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ENTERPRISE DEVELOPMENT HOLDINGS LIMITED

企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

**UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board (the “Board”) of directors (the “Directors”) of Enterprise Development Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 together with comparative figures for the corresponding period in 2020. The unaudited interim results has not been audited but has been reviewed by the Company’s audit committee (the “Audit Committee”).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue	4	20,739	30,424
Cost of sales		<u>(13,632)</u>	<u>(23,880)</u>
Gross profit		7,107	6,544
Other revenue		120	162
Other gains, net		2,925	–
Distribution expenses		(8,954)	(9,363)
General and administrative expenses		(9,937)	(6,399)
Change in fair value of financial assets at fair value through profit or loss (“FVPL”)		<u>(5,896)</u>	<u>(2,219)</u>
Loss from operation		(14,635)	(11,275)
Finance costs	5(a)	<u>(91)</u>	<u>(673)</u>
Loss before taxation	5	(14,726)	(11,948)
Income tax credit	6	<u>227</u>	<u>72</u>
Loss for the period		<u><u>(14,499)</u></u>	<u><u>(11,876)</u></u>
Attributable to:			
Equity shareholders of the Company		(11,974)	(8,895)
Non-controlling interests		<u>(2,525)</u>	<u>(2,981)</u>
Loss for the period		<u><u>(14,499)</u></u>	<u><u>(11,876)</u></u>
		<i>RMB</i>	<i>RMB</i>
Basic and diluted loss per share	7	<u><u>(0.014)</u></u>	<u><u>(0.014)</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loss for the period	(14,499)	(11,876)
Other comprehensive (loss) income for the period		
<i>Items that are or may be reclassified to profit or loss:</i>		
Exchange difference on transaction of financial statements of overseas operations	<u>(872)</u>	<u>146</u>
	<u>(872)</u>	<u>146</u>
Total comprehensive loss for the period	<u><u>(15,371)</u></u>	<u><u>(11,730)</u></u>
Attributable to:		
Equity shareholders of the Company	(12,806)	(8,776)
Non-controlling interests	<u>(2,565)</u>	<u>(2,954)</u>
Total comprehensive loss for the period	<u><u>(15,371)</u></u>	<u><u>(11,730)</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		829	1,022
Intangible assets		2,498	1,169
Right-of-use assets		1,289	2,642
Deferred tax assets		346	346
		<u>4,962</u>	<u>5,179</u>
Current assets			
Inventories		937	937
Financial assets at FVPL	<i>8</i>	13,415	10,236
Contract assets		7,433	12,822
Trade and other receivables	<i>9</i>	127,311	61,429
Cash and cash equivalents		51,898	99,922
		<u>200,994</u>	<u>185,346</u>
Current liabilities			
Trade and other payables	<i>10</i>	7,289	10,104
Contract liabilities		5,018	6,801
Lease liabilities		1,600	1,637
Interest-bearing borrowings	<i>11</i>	9,770	9,818
Current taxation		2,839	3,293
		<u>26,516</u>	<u>31,653</u>
Net current assets		<u>174,478</u>	<u>153,693</u>
Total assets less current liabilities		<u>179,440</u>	<u>158,872</u>

		30 June	31 December
		2021	2020
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
Non-current liability			
Lease liabilities		—	771
NET ASSETS		179,440	158,101
Capital and reserves			
Share capital	12	96,313	64,905
Reserves		22,505	30,009
Total equity attributable to equity shareholders of the Company		118,818	94,914
Non-controlling interests		60,622	63,187
TOTAL EQUITY		179,440	158,101

NOTES TO THE UNAUDITED INTERIM RESULTS

Six months ended 30 June 2021

1. BASIS OF PREPARATION

This unaudited interim results has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (the “IASB”) and were authorised for issue on 31 August 2021.

The unaudited interim results has been prepared in accordance with the same accounting policies adopted in the 2020 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual consolidated financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an unaudited interim result in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This unaudited interim result contains unaudited consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual consolidated financial statements. The unaudited interim result and notes thereon do not included all the information required for full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the IASB.

The financial information relating to the financial year ended 31 December 2020 that is included in this unaudited interim results as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Consolidated financial statements for the year ended 31 December 2020 are available from the Company’s principal place of business in Hong Kong.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following new IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements.

Amendments to IFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021
Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2

The adoption of these amendments to IFRSs and IAS did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

The Group has not applied any new standards, amendments and interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are mainly organised by business lines. In a manner consistent with the way in which information is reported internally to the Board for the purpose of resource allocation and performance assessment, the Group has presented one major reportable segment during the six months ended 30 June 2021 and 2020.

Software business: Provision of integrated business software solutions in the People's Republic of China (the "PRC") and Hong Kong

In addition, other unreportable segment (money lending and security trading) are aggregated and presented as "Others".

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade payables and accruals attributable to the sales activities of the individual segments and interest-bearing borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment loss is “adjusted loss before taxation”. Adjusted loss before taxation is the Group’s losses before items not specifically attributed to individual segments, such as directors’ and auditor’s remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted loss before taxation, the Board is provided with segment information concerning revenue, interest income and expense from cash balances and interest-bearing borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales during the six months ended 30 June 2021 and 2020.

Information regarding the Group's reportable segments as provided to the Board for the purpose of resources allocation and assessment of segment performance for the period is set out below.

	Software business		Others		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
Revenue from external customers	20,560	30,289	179	135	20,739	30,424
Reportable segment revenue	20,560	30,289	179	135	20,739	30,424
Reportable segment loss						
Adjusted loss before taxation	(6,547)	(7,510)	(4,277)	(2,693)	(10,824)	(10,203)
Change in fair value of						
financial assets at FVPL	-	-	(5,896)	(2,219)	(5,896)	(2,219)
Gain on disposal of loan receivables	-	-	2,992	-	2,992	-
Interest income from bank deposits	8	9	-	-	8	9
Interest expenses	(49)	(404)	-	-	(49)	(404)
Depreciation and amortisation	(1,453)	(2,234)	(98)	(3)	(1,551)	(2,237)
Reportable segment assets						
	177,846	157,924	23,680	31,265	201,526	189,189
Reportable segment liabilities	20,140	25,776	2	-	20,142	25,776
Additions to non-current segment assets during the reporting period	1,340	3,223	-	-	1,340	3,223

(b) **Reconciliation of reportable segment revenue, loss, assets and liabilities**

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Reportable segment revenue	20,739	30,424
Loss before taxation		
Reportable segment loss derived from the Group's external customers	(10,824)	(10,203)
Unallocated head office and corporate expenses	(3,902)	(1,745)
Consolidated loss before taxation	(14,726)	(11,948)
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Assets		
Reportable segment assets	201,526	189,189
Deferred tax assets	346	346
Unallocated head office and corporate assets	4,084	990
Consolidated total assets	205,956	190,525
Liabilities		
Reportable segment liabilities	20,142	25,776
Unallocated head office and corporate liabilities	6,374	6,648
Consolidated total liabilities	26,516	32,424

(c) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, intangible assets and right-of-use assets ("Specified non-current assets"). The geographical location of customers is based on the location at which the services were provided, or the goods delivered. The geographical location of the Specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets and right-of-use assets.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		30 June	31 December
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	20,560	30,289	4,245	4,356
Hong Kong	179	135	371	477
	20,739	30,424	4,616	4,833

4. REVENUE

The principal activity of the Group is the provision of integrated business software solutions.

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Software maintenance and other services	14,279	27,175
Sales of software products and other products	6,281	3,114
Others	179	135
	20,739	30,424

5. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging (crediting):

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance costs		
Interest expenses on interest-bearing borrowings wholly repayable within five years	42	612
Interest expenses on lease liabilities	49	61
	<u>91</u>	<u>673</u>
(b) Staff costs		
Salaries, wages and other benefits	11,924	10,175
Contributions to defined contribution retirement schemes	1,243	828
	<u>13,167</u>	<u>11,003</u>
(c) Other items		
Amortisation on intangible assets	–	815
Depreciation on property, plant and equipment	198	150
Depreciation on right-of-use assets	1,353	1,272
Gain on disposal of property, plant and equipment, net	–	(4)
Leases expenses under short-term leases	511	478
Loss allowance on other receivables	64	254
	<u>64</u>	<u>254</u>

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC Enterprises Income Tax		
Over provision in respect of prior period	<u>227</u>	<u>72</u>

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The provision for the PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC. The statutory income tax rate of its PRC subsidiaries is 25%.

Beijing Orient LegendMaker Software Development Co., Ltd. is entitled to a preferential income tax rate of 15% for the six months ended 30 June 2021 and 2020 as it was awarded high-technology status by the tax authority.

No provision for Hong Kong Profits Tax and the PRC income tax have been made as the Group does not have assessable profits or incurred a loss for taxation purposes for the six months ended 30 June 2021 and 2020.

These tax rates were used to calculate the Group’s deferred tax assets and liabilities as at 30 June 2021 and 2020.

7. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended 30 June 2021 is based on the loss attributable to equity shareholders of the Company of approximately RMB11,974,000 (six months ended 30 June 2020: RMB8,895,000) and the weighted average of 859,682,978 (six months ended 30 June 2020 (restated): 630,702,274) ordinary shares in issue during the interim period.

The comparative amount of the basic loss per share for 2020 has been adjusted to reflect the impact of the bonus element of the rights issue effected subsequent to 30 June 2020.

Potential dilutive ordinary shares are not included in the calculation of diluted loss per share because they are anti-dilutive. Therefore, the diluted loss per share equals the basic loss per share.

8. FINANCIAL ASSETS AT FVPL

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Mandatorily measured at FVPL		
Equity securities listed in Hong Kong	6,061	10,236
Equity securities listed overseas	7,354	–
	13,415	10,236

Note:

The fair value of listed equity securities is based on quoted market prices in active markets at the end of the reporting period.

During the six months ended 30 June 2021, a fair value loss on listed equity securities of RMB5,896,000 (six months ended 30 June 2020: RMB2,219,000) was recognised in profit or loss.

9. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Trade receivables, net of loss allowance	<i>(a)</i>	28,022	18,868
Loan receivables from third parties	<i>(b)</i>	22,032	25,103
Less: loss allowance on loan receivables	<i>(b)</i>	(14,531)	(22,291)
Loan receivables, net of loss allowance	<i>(c),(d)</i>	7,501	2,812
Prepayments made to suppliers, net of loss allowance		27,318	32,057
Deposits and other receivables, net of loss allowance		64,470	7,692
		91,788	39,749
		127,311	61,429

All of the trade and other receivables are expected to be recovered within one year.

Notes:

- (a) As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 1 month	14,762	11,059
Over 1 month but less than 3 months	11,003	4,739
Over 3 months but less than 1 year	<u>2,257</u>	<u>3,070</u>
	<u>28,022</u>	<u>18,868</u>

- (b) As at 30 June 2021, (i) loan receivables of RMB7,501,000 was unsecured, carried at fixed interest rate of 8% per annum (31 December 2020: RMB2,812,000 was unsecured, carried at fixed interest rate of 10% per annum) and within its maturity date; and (ii) loan receivables of RMB14,531,000 (31 December 2020: RMB22,291,000) were unsecured, carried at fixed interest rate of ranging from 7% to 12% per annum and overdue (31 December 2020: the same). The loan receivables were denominated in HK\$.

During the six months ended 30 June 2021, a fully impaired loan receivable of RMB7,760,000 was disposed to an independent third party at a consideration of RMB2,992,000, resulting in a gain on disposal of RMB2,992,000 was recognised in profit or loss.

- (c) The maturity profile of the loan receivables and net of loss allowance at the end of the reporting period, analysed by the remaining periods to their contracted maturity is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Repayable		
Within 1 month	–	2,812
Over 1 month but less than 3 months	–	–
Over 3 months but less than 1 year	<u>7,501</u>	<u>–</u>
	<u>7,501</u>	<u>2,812</u>

- (d) As of the end of the reporting period, the ageing analysis of loan receivables based on loan drawn down date and net of loss allowance, is as follows:

	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within 1 month	–	–
Over 1 month but less than 3 months	3,334	–
Over 3 months but less than 1 year	4,167	2,812
	<u>7,501</u>	<u>2,812</u>

10. TRADE AND OTHER PAYABLES

		30 June	31 December
		2021	2020
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
Trade payables	<i>(a)</i>	784	3,808
Non-trade payables and accrued expenses		5,184	5,064
Other tax payables		1,321	1,232
		<u>7,289</u>	<u>10,104</u>

All of the trade and other payables are expected to be settled within one year.

Note:

- (a) As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Within 1 month or on demand	216	480
Over 1 month but within 3 months	170	3,118
Over 3 months but within 6 months	356	200
Over 6 months but within 1 year	42	10
	<u>784</u>	<u>3,808</u>

11. INTEREST-BEARING BORROWINGS

	<i>Notes</i>	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
Loan from a third party, unsecured and unguaranteed	<i>(a)</i>	4,168	4,216
Loan from a fellow subsidiary, unsecured and unguaranteed	<i>(b)</i>	<u>5,602</u>	<u>5,602</u>
		<u>9,770</u>	<u>9,818</u>

Notes:

- (a) Loan from a third party, unsecured and unguaranteed

At 30 June 2021, the loan from a third party is unsecured, carried interest rate of 2% (31 December 2020: 2%) per annum and is repayable within one year.

- (b) Loan from a fellow subsidiary, unsecured and unguaranteed

At 30 June 2021, the loan from a fellow subsidiary is unsecured, carried interest rate of 10% (31 December 2020: 10%) per annum and overdue.

12. SHARE CAPITAL

	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	No. of shares	HK\$	No. of shares	HK\$
Authorised:				
At beginning of period/year and at end of the period/year				
Ordinary shares of HK\$0.1 each	<u>10,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:				
At beginning of period/year				
Ordinary shares of HK\$0.1 each	758,172,933	75,817,293	526,508,982	52,650,898
Issue of shares on rights issue (<i>note</i>)	375,681,838	37,568,184	–	–
Issue of new shares	–	–	105,301,796	10,530,180
Issue of new shares	–	–	126,362,155	12,636,215
	<u>–</u>	<u>–</u>	<u>126,362,155</u>	<u>12,636,215</u>
At end of the period/year				
Ordinary shares of HK\$0.1 each	<u>1,133,854,771</u>	<u>113,385,477</u>	<u>758,172,933</u>	<u>75,817,293</u>
		<i>RMB</i>		<i>RMB</i>
		<i>equivalent</i>		<i>equivalent</i>
		<u>96,313,055</u>		<u>64,904,550</u>

Note:

On 20 May 2021, the Company allotted and issued 375,681,838 ordinary shares of HK\$0.1 each by way of rights issue and the number of issued share capital of the Company was increased to 1,133,854,771. The net proceeds from the rights issue after deducting related expenses were approximately RMB36,710,000 (equivalent to HK\$43,910,000).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2021, the Group recorded a revenue of approximately RMB20,739,000 (six months ended 30 June 2020: RMB30,424,000), of which revenue from (i) software maintenance and other services amounted to approximately RMB14,279,000 (six months ended 30 June 2020: RMB27,175,000); and (ii) sales of software products and other products amounted to approximately RMB6,281,000 (six months ended 30 June 2020: RMB3,114,000). The decrease in overall revenue for the software business was due to the outbreak of coronavirus disease 2019 (“COVID-19”). COVID-19 has brought a negative impact on overall market sentiment and the Group’s financial performance in the first half of the year 2021 was adversely affected. COVID-19 has posed significant challenges to the Group’s business activities and has caused operational delays to some extent.

Gross Profit

For the six months ended 30 June 2021, the Group recorded a gross profit of approximately RMB7,107,000 (six months ended 30 June 2020: RMB6,544,000). The gross profit ratio for the software business of the Group during the period was approximately 34% while that of the corresponding period in 2020 was approximately 21%. The increase in gross profit ratio was mainly due to the increase in proportion for sale of self-developed products which have higher gross profit margin.

Finance Costs

For the six months ended 30 June 2021, finance costs was approximately RMB91,000 (six months ended 30 June 2020: RMB673,000). The decrease in finance costs was due to the decrease in interest expenses on interest-bearing borrowings.

General and Administrative Expenses

For the six months ended 30 June 2021, the general and administrative expenses of the Group were approximately RMB9,937,000 (six months ended 30 June 2020: RMB6,399,000). The increase in general and administrative expenses was attributable to the increase in staff costs.

Change in Fair Value of Financial Assets at Fair Value Through Profit or Loss

The Group invested in various financial instruments for short-term investments, including the equity securities listed in Hong Kong and United States. During the six months ended 30 June 2021, a fair value loss on financial assets at fair value through profit or loss of approximately RMB5,896,000 (six months ended 30 June 2020: RMB2,219,000) was recognised in profit or loss.

Loss for the Period

For the six months ended 30 June 2021, the Group recorded a loss for the period of approximately RMB14,499,000 (six months ended 30 June 2020: RMB11,876,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2021, the Group maintained cash and cash equivalents amounting to approximately RMB51,898,000 (31 December 2020: RMB99,922,000). As at 30 June 2021, the Group's current ratio was approximately 7.58 times (31 December 2020: 5.86 times); and the Group's net gearing ratio at 30 June 2021 and 31 December 2020 are not applicable since the Group had cash in excess of interest bearing borrowings.

Foreign Exchange

The Group's revenue is mainly denominated in Renminbi and no related hedge is required for the time being.

Pledge of Assets

As at 30 June 2021 and 31 December 2020, the Group had no pledge of other assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings.

Capital Structure

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including interest-bearing borrowings, and equity attributable to equity shareholders of the Company, comprising issued share capital, share premium, accumulated losses and other reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the redemption of existing debt. The Group's overall strategy remains unchanged throughout the period.

On 19 February 2021, the Company proposed to raise up to approximately HK\$47,407,000 before expenses, by way of the rights issue (the "Rights Issue"), by issuing up to 395,061,466 rights shares (the "Right Share(s)") (assuming all outstanding share options are exercised in full on or before 24 March 2021 (the "Record Date"), but otherwise no other shares of the Company (the "Shares") are issued and no repurchase of Shares on or before the Record Date and full subscription under the Rights Issue) at the subscription price of HK\$0.12 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

On 19 February 2021, the Company entered into an underwriting agreement (the "Underwriting Agreement") with VC Brokerage Limited (the "Underwriter") in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a best effort basis, the underwritten shares up to 395,061,466 Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein.

On 18 May 2021, the Board announced that all conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement and the Rights Issue became unconditional at 4:00 p.m. on Wednesday, 12 May 2021.

As a result of the under-subscription of the Rights Issue and in accordance with the terms of the Underwriting Agreement, the Underwriter has procured subscribers to subscribe for 240,364,000 Rights Shares, representing approximately 63.41% of the total number of 379,086,466 Rights Shares available for subscription under the Rights Issue.

After the subscribers' subscription procured by the Underwriter, the Rights Issue was finally under-subscribed by 3,404,628 Rights Shares, representing approximately 0.90% of the total number of 379,086,466 Rights Shares available for subscription under the Rights Issue. Therefore, the size of the Rights Issue was reduced to 375,681,838 Rights Shares.

The gross proceeds from the Rights Issue are approximately HK\$45,080,000 and the net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are estimated to be approximately HK\$43,910,000. The Company will apply the net proceeds as to approximately (i) 30% of net proceeds for the potential acquisitions, expansion and equipment purchase of the Group's software business in the future; (ii) 40% of net proceeds for loan financing business and securities investments business; and (iii) the remaining 30% of net proceeds for the Group's operating expenses and overheads, among which approximately 60% is for staff cost, approximately 4% is for rental payments, approximately 20% is for professional fees and the remaining 16% is for the general administrative expenses.

The net proceeds from the Rights Issue were used as (i) approximately RMB3,344,000 (equivalent to HK\$4,000,000) for loan financing business; and (ii) approximately RMB2,099,000 (equivalent to HK\$2,511,000) for the Group's operating expenses and overheads, among which approximately RMB1,515,000 (equivalent to HK\$1,812,000) is for staff cost, approximately RMB96,000 (equivalent to HK\$115,000) is for rental payments, approximately RMB44,000 (equivalent to HK\$53,000) is for professional fee and the remaining RMB444,000 (equivalent to HK\$531,000) is for general administrative expenses. The remaining net proceeds of approximately RMB31,267,000 (equivalent to HK\$37,399,000) will be used according to the intended use.

Significant Investments

The Group has no any significant investments as at 30 June 2021.

Acquisition and Disposal of Listed Securities

During the six months ended 30 June 2021, the Group disposed a total of 9,184,000 shares of China Nuclear Energy Technology Corporation Limited ("China Nuclear Share(s)") at the price between HK\$0.6188 and HK\$0.7300 per China Nuclear Share, on the open market for an aggregate cash consideration of approximately HK\$6,132,000.

Material Acquisition and Disposal of Subsidiaries or Associated Companies

The Group has not made any material acquisition or disposal of subsidiaries or associated companies during the six months ended 30 June 2021.

Subsequent Event

The Group has no material event after the end of the reporting period.

Employees and Remuneration Policies

As at 30 June 2021, the Group employed 106 (30 June 2020: 93) full time employees. The remuneration package of employees is determined by reference to their performance, experience, positions, duties and responsibilities in the Group and the prevailing market conditions. The Group continued to provide retirement, medical, employment injury, employment and maternity benefits which are governed by the state-managed social welfare scheme operated by the local government of the PRC to the employees in the PRC. In addition, the Group maintains a mandatory provident fund scheme for all qualifying employees in Hong Kong.

Contingent Liabilities

As at 30 June 2021, there was no significant contingent liability (31 December 2020: Nil).

BUSINESS REVIEW

The Group recorded a revenue of approximately RMB20,739,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB30,424,000), representing a decrease of approximately 32%. The decrease in overall revenue for the software business was due to the outbreak of COVID-19. COVID-19 has brought a negative impact on overall market sentiment and the Group's financial performance in the first half of the year 2021 was adversely affected. COVID-19 has posed significant challenges to the Group's business activities and has caused operational delays to some extent.

OUTLOOK

We have an experienced technical team which can provide our clients with prompt and effective services and business solutions and we have established a solid client base over the years. Over the past ten years, the Group's software business has provided database software and engineering services to the PRC enterprise customers in terms of life cycle management, health check, troubleshooting and function upgrade which has a significant market share and a strong brand effect in this area.

As impacted by the spreading of COVID-19, the economic conditions of Mainland China and the world slowed down sharply. Mainland China and many other countries implemented lockdowns and social distancing measures for protecting the society in response to the outbreak of COVID-19 pandemic, which caused a plenitude of challenges and uncertainties in the global economic environment. To lower the negative impact from the outbreak of COVID-19, the Group's management has closely monitored the market conditions in the PRC and has put in place certain contingency measures such as remote working of employees. However, the impact of COVID-19 on economic activities was far beyond expectation and resulted in a decrease of 32% in the consolidated revenue of the Group for the first half of 2021 as compared with the same period of 2020. Despite the decrease in revenue, the Group is looking to improve its profit margin in the software maintenance services. Therefore, it is repositioning its products in terms of lowering the cost of sales.

In order to maintain the Group's sustainability and value creation capability over the long term, the Group will try to maintain its competitiveness through introduction of new products and services, and will continue to look for suitable business opportunities so as to diversify the Group's business into a new line of business with growth potential and to broaden its source of income that can enhance return to the shareholders of the Company.

INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2021, the Company was in compliance with all the relevant code provisions set out in the CG Code except for the deviation from code provisions A.2.1 and A.5.1, which are explained below.

Under CG Code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has not appointed a chief executive officer. Mr. Guan Huanfei ("Mr. Guan"), a former executive Director who resigned on 22 May 2021, was the chairman of the Company. Following the resignation of Mr. Guan, the role and functions of chairman and chief executive officer have been performed by all executive Directors collectively.

CG Code provision A.5.1 stipulated that the Company should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Following the resignation of Mr. Liu Jian (“Mr. Liu”), a former independent non-executive Director who resigned on 25 March 2021, as the chairman of the nomination committee of the Company (the “Nomination Committee”) and Mr. Guan as a member of the Nomination Committee on 22 May 2021, the composition of the Nomination Committee was also not in compliance with the code provision A.5.1 of the CG Code, until the Company appointed Mr. Chin Hon Siang (“Mr. Chin”) as a member of the Nomination Committee on 26 May 2021.

NON-COMPLIANCE WITH RULES 3.10(1), 3.21 AND 3.25 OF THE LISTING RULES

Following the resignation of Mr. Liu as an independent non-executive Director on 25 March 2021, the Company only had two independent non-executive Directors, thus the number of the independent non-executive Directors fell below the minimum number required under Rule 3.10(1) of the Listing Rules. As a result of the insufficient number of independent non-executive Directors, the Company had also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee and Rule 3.25 of the Listing Rules with regard to the composition requirement of the remuneration committee of the Company (the “Remuneration Committee”).

Following the appointment of Mr. Chin as an independent non-executive Director on 26 May 2021, the number of independent non-executive Directors had satisfied the minimum number required under Rule 3.10(1) of the Listing Rules. The Company also met the requirements set out in Rules 3.21 and 3.25 of the Listing Rules with regard to the composition of the Audit Committee and the Remuneration Committee respectively.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Cai Jinliang (as committee chairman), Mr. Hui Yat On, and Mr. Chin. The primary duties of the Audit Committee are to review and supervise the financial reporting process, and to review the risk management and internal control systems of the Group. The unaudited interim results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee.

By Order of the Board
Enterprise Development Holdings Limited
Mao Junjie
Executive Director

Hong Kong, 31 August 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Mao Junjie and Ms. Li Zhuoyang, and three independent non-executive Directors, namely Mr. Cai Jinliang, Mr. Hui Yat On and Mr. Chin Hon Siang.