or indirectly, with the business of the Group.

## SHARE OPTION SCHEME

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

## **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 this announcement, at no time from the Listing Date to the date of this announcement was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the six months ended 30 June 2020. Save as those disclosed in elsewhere in this announcement, there was no plan for material investments or capital assets as at 30 June 2020.

## **REPURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% from the Listing Date to the six months ended 30 June 2020 and up to the date of this announcement.

## **CORPORATE GOVERNANCE CODE COMPLIANCE**

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interest of the Shareholders. To accomplish this, save for the deviation from the Code Provision A.2.1, the Company will comply with the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules from the Listing Date to the date of this announcement.

Code Provision A.2.1 stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Ding is the chairperson of the Board and the chief executive officer of the Company. In view that Ms. Ding being one of the founders of the Group and has been operating and managing Eden Information, the major operating subsidiary of the Group, since November 2002, the Board believes that the vesting of the roles of 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.

The Directors will continue to review and consider splitting the roles of chairperson and chief executive of our Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of them, all Directors confirmed that they had complied with the required dealing standards set out in the Model Code from the Listing Date to the date of this announcement.

## **REVIEW OF RESULTS BY AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”) on 14 April 2020, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 and paragraph D3 of the CG Code as set forth in Appendix 14 to the Listing Rules. The Audit Committee is chaired by Mr. Ho Ka Chun, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, and has two other members, namely Mr. Yu Kwok Leung and Mr. Liang Chi. The unaudited condensed interim consolidated results of the Group for the period ended 30 June 2020 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group does not have any material event requiring disclosure under the Listing Rules that has taken place subsequent to 30 June 2020 and up to the date of this announcement.

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

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 17 August 2020

*As at the date of this announcement, the Board comprises Ms. Ding Xinyun (Chairman and Chief Executive Officer), Ms. Li Yi, Mr. Ling Yunzhi and Ms. Peng Dongping as the executive Directors, and Mr. Yu Kwok Leung, Mr. Ho Ka Chun and Mr. Liang Chi as the independent non-executive Directors.*

*The English translation of or any descriptions in Chinese which are marked with “\*” is for identification purpose only.*