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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 2023**

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 2023 together with comparative figures for the corresponding period in 2022. 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 2023

	Note	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
<b>Revenue</b>	4	<b>29,434</b>	24,852
Cost of sales		<u>(18,866)</u>	<u>(13,820)</u>
<b>Gross profit</b>		<b>10,568</b>	11,032
Other revenue		263	135
Other gains, net	5	7,143	39
Distribution expenses		(7,055)	(7,130)
General and administrative expenses		(9,880)	(9,026)
Fair value gain (loss) on financial assets at fair value through profit or loss (“FVPL”)		<u>4,160</u>	<u>(7,829)</u>
<b>Profit (loss) from operation</b>		<b>5,199</b>	(12,779)
Finance costs	6(a)	<u>(548)</u>	<u>(395)</u>
<b>Profit (loss) before taxation</b>	6	<b>4,651</b>	(13,174)
Income tax credit (expense)	7	<u>31</u>	<u>(114)</u>
<b>Profit (loss) for the period</b>		<b><u>4,682</u></b>	<b><u>(13,288)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		5,098	(12,892)
Non-controlling interests		<u>(416)</u>	<u>(396)</u>
<b>Profit (loss) for the period</b>		<b><u>4,682</u></b>	<b><u>(13,288)</u></b>
		<b>RMB</b>	<b>RMB</b> (Restated)
<b>Basic and diluted earnings (loss) per share</b>	9	<b><u>0.038</u></b>	<b><u>(0.167)</u></b>

# UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit (loss) for the period</b>	<b>4,682</b>	(13,288)
<b>Other comprehensive income for the period</b>		
<i>Items that are or may be reclassified to profit or loss:</i>		
Exchange difference on translation of		
financial statements of overseas operations	4,977	1,003
	4,977	1,003
<b>Total comprehensive income (loss) for the period</b>	<b>9,659</b>	(12,285)
<b>Attributable to:</b>		
Equity shareholders of the Company	9,989	(11,918)
Non-controlling interests	(330)	(367)
<b>Total comprehensive income (loss) for the period</b>	<b>9,659</b>	(12,285)

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,285</b>	574
Intangible assets		<b>4,664</b>	3,485
Right-of-use assets		<b>2,238</b>	2,105
		<u><b>9,187</b></u>	<u>6,164</u>
<b>Current assets</b>			
Financial assets at FVPL	<i>10</i>	<b>25,153</b>	10,958
Contract assets		<b>19,219</b>	6,213
Trade and other receivables	<i>11</i>	<b>104,885</b>	78,607
Cash and cash equivalents		<b>152,853</b>	101,036
		<u><b>302,110</b></u>	<u>196,814</u>
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	<b>18,193</b>	16,553
Contract liabilities		<b>2,386</b>	2,085
Lease liabilities		<b>1,436</b>	1,008
Interest-bearing borrowings	<i>13</i>	<b>20,441</b>	14,531
Current taxation		<b>489</b>	520
		<u><b>42,945</b></u>	<u>34,697</u>
<b>Net current assets</b>		<u><b>259,165</b></u>	<u>162,117</u>
<b>Total assets less current liabilities</b>		<u><b>268,352</b></u>	<u>168,281</u>

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liability</b>			
Lease liabilities		<u>926</u>	<u>1,167</u>
<b>NET ASSETS</b>		<b><u>267,426</u></b>	<b><u>167,114</u></b>
<b>Capital and reserves</b>			
Share capital	<i>14</i>	<u>17,752</u>	<u>6,939</u>
Reserves		<u>197,073</u>	<u>106,610</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>214,825</b>	<b>113,549</b>
<b>Non-controlling interests</b>		<b><u>52,601</u></b>	<b><u>53,565</u></b>
<b>TOTAL EQUITY</b>		<b><u>267,426</u></b>	<b><u>167,114</u></b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL RESULTS

*Six months ended 30 June 2023*

## 1. BASIS OF PREPARATION

This unaudited interim results have 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 (the “Stock Exchange”), 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 2023.

The unaudited interim results have been prepared in accordance with the same accounting policies adopted in the 2022 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual consolidated financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an unaudited interim results 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 results contain 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 2022 annual consolidated financial statements. The unaudited interim report and notes thereon do not include 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 2022 that is included in this unaudited interim financial report 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 2022 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 IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction

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 2023 and 2022.

Software business:	Provision of integrated business software solutions in the People's Republic of China (the "PRC")
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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 profit (loss) is “adjusted profit (loss) before taxation”. Adjusted profit (loss) before taxation is the Group’s profit (loss) 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 profit (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 2023 and 2022.



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	
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>						
Revenue from external customers	29,434	24,852	–	–	29,434	24,852
<b>Reportable segment revenue</b>	<b>29,434</b>	<b>24,852</b>	<b>–</b>	<b>–</b>	<b>29,434</b>	<b>24,852</b>
<b>Reportable segment profit (loss)</b>						
Adjusted profit (loss) before taxation	(1,154)	(1,245)	8,875	(9,410)	7,721	(10,655)
Fair value gain (loss) on financial assets at FVPL	–	–	4,160	(7,829)	4,160	(7,829)
Gain on disposal of financial assets at FVPL	–	–	7,143	39	7,143	39
Interest income from bank deposits	7	5	4	–	11	5
Interest expenses	(493)	(354)	(12)	–	(505)	(354)
Depreciation and amortisation	(918)	(1,012)	(123)	(3)	(1,041)	(1,015)
	Software business		Others		Total	
	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Reportable segment assets</b>	<b>190,593</b>	<b>170,597</b>	<b>48,308</b>	<b>25,273</b>	<b>238,901</b>	<b>195,870</b>
<b>Reportable segment liabilities</b>	<b>35,844</b>	<b>28,266</b>	<b>787</b>	<b>–</b>	<b>36,631</b>	<b>28,266</b>
Additions to non-current segment assets during the reporting period	4,027	4,550	–	–	4,027	4,550

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Revenue</b>		
Reportable segment revenue	<b>29,434</b>	24,852
<b>Profit (loss) before taxation</b>		
Reportable segment profit (loss) derived from the Group's external customers	<b>7,721</b>	(10,655)
Unallocated head office and corporate expenses	<b>(3,070)</b>	(2,519)
<b>Consolidated profit (loss) before taxation</b>	<b>4,651</b>	(13,174)
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Assets</b>		
Reportable segment assets	<b>238,901</b>	195,870
Unallocated head office and corporate assets	<b>72,396</b>	7,108
<b>Consolidated total assets</b>	<b>311,297</b>	202,978
<b>Liabilities</b>		
Reportable segment liabilities	<b>36,631</b>	28,266
Unallocated head office and corporate liabilities	<b>7,240</b>	7,598
<b>Consolidated total liabilities</b>	<b>43,871</b>	35,864

(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.

	<b>Revenue from external customers</b>		<b>Specified non-current assets</b>	
	<b>Six months ended 30 June</b>		<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
The PRC	<b>29,434</b>	24,852	<b>8,541</b>	6,164
Hong Kong	—	—	<b>646</b>	—
	<b>29,434</b>	<b>24,852</b>	<b>9,187</b>	<b>6,164</b>

**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:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Software maintenance and other services	<b>18,101</b>	15,513
Sales of software products and other products	<b>11,333</b>	9,339
	<b>29,434</b>	<b>24,852</b>

## 5. OTHER GAINS, NET

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Gain on disposal of financial assets at FVPL	7,143	39
	7,143	39

## 6. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is arrived at after charging (crediting):

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest expenses on interest-bearing borrowings wholly repayable within five years	489	380
Interest expenses on lease liabilities	59	15
	548	395
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	10,176	9,700
Contributions to defined contribution retirement schemes	1,244	1,151
	11,420	10,851
<b>(c) Other items</b>		
Amortisation on intangible assets	201	108
Depreciation on property, plant and equipment	203	97
Depreciation on right-of-use assets	637	809
Gain on disposal of property, plant and equipment, net	–	(208)
Leases expenses under short-term leases	160	462
Loss allowance on other receivables	–	864
	–	864

## 7. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax		
PRC Enterprises Income Tax		
Over (under) provision in respect of prior period	<u>31</u>	<u>(114)</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 2023 and 2022 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 2023 and 2022.

These tax rates were used to calculate the Group’s deferred tax assets and liabilities as at 30 June 2023 and 2022.

## 8. DIVIDENDS

No dividend was paid or proposed in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil), nor has any dividend been proposed since the end of the reporting period.

## 9. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings per share for the six months ended 30 June 2023 is based on the profit attributable to equity shareholders of the Company of approximately RMB5,098,000 (six months ended 30 June 2022: loss of RMB12,892,000) and the weighted average of 133,277,036 (six months ended 30 June 2022 (restated): 77,208,693) ordinary shares in issue during the interim period.

The comparative amount of the basic loss per share for 2022 has been adjusted to reflect the impact of the bonus element of the rights issue effected subsequent to 30 June 2022.

Potential dilutive ordinary shares are not included in the calculation of diluted earnings (loss) per share because they are antidilutive. Therefore, the diluted earnings (loss) per share equals the basic earnings (loss) per share.

## 10. FINANCIAL ASSETS AT FVPL

	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Mandatorily measured at FVPL		
Equity securities listed in Hong Kong	2,451	1,467
Equity securities listed in the United States	<u>22,702</u>	<u>9,491</u>
	<u><b>25,153</b></u>	<u><b>10,958</b></u>

*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 2023, a fair value gain on listed equity securities of RMB4,160,000 (six months ended 30 June 2022: loss of RMB7,829,000) was recognised in profit or loss.

## 11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>30 June 2023 (Unaudited) RMB'000</b>	31 December 2022 (Audited) RMB'000
Trade receivables, net of loss allowance	<i>(a)</i>	<u>26,419</u>	<u>26,893</u>
Loan receivables from third parties	<i>(b)</i>	14,008	13,384
Less: loss allowance on loan receivables	<i>(c)</i>	<u>(14,008)</u>	<u>(13,384)</u>
Loan receivables, net of loss allowance		<u>–</u>	<u>–</u>
Prepayments made to suppliers, net of impairment loss		25,193	27,137
Deposits and other receivables, net of loss allowance		<u>53,273</u>	<u>24,577</u>
		<u><b>78,466</b></u>	<u><b>51,714</b></u>
		<u><b>104,885</b></u>	<u><b>78,607</b></u>

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

Note:

- (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:

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 month	<b>8,720</b>	14,881
Over 1 month but less than 3 months	<b>1,224</b>	2,668
Over 3 months but less than 1 year	<b>13,172</b>	6,443
Over 1 year but less than 2 years	<b>3,219</b>	2,901
Over 2 years	<b>84</b>	–
	<b>26,419</b>	26,893

- (b) As at 30 June 2023, (i) loan receivables of approximately RMB14,008,000 (31 December 2022: RMB13,384,000) were unsecured, carried at fixed interest rates ranging from 7% to 10% per annum and overdue. The loan receivables were denominated in HK\$.
- (c) During the six months ended 30 June 2023 and 2022, no increase nor decrease in accumulated loss allowances on loan receivables recognised in profit or loss.

## 12. TRADE AND OTHER PAYABLES

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Trade payables	(a)	<b>9,505</b>	9,159
Non-trade payables and accrued expenses		<b>7,462</b>	5,955
Other tax payables		<b>1,226</b>	1,439
		<b>18,193</b>	16,553

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:

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Within 1 month or on demand	<b>7,455</b>	8,747
Over 1 month but within 3 months	<b>1,932</b>	–
Over 3 months but within 6 months	–	–
Over 6 months but within 1 year	–	353
Over 1 year	<b>118</b>	59
	<b>9,505</b>	9,159



### 13. INTEREST-BEARING BORROWINGS

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Loan from a third party, unsecured and unguaranteed	<i>(a)</i>	<b>4,628</b>	4,422
Loan from a former fellow subsidiary, unsecured and unguaranteed	<i>(b)</i>	<b>7,813</b>	7,109
Loans from banks, unsecured and unguaranteed	<i>(c)</i>	<b>8,000</b>	3,000
		<b>20,441</b>	14,531

*Note:*

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

At 30 June 2023, the loan from a third party is unsecured, carried interest rate of 2% (31 December 2022: 2%) per annum and is repayable within one year.

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

At 30 June 2023, the loan from a former fellow subsidiary is unsecured, carried interest rate of 10% (31 December 2022: 10%) per annum and overdue.

- (c) Loan from banks, unsecured and unguaranteed

At 30 June 2023, the loans from banks are unsecured, carried interest rate of 3.6% (31 December 2022: 4.05%) per annum and are repayable within one year.

## 14. SHARE CAPITAL

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	<i>No. of shares</i>	<i>HK\$</i>	<i>No. of shares</i>	<i>HK\$</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each				
At beginning of period/year and at end of the period/year	<u>10,000,000,000</u>	<u>1,000,000,000</u>	<u>10,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.1 each				
At beginning of period/year	81,631,274	8,163,127	1,360,625,725	136,062,573
Capital reorganisation	–	–	(1,292,594,451)	(129,259,446)
Issue of placing shares	–	–	13,600,000	1,360,000
Issue of rights shares ( <i>note</i> )	<u>122,446,911</u>	<u>12,244,691</u>	–	–
<b>At end of the period/year</b>	<u>204,078,185</u>	<u>20,407,818</u>	<u>81,631,274</u>	<u>8,163,127</u>
		<i>RMB</i>		<i>RMB</i>
		<i>equivalent</i>		<i>equivalent</i>
		<u>17,752,024</u>		<u>6,938,615</u>

*Note:*

On 14 March 2023, the shareholders of the Company approved a rights issue on the basis of three rights shares for every two existing shares in issue and held on 24 March 2023 at a subscription price of HK\$0.85 per rights share. The rights issue became unconditional on 18 April 2023. 122,446,911 rights shares with the par value of HK\$0.1 each were allotted and issued on 25 April 2023. The net proceeds of approximately RMB90,653,000 (equivalent to approximately HK\$102,653,000) were received.

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 2023, the Group recorded revenue of approximately RMB29,434,000 (six months ended 30 June 2022: RMB24,852,000), of which revenue from (i) software maintenance and other services amounted to approximately RMB18,101,000 (six months ended 30 June 2022: RMB15,513,000); and (ii) sales of software products and other products amounted to approximately RMB11,333,000 (six months ended 30 June 2022: RMB9,339,000). The increase in overall revenue for the software business rose 18.4% year on year to RMB29,434,000, driven largely by the demand from both existing and new customers, and new contracts signed for domestic-produced database software, which is in alignment with localisation policy for the database software business.

### Gross Profit

For the six months ended 30 June 2023, the Group recorded a gross profit of approximately RMB10,568,000 (six months ended 30 June 2022: RMB11,032,000). The gross profit ratio for the software business of the Group during the period was approximately 36% while that of the corresponding period in 2022 was approximately 44%. The decrease in gross profit ratio was mainly due to the increase in proportion for sales of domestic-produced database software product which have lower gross profit margin.

### Finance Costs

For the six months ended 30 June 2023, finance costs was approximately RMB548,000 (six months ended 30 June 2022: RMB395,000). The increase in finance costs was due to the increase in interest expenses on interest-bearing borrowings.

### Distribution Expenses

For the six months ended 30 June 2023, distribution expenses were approximately RMB7,055,000 (six months ended 30 June 2022: RMB7,130,000). There is no significant fluctuation in distribution expenses which mainly include the staff costs and selling expenses of the software business in the PRC during the period.

## **General and Administrative Expenses**

For the six months ended 30 June 2023, the general and administrative expenses of the Group were approximately RMB9,880,000 (six months ended 30 June 2022: RMB9,026,000). The slight increase in general and administrative expenses was attributable to the increase in staff costs and overseas travelling expense during the period.

## **Change in Fair Value and Gain on Disposal 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 the United States. During the six months ended 30 June 2023, fair value gain on financial assets at fair value through profit or loss of approximately RMB4,160,000 (six months ended 30 June 2022: loss of RMB7,829,000) was recognised in profit or loss, and recorded net gain on disposal of financial assets at fair value through profit or loss of approximately RMB7,143,000 (six months ended 30 June 2022: RMB39,000).

## **Loss for the Period**

For the six months ended 30 June 2023, the Group recorded net profit for the period of approximately RMB4,682,000 (six months ended 30 June 2022: net loss of RMB13,288,000).

## **Liquidity and Financial Resources**

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2023, the Group maintained cash and cash equivalents amounting to approximately RMB152,853,000 (31 December 2022: RMB101,036,000). As at 30 June 2023, the Group's current ratio was approximately 7.03 times (31 December 2022: 5.67 times); and the Group's net gearing ratio at 30 June 2023 and 31 December 2022 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 2023 and 31 December 2022, the Group had no pledge of other assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings.

## **Capital Increase in Beijing Orient LegendMaker Software Development Co., Ltd. (“Beijing Orient LegendMaker”)**

On 4 November 2022, the Company entered into a capital increase agreement (the “Capital Increase Agreement”) with Beijing Orient LegendMaker and Oriental Legend Maker Technology Ltd. (“OLM”), an indirect non-wholly owned subsidiary of the Company, pursuant to which, the Company agreed to carry out the increase in capital by the Company in Beijing Orient LegendMaker with an investment amount of RMB12.85 million (the “Capital Increase”), representing approximately 10.46% of the equity in Beijing Orient LegendMaker following the completion of the Capital Increase, which was taken place in February 2023.

Before the Capital Increase, Beijing Orient LegendMaker was wholly owned by OLM, a company 60% owned by the Company. Upon completion of the Capital Increase, the Company directly holds approximately 10.46% interests in Beijing Orient LegendMaker and OLM holds approximately 89.54% interests in Beijing Orient LegendMaker, such that the Company holds approximately 53.72% beneficial equity interest in Beijing Orient LegendMaker through OLM. Together with the 10.46% interests directly held by the Company, the Company holds an aggregate of approximately 64.18% interests in Beijing Orient LegendMaker.

### **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.

### ***Subscription of New Shares***

On 29 December 2021, the Company allotted and issued an aggregate of 226,770,954 shares with the par value of HK\$0.1 each at the subscription price of HK\$0.1 per share to two independent third parties for cash (the “Subscriptions”) with aggregate nominal value of HK\$22,677,096. The gross proceeds and net proceeds arising from the Subscriptions amounted to approximately HK\$22.67 million and HK\$22.37 million, respectively. The Company intended to apply (i) approximately HK\$11.64 million for capital injection in Beijing Orient LegendMaker as detailed in the announcements of the Company dated 9 November 2021, 29 November 2021 and 5 August 2022 (the “Capital Injection”) and (ii) approximately HK\$10.73 million for general working capital of the Group which shall be applied on, including, but not limited to, approximately 70% for staff cost, approximately 20% for professional fees, approximately 5% for rental payments and approximately 5% for general administrative and operating expenses of the Group.

As at 30 June 2023, the net proceeds from the Subscriptions were used as intended, of which (i) approximately RMB2,935,000 (equivalent to HK\$3,573,000) for the Capital Injection: (a) research and development in artificial intelligent solution software (the “R&D Project”), including approximately RMB1,203,000 (equivalent to HK\$1,465,000) on salaries and allowances for employment of engineers for the R&D Project, approximately RMB61,000 (equivalent to HK\$74,000) on procurement of computers, equipment and related hardware and approximately RMB352,000 (equivalent to HK\$429,000) on payment of service fees for engagement of consultants and service providers in relation to R&D Project; (b) expansion of the current solution services provided in conjunction with, and to complement the procurement of new domestic-produced database software in its database software business, including approximately RMB1,221,000 (equivalent to HK\$1,486,000) on staff costs for employment of engineers providing on-site technical support services to end customers of the database software business and approximately RMB98,000 (equivalent to HK\$119,000) on procurement of computer, equipment and related hardware; and (ii) approximately RMB8,771,000 (equivalent to HK\$10,730,000) for general working capital of the Group, among which approximately RMB6,008,000 (equivalent to HK\$7,350,000) is for staff cost, approximately RMB392,000 (equivalent to HK\$480,000) is for rental payments, approximately RMB1,807,000 (equivalent to HK\$2,210,000) is for professional fee and the remaining RMB564,000 (equivalent to HK\$690,000) is for general administrative expenses. The expected timeline for utilising the remaining net proceeds of approximately RMB6,580,000 (equivalent to HK\$8,067,000) for the Capital Injection will be used according to the intended use on or before December 2023.

### ***Placing of New Shares***

On 10 August 2022, the Company entered into a placing agreement (the “Placing Agreement”) with VC Brokerage Limited (the “Placing Agent”), pursuant to which the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure on a best effort basis to not less than six placees to subscribe for up to 13,606,000 placing shares (the “Placing Share(s)”) at the placing price of HK\$0.84 per Placing Share (the “Placing”). The maximum Placing Shares of up to 13,606,000 shares represent approximately 20% of the then existing issued share capital of the Company as at the date of the Placing Agreement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares. The Placing Shares were approved to issue under the general mandate granted to the Directors at the annual general meeting of the Company held on 1 June 2022. On 1 September 2022, an aggregate of 13,600,000 Placing Shares with the par value of HK\$0.1 each have been successfully issued at placing price of HK\$0.84 per Placing Share with aggregate nominal value of HK\$1,360,000. The gross proceeds from the Placing amounted to approximately HK\$11.4 million and the net proceeds amounted to approximately HK\$10.95 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.82 per Placing Share. The Company intended to apply the net proceeds of the Placing (i) as to HK\$4.0 million for part of the capital injection in Beijing Orient LegendMaker which would be applied towards the research and development of the artificial intelligence related solutions software and expansion of Group’s existing business to promote a domestic-produced database software to its end customers, and (ii) as to the remaining approximately HK\$6.95 million as general working capital for the Company’s Hong Kong office including staff cost, professional fees, rental payments and other general administrative and operating expenses. Completion of Placing took place on 1 September 2022.

As at 30 June 2023, the net proceeds from the Placing were used as intended, of which (i) approximately RMB3,335,000 (equivalent to HK\$4,000,000) for the Capital Increase: (a) research and development in the R&D Project, including approximately RMB1,908,000 (equivalent to HK\$2,288,000) on salaries and allowances for employment of engineers for the R&D Project; (b) expansion of the current solution services provided in conjunction with, and to complement the procurement of new domestic-produced database software in its database software business, including approximately RMB1,427,000 (equivalent to HK\$1,712,000) on staff costs for employment of engineers providing on-site technical support services to end customers of the database software business; and (ii) approximately RMB6,350,000 (equivalent to HK\$6,950,000) for general working capital of the Group, among which approximately RMB3,198,000 (equivalent to HK\$3,500,000) is for staff cost, RMB2,010,000 (equivalent to HK\$2,200,000) is for professional fee, RMB411,000 (equivalent to HK\$450,000) is for rental payment and the remaining RMB731,000 (equivalent to HK\$800,000) is for general administrative expenses. All the proceeds from the Placing were utilised in full.

### ***Rights Issue***

On 29 November 2022, the Company announced its proposal to raise up to approximately HK\$106.16 million before expenses, by way of the rights issue (the “Rights Issue”), by issuing up to 124,896,729 rights shares (the “Right Share(s)”) (assuming all 1,633,212 outstanding share options (the “Share Options”) granted under the share option scheme adopted by the Company on 26 May 2016 (the “Share Option Scheme”) are exercised in full on or before 10 February 2023 (the “Record Date”), but otherwise no other 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\$0.85 per Rights Share on the basis of three (3) Rights Shares for every two (2) existing shares of the Company held on the Record Date. The Company has appointed VC Brokerage Limited as underwriter (the “Underwriter”) of the Rights Issue pursuant to the underwriting agreement entered into on 29 November 2022 (the “Underwriting Agreement”). The Record Date has been extended to 3 March 2023 and further extended to 24 March 2023 pursuant to the supplemental underwriting agreement and second supplemental agreement entered into between the parties on 10 January 2023 and 3 February 2023 respectively (the “Extended Record Date”).



As at the Extended Record Date (i.e. 24 March 2023), the number of issued Shares was 81,631,274 Shares and the total number of Rights Shares to be issued was up to 122,446,911 Rights Shares. The net proceeds from the Rights Issue after deducting the underwriting commission, professional fees and all other relevant expenses, are estimated to be approximately HK\$101.70 million. The Company intended to apply (i) 96% of the net proceeds from the Rights Issue of the maximum amount of approximately HK\$97.63 million for the general working capital of the Group in the Industrial Park Software Project (as defined below) in which (a) approximately HK\$75.59 million will be applied in the procurement of the hardware facilities, networking facilities, database facilities and application facilities for the use of the potential customers of industrial parks (the “Industrial Park Software Project”); (b) approximately HK\$22.04 million will be applied in the staff cost, sales and marketing for promotion of the services of the Industrial Park Software Project in different industrial parks located in different provinces in the PRC and management and other operating expenses (including (1) management fee such as rent and utilities; (2) tax; (3) equipment testing and evaluation; and (4) other miscellaneous expenses) for the use of the Group; and (ii) 4% of the net proceeds of approximately HK\$4.07 million from the Rights Issue will be used for the general working capital such as overhead expenses including salary, rental and other expenses of the Company. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

As the Rights Issue increased the total number of issued Shares by more than 50% within a 12-month period, the Rights Issue was subject to the approval by the independent shareholders, and the independent shareholders have approved the Rights Issue at an extraordinary general meeting held on 14 March 2023 (the “EGM”) by way of poll.

All the conditions precedent set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriter, and accordingly, the Underwriting Agreement and the Rights Issue became unconditional at 4:00 p.m. on Tuesday, 18 April 2023. (i) a total of 23 valid acceptances of provisional allotments under the provisional allotment letters had been received for a total of 64,312,770 Rights Shares, representing approximately 52.52% of the total number of 122,446,911 Rights Shares available for subscription under the Rights Issue; and (ii) a total of 23 valid applications for excess Rights Shares under the forms of application for excess Rights Shares had been received for a total of 88,116,927 Rights Shares, representing approximately 71.96% of the total number of 122,446,911 Rights Shares available for subscription under the Rights Issue. The Rights Issue was over-subscribed by 29,982,786 Rights Shares, representing approximately 24.49% of the total number of 122,446,911 Rights Shares available for subscription under the Rights Issue.

On 25 April 2023, an aggregate of 122,446,911 Rights Shares with nominal value of HK\$12,244,691.10 had been issued and allotted. The subscription price of HK\$0.85 per Rights Share represents a discount of approximately 39.72% to the closing price of HK\$1.410 per share of the Company as quoted on the Stock Exchange on 29 November 2022. The gross proceeds from the Rights Issue was approximately HK\$104.08 million and the net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, was approximately HK\$102.653 million (equivalent to a net subscription price of approximately HK\$0.84 per Rights Share). For the details of the Rights Issue, including the reasons for and benefits of the Rights Issue, please refer to the Company's prospectus dated 24 March 2023.

As at 30 June 2023, the net proceeds from the Rights Issue was utilized as to approximately RMB979,000 (equivalent to HK\$1,107,000) for general working capital of the Group, among which approximately RMB637,000 (equivalent to HK\$720,000) is for professional fee and the remaining RMB342,000 (equivalent to HK\$387,000) is for general administrative expenses. The remaining net proceeds of approximately RMB89,674,000 (equivalent to HK\$101,546,000) will be used according to the intended use in which (i) approximately RMB87,027,000 (equivalent to HK\$98,553,000) for the general working capital of the Group in the Industrial Park Software Project will be utilised on or before June 2025; and (ii) approximately RMB2,647,000 (equivalent to HK\$2,993,000) for the general working capital such as overhead expenses including salary, rental and other expenses of the Company will be utilised by December 2023.

## **Significant Investments**

The Group has no significant investments as at 30 June 2023.

## **Material Acquisition and Disposal of Subsidiaries, Associates or Joint Ventures**

Save as the Capital Increase mentioned above, the Group has not made any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

## **Events after the Reporting Period**

There was no events after the reporting period.

## **Employees and Remuneration Policies**

As at 30 June 2023, the Group employed 101 (30 June 2022: 85) full time employees. The staff costs amounted to approximately RMB11.42 million for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB10.85 million). 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. The Company had also adopted the Share Option Scheme.

## **Contingent Liabilities**

As at 30 June 2023, there was no significant contingent liability (31 December 2022: Nil).

## **BUSINESS REVIEW**

The Group recorded a revenue of approximately RMB29,434,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB24,852,000), representing an increase of approximately 18.4%. During the first half year of 2023, the prevailing financial and economic condition are still keen competitive and challenging because of the post-pandemic economic recession arising from the negative influence of COVID-19 pandemic (the “Pandemic”). However, the Pandemic has been relaxed in early 2023, the software business was benefited from the all-round improvement in management to recover gradually in the first half year of 2023 as compared to the corresponding period in 2022. The increase in overall revenue for the software business was driven largely by the demand from both existing and new customers, and new contracts signed for domestic-produced database software, which is in alignment with localisation policy for the database software business.

## **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.

In early 2023, despite the post negative impact of Pandemic influence every aspect in the society and domestic economy, the Group has tried to maintain its competitiveness through introduction of new products and services, further broadening of client base and implementation of various cost control policies. President Xi Jinping’s political report mentions China’s continuous pursuit of technological self-reliance and urging for greater localization across the whole hardware supply chain and software industry. In line with the PRC Government’s Policy, the clients of software business started searching for domestic produced database software, which were at preliminary development stage back then, from various local database software developers with the view to replace imported database software. The Group has put great effort on the implementation of database software localization, included investing in talent over the year to enhance the research and development capability and broadening of client base during the first half year of 2023 etc. As a result, the Group recorded an increase of 18.4% in the consolidated revenue for the first half year of 2023 as compared with the same period of 2022.

Looking ahead, the management believes that the market will gradually step out of the Pandemic and return to normal. The Company expects that on a long-term basis, in line with the national policy of information technology self-sufficiency, there will be more PRC based customers switching to the domestic brand when seeking for database software service providers. 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 its shareholders.

## **INTERIM DIVIDEND**

The Directors resolved not to declare any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 2023.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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 2023.

## **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 2023, the Company was in compliance with all the relevant code provisions set out in the CG Code except for the deviation from code provision C.2.1, which is explained below.

Under CG Code provision C.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 chairman or a chief executive officer. The roles and functions of chairman and chief executive officer have been performed by the Board jointly.

Save as the aforesaid and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code during the six months ended 30 June 2023.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 18 December 2006 with written terms of reference in compliance with the CG Code. 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 Audit Committee comprises three independent non-executive Directors, namely Mr. Cai Jinliang (chairman), Mr. Chin Hon Siang and Mr. Chen Kwok Wang. The unaudited interim financial results of the Group for the six months ended 30 June 2023 have been reviewed by the Audit Committee.

By Order of the Board  
**Enterprise Development Holdings Limited**  
**Li Zhuoyang**  
*Executive Director*

Hong Kong, 31 August 2023

*As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Li Zhuoyang and Mr. Liu Yang, and three independent non-executive Directors, namely Mr. Cai Jinliang, Mr. Chin Hon Siang and Mr. Chen Kwok Wang.*