



ENTERPRISE DEVELOPMENT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1808

INTERIM REPORT
2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Li Zhuoyang

Independent Non-executive Directors

Cai Jinliang

Chin Hon Siang

Chen Kwok Wang

COMPANY SECRETARY

Chan Yuen Ying, Stella

AUTHORISED REPRESENTATIVES

Li Zhuoyang

Chan Yuen Ying, Stella

AUDIT COMMITTEE

Cai Jinliang (*Committee Chairman*)

Chin Hon Siang

Chen Kwok Wang

REMUNERATION COMMITTEE

Chin Hon Siang (*Committee Chairman*)

Cai Jinliang

Li Zhuoyang

NOMINATION COMMITTEE

Chin Hon Siang (*Committee Chairman*)

Cai Jinliang

Li Zhuoyang

AUDITOR

BOFA CPA Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat B, 11/F
Hing Lung Commercial Building
68-74 Bonham Strand
Sheung Wan
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586, Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

PRINCIPAL BANKER

Bank of Communications Co., Ltd.

STOCK CODE

1808

COMPANY WEBSITE

www.1808.com.hk

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

The board (the “Board”) of directors (the “Directors”) of Enterprise Development Holdings Limited (the “Company”) presents the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 together with comparative figures for the corresponding period in 2021. The unaudited interim financial report has not been audited but has been reviewed by the Company’s audit committee (the “Audit Committee”).

		Six months ended 30 June	
	<i>Note</i>	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue	4	24,852	20,739
Cost of sales		(13,820)	(13,632)
Gross profit		11,032	7,107
Other revenue		135	120
Other gains, net	5	39	2,925
Distribution expenses		(7,130)	(8,954)
General and administrative expenses		(9,026)	(9,937)
Fair value loss on financial assets at fair value through profit or loss (“FVPL”)		(7,829)	(5,896)
Loss from operation		(12,779)	(14,635)
Finance costs	6(a)	(395)	(91)
Loss before taxation	6	(13,174)	(14,726)
Income tax (expense) credit	7	(114)	227
Loss for the period		(13,288)	(14,499)
Attributable to:			
Equity shareholders of the Company		(12,892)	(11,974)
Non-controlling interests		(396)	(2,525)
Loss for the period		(13,288)	(14,499)
		RMB	RMB
Basic and diluted loss per share	8	(0.190)	(0.279)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Loss for the period	(13,288)	(14,499)
Other comprehensive income (loss) for the period		
<i>Items that are or may be reclassified to profit or loss:</i>		
Exchange difference on translation of financial statements of overseas operations	1,003	(872)
	1,003	(872)
Total comprehensive loss for the period	(12,285)	(15,371)
Attributable to:		
Equity shareholders of the Company	(11,918)	(12,806)
Non-controlling interests	(367)	(2,565)
Total comprehensive loss for the period	(12,285)	(15,371)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	620	488
Intangible assets	10	2,480	1,854
Right-of-use assets	11	1,873	1,020
		4,973	3,362
Current assets			
Financial assets at FVPL	12	15,290	11,329
Contract assets		14,000	8,202
Trade and other receivables	13	95,365	73,047
Cash and cash equivalents		73,222	115,636
		197,877	208,214
Current liabilities			
Trade and other payables	14	14,959	9,958
Contract liabilities		1,039	6,775
Lease liabilities	11	555	771
Interest-bearing borrowings	15	13,820	10,057
Current taxation		3,289	3,175
		33,662	30,736
Net current assets		164,215	177,478
Total assets less current liabilities		169,188	180,840
Non-current liability			
Lease liabilities	11	1,062	–
NET ASSETS		168,126	180,840

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
	<i>Note</i>		
Capital and reserves			
Share capital	16	5,742	114,835
Reserves		106,492	9,746
Total equity attributable to equity shareholders of the Company		112,234	124,581
Non-controlling interests		55,892	56,259
TOTAL EQUITY		168,126	180,840

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Other reserve	Share-based payment reserve	PRC statutory reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	64,905	551,127	(8,440)	2,760	8,483	21,473	(545,394)	94,914	63,187	158,101
Changes in equity for the six months ended 30 June 2021										
Loss for the period	-	-	-	-	-	-	(11,974)	(11,974)	(2,525)	(14,499)
Other comprehensive loss	-	-	-	-	-	(832)	-	(832)	(40)	(872)
Total comprehensive loss for the period	-	-	-	-	-	(832)	(11,974)	(12,806)	(2,565)	(15,371)
Transactions with owners										
<i>Contributions and distributions</i>										
Issue of new shares upon right issue, net of expenses (note 16)	31,408	5,302	-	-	-	-	-	36,710	-	36,710
Share options forfeited during the period	-	-	-	(469)	-	-	469	-	-	-
	31,408	5,302	-	(469)	-	-	469	36,710	-	36,710
Balance at 30 June 2021 (Unaudited)	96,313	556,429	(8,440)	2,291	8,483	20,641	(556,899)	118,818	60,622	179,440
Balance at 1 January 2022	114,835	556,194	(8,440)	2,291	8,483	19,963	(568,745)	124,581	56,259	180,840
Changes in equity for the six months ended 30 June 2022										
Loss for the period	-	-	-	-	-	-	(12,892)	(12,892)	(396)	(13,288)
Other comprehensive income	-	-	-	-	-	974	-	974	29	1,003
Total comprehensive loss for the period	-	-	-	-	-	974	(12,892)	(11,918)	(367)	(12,285)
Transactions with owners										
<i>Contributions and distributions</i>										
Capital reorganisation	(109,093)	(429)	-	-	-	-	109,093	(429)	-	(429)
	(109,093)	(429)	-	-	-	-	109,093	(429)	-	(429)
Balance at 30 June 2022 (Unaudited)	5,742	555,765	(8,440)	2,291	8,483	20,937	(472,544)	112,234	55,892	168,126

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Net cash used in operating activities	(44,390)	(83,106)
Net cash used in investing activities	(750)	(1,336)
Net cash generated from financing activities	1,662	35,811
Net decrease in cash and cash equivalents	(43,478)	(48,631)
Cash and cash equivalents as at 1 January	115,636	99,922
Effect on exchange rate changes	1,064	607
Cash and cash equivalents as at 30 June	73,222	51,898

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

1. BASIS OF PREPARATION

This unaudited interim financial report 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 (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 2022.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual consolidated financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an unaudited interim financial report 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 financial report 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 2021 annual consolidated financial statements. The unaudited interim financial report 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 2021 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 2021 are available from the Company’s principal place of business in Hong Kong.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

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 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020

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 2022 and 2021.

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

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

3. SEGMENT REPORTING (continued)

(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 2022 and 2021.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

3. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

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	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Revenue						
Revenue from external customers	24,852	20,560	-	179	24,852	20,739
Reportable segment revenue	24,852	20,560	-	179	24,852	20,739
Reportable segment loss						
Adjusted loss before taxation	(1,245)	(6,547)	(9,410)	(4,277)	(10,655)	(10,824)
Fair value loss on financial assets at FVPL	-	-	(7,829)	(5,896)	(7,829)	(5,896)
Gain on disposal of loan receivables	-	-	-	2,992	-	2,992
Interest income from bank deposits	5	8	-	-	5	8
Interest expenses	(354)	(49)	-	-	(354)	(49)
Depreciation and amortisation	(1,012)	(1,453)	(3)	(98)	(1,015)	(1,551)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

3. SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

	Software business		Others		Total	
	As at 30 June 2022 (Unaudited) RMB'000	As at 31 December 2021 (Audited) RMB'000	As at 30 June 2022 (Unaudited) RMB'000	As at 31 December 2021 (Audited) RMB'000	As at 30 June 2022 (Unaudited) RMB'000	As at 31 December 2021 (Audited) RMB'000
Reportable segment assets	175,644	172,229	18,147	19,354	193,791	191,583
Reportable segment liabilities	27,841	23,876	14	14	27,855	23,890
Additions to non-current segment assets during the reporting period	2,425	2,293	-	-	2,425	2,293

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

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue		
Reportable segment revenue	24,852	20,739
Loss before taxation		
Reportable segment loss derived from the Group's external customers	(10,655)	(10,824)
Unallocated head office and corporate expenses	(2,519)	(3,902)
Consolidated loss before taxation	(13,174)	(14,726)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

3. SEGMENT REPORTING (continued)

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

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Assets		
Reportable segment assets	193,791	191,583
Unallocated head office and corporate assets	9,059	19,993
Consolidated total assets	202,850	211,576
Liabilities		
Reportable segment liabilities	27,855	23,890
Unallocated head office and corporate liabilities	6,869	6,846
Consolidated total liabilities	34,724	30,736

(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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

3. SEGMENT REPORTING (continued)

(c) Geographic information (continued)

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
The PRC	24,852	20,560	4,973	3,359
Hong Kong	-	179	-	3
	24,852	20,739	4,973	3,362

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	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Software maintenance and other services	15,513	14,279
Sales of software products and other products	9,339	6,281
Others	-	179
	24,852	20,739

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

5. OTHER GAINS, NET

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Gain on disposal of loan receivables (note 13(c))	-	2,992
Gain (loss) on disposal of financial assets at FVPL (note)	39	(67)
	39	2,925

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

6. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
(a) Finance costs		
Interest expenses on interest-bearing borrowings wholly repayable within five years	380	42
Interest expenses on lease liabilities	15	49
	395	91
(b) Staff costs		
Salaries, wages and other benefits	9,700	11,924
Contributions to defined contribution retirement schemes	1,151	1,243
	10,851	13,167
(c) Other items		
Amortisation on intangible assets	108	–
Depreciation on property, plant and equipment	97	198
Depreciation on right-of-use assets (<i>note 11</i>)	809	1,353
Gain on disposal of property, plant and equipment, net	208	–
Leases expenses under short-term leases	462	511
Loss allowance on other receivables	864	64

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

7. INCOME TAX (EXPENSE) CREDIT

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Current tax		
PRC Enterprises Income Tax (Under) over provision in respect of prior period	(114)	227

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 2022 and 2021 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 2022 and 2021.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 30 June 2022 and 2021.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

8. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended 30 June 2022 is based on the loss attributable to equity shareholders of the Company of approximately RMB12,892,000 (*six months ended 30 June 2021: RMB11,974,000*) and the weighted average of 68,031,274 (*six months ended 30 June 2021 (restated): 42,984,149*) ordinary shares in issue during the interim period.

The comparative amount of the basic loss per share for 2021 has been adjusted to reflect the impact of the capital reorganisation effected subsequent to 30 June 2021.

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

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of furniture, fixtures and equipment (*six months ended 30 June 2021: furniture, fixtures and equipment*) with a cost of approximately RMB29,000 (*six months ended 30 June 2021: RMB11,000*). Accumulated depreciation of furniture, fixtures and equipment and motor vehicles with total value of approximately RMB208,000 were written off and a gain on disposal of approximately RMB208,000 resulted during the six months ended 30 June 2022 (*six months ended 30 June 2021: no property, plant and equipment was disposed*).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2022, the Group developed software patents (*six months ended 30 June 2021: software patents*) with a cost of approximately RMB734,000 (*six months ended 30 June 2021: RMB1,329,000*).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	<i>RMB'000</i>
Costs:	
At 1 January 2022	3,800
Additions	1,662
At 30 June 2022	5,462
Accumulated depreciation:	
At 1 January 2022	2,780
Depreciation for the period	809
At 30 June 2022	3,589
Carrying amount	
At 30 June 2022 (Unaudited)	1,873
At 31 December 2021 (Audited)	1,020

Lease liabilities

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Current portion	555	771
Non-current portion	1,062	–
	1,617	771

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

12. FINANCIAL ASSETS AT FVPL

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Mandatorily measured at FVPL		
Equity securities listed in Hong Kong	3,774	4,971
Equity securities listed in the United States	11,516	6,358
	15,290	11,329

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 2022, a fair value loss on listed equity securities of RMB7,829,000 (*six months ended 30 June 2021: RMB5,896,000*) was recognised in profit or loss.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade receivables, net of loss allowance	<i>(a)</i>	22,347	23,139
Loan receivables from third parties	<i>(b)</i>	14,764	14,245
Less: loss allowance on loan receivables	<i>(c)</i>	(14,764)	(14,245)
Loan receivables, net of loss allowance		-	-
Prepayments made to suppliers, net of impairment		22,498	27,633
Deposits and other receivables, net of loss allowance		50,520	22,275
		73,018	49,908
		95,365	73,047

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:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 month	2,997	13,283
Over 1 month but less than 3 months	5,839	666
Over 3 months but less than 1 year	10,846	6,031
Over 1 year but less than 2 years	2,583	3,159
Over 2 years	82	-
	22,347	23,139

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

13. TRADE AND OTHER RECEIVABLES (continued)

Note: (continued)

- (b) As at 30 June 2022, (i) loan receivables of approximately RMB14,764,000 (31 December 2021: RMB14,245,000) were unsecured, carried at fixed interest rates of ranging from 7% to 12% per annum and overdue; The loan receivables were denominated in HK\$.

- (c) During the six months ended 30 June 2022, no increase nor decrease in accumulated loss allowances on loan receivables recognised in profit or loss (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).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

14. TRADE AND OTHER PAYABLES

	<i>Note</i>	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade payables	<i>(a)</i>	3,379	4,116
Non-trade payables and accrued expenses		9,985	5,120
Other tax payables		1,595	722
		14,959	9,958

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 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 month or on demand	1,535	3,701
Over 1 month but within 3 months	1,742	–
Over 3 months but within 6 months	24	18
Over 6 months but within 1 year	18	16
Over 1 year	60	381
	3,379	4,116

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

15. INTEREST-BEARING BORROWINGS

	<i>Note</i>	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Loan from a bank, unsecured and unguaranteed	(a)	3,000	–
Loan from a third party, unsecured and unguaranteed	(b)	4,269	4,086
Loan from a former fellow subsidiary, unsecured and unguaranteed	(c)	6,551	5,971
		13,820	10,057

Note:

- (a) Loan from a bank, unsecured and unguaranteed

As at 30 June 2022, the loan from a bank is unsecured, carried interest rate of People's Bank of China one-year loan prime rate plus 35 basis points (31 December 2021: Nil) per annum and is repayable within one year.

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

As at 30 June 2022, the loan from a third party is unsecured, carried interest rate of 2% (31 December 2021: 2%) per annum and is repayable within one year.

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

As at 30 June 2022, the loan from a former fellow subsidiary is unsecured, carried interest rate of 10% (31 December 2021: 10%) per annum and overdue.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

16. SHARE CAPITAL

	30 June 2022 (Unaudited)		31 December 2021 (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	10,000,000,000	1,000,000,000	10,000,000,000	1,000,000,000
Issued and fully paid:				
At beginning of period/year				
Ordinary shares of HK\$0.1 each	1,360,625,725	136,062,573	758,172,933	75,817,293
Capital reorganisation (note)	(1,292,594,451)	(129,259,446)	-	-
Issue of rights shares	-	-	375,681,838	37,568,184
Issue of placing shares	-	-	226,770,954	22,677,096
At end of the period/year				
Ordinary shares of HK\$0.1 each	68,031,274	6,803,127	1,360,625,725	136,062,573
		RMB equivalent		RMB equivalent
		5,741,774		114,835,503

Note:

On 26 January 2022, a special resolution was passed on capital reorganisation, pursuant to which, every 20 issued and unissued existing ordinary shares with a par value of HK\$0.1 each in the share capital of the Company to be consolidated into 1 consolidated share with a par value of HK\$2.0 each and cancellation of any fractional consolidated shares arising therefrom; a capital reduction in the issued consolidated shares to the extent of HK\$0.19 each and a share subdivision of each authorised but unissued consolidated share of HK\$2.0 each into 20 adjusted shares of HK\$0.1 each.

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

17. SHARE OPTION

(a) Share option scheme

On 26 May 2016, with approval by the shareholders, the Company adopted a new share option scheme (the "Scheme") for a period of 10 years to replace the share option scheme approved on 18 December 2006 that would otherwise expire on 17 December 2016.

Under the Scheme, the Company may grant options to directors, employees, suppliers, customers, consultants, agents and advisers of the Company and the subsidiaries and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group in recognition of their contribution to the Group. The options will expire either after 10 years from the date of grant or upon the termination or the issuance of termination notice of the relevant grantee's employment with the Group. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The maximum number of shares in respect of which share options may be granted to a specifically identified single grantee under the Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

17. SHARE OPTION (continued)

(a) Share option scheme (continued)

Under the Scheme, the options granted may be accepted by a participant within 28 days from the date of such offer. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. The exercise period of the share options granted is determinable by the directors of the Company and ends on a date which is not later than 10 years from the date of offer of the share options. The subscription price for shares payable on exercise of share options granted under the Scheme shall be a price determined by the directors of the Company, but shall in any event not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of share.

The options granted prior to and remaining outstanding at termination, if any, shall continue to be valid and exercisable in accordance with the terms of the Scheme.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

17. SHARE OPTION (continued)

(b) Movement in share option granted:

The following table discloses movements of the Company's share options held by directors and employees of the Group during the period:

Name of category of participant	Date of grant	Exercise period	Exercise price before capital reorganisation becoming effective* HK\$	Outstanding at 1 January 2022	Capital reorganisation*	Outstanding at 30 June 2022	Exercise price after capital reorganisation becoming effective* HK\$
Directors in aggregate	1 September 2020	1 December 2020 to 31 August 2030	0.2063	6,481,413	(6,157,343)	324,070	4.126
Employees in aggregate	1 September 2020	1 December 2020 to 31 August 2030	0.2063	26,182,850	(24,873,708)	1,309,142	4.126
				32,664,263	(31,031,051)	1,633,212	

* Upon the capital reorganisation becoming effective from 25 March 2022, the number of outstanding share options has been adjusted from 32,664,263 to 1,633,212 and the exercise price has been adjusted from HK\$0.2063 per share to HK\$4.126 per share to reflect the capital reorganisation. Details are set out in the Company's announcement dated 3 January 2022.

Note:

As at 30 June 2022, Ms. Li Zhuoyang ("Ms. Li"), the executive director of the Company was interested in an aggregate of 324,070 share options of the Company which shall entitle for her to subscribe for up to 324,070 shares of the Company at an exercise price of HK\$4.126 each.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these unaudited interim financial report on recurring basis at 30 June 2022 across the three levels of the fair value hierarchy defined in IFRS 13, *Fair value measurement*, with the fair value measurement categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(a) Recurring fair value measurement

	30 June 2022 RMB'000 (Unaudited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Assets measured at fair value				
Financial assets at FVPL				
– Listed equity securities	15,290	15,290	–	–

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Recurring fair value measurement (continued)

	31 December 2021 RMB'000 (Audited)	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<hr/>				
Assets measured at fair value				
Financial assets at FVPL				
– Listed equity securities	11,329	11,329	–	–
<hr/>				

During the six months ended 30 June 2022 and the year ended 31 December 2021, there were no transfers between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 June 2022 and 31 December 2021.

19. COMMITMENTS

Commitments under leases

At 30 June 2022, the Group was committed to RMB419,000 (31 December 2021: RMB292,000) for short-term leases and low value assets (31 December 2021: short-term leases and low value assets).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

Six months ended 30 June 2022

20. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The compensation of key management personnel is as follows:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Short-term employee benefits	1,231	2,822
Post-employment benefits	99	32
	1,330	2,854

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group recorded a revenue of approximately RMB24,852,000 (six months ended 30 June 2021: RMB20,739,000), of which revenue from (i) software maintenance and other services amounted to approximately RMB15,513,000 (six months ended 30 June 2021: RMB14,279,000); and (ii) sales of software products and other products amounted to approximately RMB9,339,000 (six months ended 30 June 2021: RMB6,281,000). The increase in overall revenue for the software business rose 19.8% year on year to RMB24,852,000, 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 2022, the Group recorded a gross profit of approximately RMB11,032,000 (six months ended 30 June 2021: RMB7,107,000). The gross profit ratio for the software business of the Group during the period was approximately 44% while that of the corresponding period in 2021 was approximately 34%. The increase in gross profit ratio was mainly due to the increase in proportion for self-developed software solution services which have higher gross profit margin.

Finance Costs

For the six months ended 30 June 2022, finance costs was approximately RMB395,000 (six months ended 30 June 2021: RMB91,000). 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 2022, distribution expenses were approximately RMB7,130,000 (six months ended 30 June 2021: RMB8,954,000). The decrease in distribution expenses was mainly due to the decrease in staff costs of the software business in the PRC during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

General and Administrative Expenses

For the six months ended 30 June 2022, the general and administrative expenses of the Group were approximately RMB9,026,000 (six months ended 30 June 2021: RMB9,937,000). The decrease in general and administrative expenses was attributable to the decrease in staff costs and transactions cost on trading of listed equity securities.

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 the United States. During the six months ended 30 June 2022, a fair value loss on financial assets at fair value through profit or loss of approximately RMB7,829,000 (six months ended 30 June 2021: RMB5,896,000) was recognised in profit or loss.

Loss for the Period

For the six months ended 30 June 2022, the Group recorded a loss for the period of approximately RMB13,288,000 (six months ended 30 June 2021: RMB14,499,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2022, the Group maintained cash and cash equivalents amounting to approximately RMB73,222,000 (31 December 2021: RMB115,636,000). As at 30 June 2022, the Group's current ratio was approximately 5.88 times (31 December 2021: 6.77 times); and the Group's net gearing ratio at 30 June 2022 and 31 December 2021 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 2022 and 31 December 2021, the Group had no pledge of other assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

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 7 May 2021, the shareholders of the Company approved a rights issue (the "Rights Issue") on the basis of one rights share for every two shares held at a subscription price of HK\$0.12 per rights share. The rights issue became unconditional on 12 May 2021. 375,681,838 rights shares with the par value of HK\$0.1 each were allotted and issued on 20 May 2021.

The gross proceeds from the Rights Issue are approximately HK\$45.08 million and the net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are approximately HK\$43.91 million. The Company originally planned to apply such net proceeds as to approximately (i) 30% for the potential acquisitions, expansion and equipment purchase of the Group's software business in the future; (ii) 40% for loan financing business and securities investments business; and (iii) the remaining 30% for the Group's operating expenses and overheads, among which approximately 60% is for staff cost (including salary and allowance), approximately 4% is for rental payments, approximately 20% is for professional fees (including legal fee, financial advisory fee, accounting and auditing fee) and the remaining 16% is for the general administrative and operating expenses (including utilities and insurance, statutory registration fee, listing fee and travelling expenses etc.). The Board resolved on 1 November 2021 to apply (i) 30% of the proceeds originally planned for potential acquisitions, expansion and equipment purchase of the Group's software business in the future, being approximately HK\$13.17 million and (ii) the remaining proceeds of HK\$13.56 million originally planned for loan financing business and securities investments business in (a) procurement for the Group's software business development as to HK\$10 million in order to fully utilize the expansion capacity of the software business so as to strive for better business performance of the Group, and (b) the remaining HK\$16.73 million for general working capital of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the net proceeds from the Rights Issue were used as (i) approximately RMB3,340,000 (equivalent to HK\$4,000,000) for loan financing business; (ii) approximately RMB8,370,000 (equivalent to HK\$10,000,000) for the procurement of software license and related services; and (iii) approximately RMB24,920,000 (equivalent to HK\$29,810,000) for the Group's operating expenses, overheads and general working capital, among which approximately RMB16,400,000 (equivalent to HK\$19,610,000) is for staff cost, approximately RMB1,420,000 (equivalent to HK\$1,700,000) is for rental payments, approximately RMB3,100,000 (equivalent to HK\$3,710,000) is for professional fee and the remaining RMB4,000,000 (equivalent to HK\$4,790,000) is for general administrative expenses. The remaining net proceeds of approximately RMB81,000 (equivalent to HK\$100,000) will be used according to the intended use.

On 29 December 2021, the Company allotted and issued an aggregate of 226,770,954 shares at the subscription price of HK\$0.1 per share to two independent third parties for cash (the "Subscriptions"). 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 Software Development Co., Ltd.* (北京東方龍馬軟件發展有限公司) ("Beijing Orient LegendMaker") as detailed in the announcements of the Company dated 9 November 2021, 29 November 2021 and 5 August 2022 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 2022, the net proceeds from the subscriptions were used as approximately RMB4,935,000 (equivalent to HK\$6,006,000) for general working capital of the Group, among which approximately RMB3,415,000 (equivalent to HK\$4,156,000) is for staff cost, approximately RMB183,000 (equivalent to HK\$223,000) is for rental payments, approximately RMB1,084,000 (equivalent to HK\$1,319,000) is for professional fee and the remaining RMB253,000 (equivalent to HK\$308,000) is for general administrative expenses. The remaining net proceeds of approximately RMB13,444,000 (equivalent to HK\$16,364,000) will be used according to the intended use.

MANAGEMENT DISCUSSION AND ANALYSIS

On 14 December 2021, the Board proposed to implement the capital reorganisation (the “Capital Reorganisation”) which comprises the following: (i) the share consolidation (the “Share Consolidation”) by which every twenty (20) issued and unissued existing shares of the Company before the Capital Reorganisation becoming effective would be consolidated into one (1) consolidated share of HK\$2.0 (the “Consolidated Share(s)”); (ii) the capital reduction by which: (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation should be cancelled; and (b) the par value of all the then issued Consolidated Shares should be reduced from HK\$2.0 each to HK\$0.1 each by cancelling the paid-up capital of the Company to the extent of HK\$1.9 on each of the then Consolidated Shares in issue (the “Capital Reduction”); and (iii) the share subdivision (the “Share Subdivision”) of every unissued Consolidated Share of HK\$2.0 each in the authorised share capital of the Company into twenty (20) adjusted shares of HK\$0.1 each (the “Adjusted Shares”).

The Capital Reorganisation was approved by the shareholders of the Company at the extraordinary general meeting held on 26 January 2022. As all of the conditions of the Capital Reorganisation had been fulfilled following the hearing of the Company’s petition of the Capital Reduction on Tuesday, 22 March 2022 at 10:00 a.m. (Cayman Islands time) by the Grand Court of the Cayman Islands, the Capital Reorganisation became effective on Friday, 25 March 2022 (Hong Kong time).

Significant Investments

The Group has no any significant investments as at 30 June 2022.

Material Acquisition and Disposal of Listed Securities

The following acquisition and disposal of listed securities constituted notifiable transactions of the Company under Chapter 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the period from 2 November 2021 to 24 February 2022, the Group, through Enterprise Development (Hong Kong) Holdings Limited (“Enterprise Development (Hong Kong)”), a wholly-owned subsidiary of the Company, has acquired on the market of an aggregate of 600 shares of Tesla Inc. (a company incorporated in the USA and the common stock of which are listed on NASDAQ) (“Tesla Share(s)”) at the price between US\$738.49 to US\$1,170.00 per Tesla Share (exclusive of transaction costs). The average price (exclusive of transaction costs) for each Tesla Share was approximately US\$901.48 and the total purchase price was approximately US\$540,885 (equivalent to approximately HK\$4,222,905.55) (exclusive of transaction costs). The total purchase price is the market price of the Tesla Shares paid in cash from the internal resources of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period from 17 December 2021 to 8 March 2022, the Group, through Enterprise Development (Hong Kong), has acquired on the market of an aggregate of 2,700 shares of Apple Inc. (a company incorporated in the USA and the common stock of which are listed on NASDAQ) (“Apple Share(s)”) at the price between US\$155.82 to US\$178.68 per Apple Share (exclusive of transaction costs). The average price (exclusive of transaction costs) for each Apple Share was approximately US\$165.62 and the total purchase price was approximately US\$447,162 (equivalent to approximately HK\$3,496,359.68) (exclusive of transaction costs). The total purchase price is the market price of Apple Shares paid in cash from the internal resources of the Company.

During the period from 5 January 2022 to 8 March 2022, the Group, through Enterprise Development (Hong Kong), has acquired on the market of an aggregate of 3,500 shares of Advanced Micro Devices, Inc. (a company incorporated in the USA and the common stock of which are listed on NASDAQ) (“AMD Share(s)”) at the price between US\$105.07 to US\$143.05 per AMD Share (exclusive of transaction costs). The average price (exclusive of transaction costs) for each AMD Share was approximately US\$127.63 and the total purchase price was approximately US\$446,720 (equivalent to approximately HK\$3,492,903.68) (exclusive of transaction costs). The total purchase price is the market price of the AMD Shares paid in cash from the internal resources of the Company.

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 2022.

Events after the Reporting Period

On 13 July 2022, the Company entered into a placing agreement (the “Previous 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\$0.42 per Placing Share (the “Previous Placing”).

On 29 July 2022, as the conditions precedent regarding the completion of the Previous Placing has not been fulfilled and/or waived by the agreed date as set out in the Previous Placing Agreement, the Previous Placing Agreement had lapsed and ceased to have any effect on 1 August 2022. No party to the Previous Placing Agreement should have any claim against any other party and the rights and obligations of the parties thereunder should forthwith cease and terminate, save in respect of any antecedent breach of any obligation under the Previous Placing Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

On 5 August 2022, the Board, having considered the current needs of the Group and the prevailing market conditions, resolved to re-allocate HK\$4 million of the unutilised net proceeds from the Subscriptions of an aggregate of 226,770,954 new Shares amounted to approximately HK\$15.72 million (the “Unutilised Net Proceeds”), of which HK\$15.64 million were intended to be used for capital injection in Beijing Orient LegendMaker, including (i) research and development of the artificial intelligence related solutions software (the “R&D in Solutions Software”) of HK\$7.30 million and (ii) expansion of Group’s existing business to promote a domestic-produced database software to its end customers (the “Domestic-produced Database Software”) of HK\$8.34 million, to general working capital of the Group to meet the financial needs of the Group.

On 10 August 2022, the Company entered into a placing agreement (the “Placing Agreement”) with 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 the placing shares 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 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 will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 1 June 2022. The gross proceeds from the Placing will be approximately HK\$11.4 million and the net proceeds will be approximately HK\$11.1 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 intends 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 R&D in Solutions Software and Domestic-produced Database Software, and (ii) as to the remaining approximately HK\$7.1 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. The Placing Agent has successfully placed 13,600,000 placing shares, all the conditions precedent to the Placing Agreement have been fulfilled and completion shall take place on 1 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As at 30 June 2022, the Group employed 85 (30 June 2021: 106) 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 2022, there was no significant contingent liability (31 December 2021: Nil).

BUSINESS REVIEW

The Group recorded a revenue of approximately RMB24,852,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB20,739,000), representing an increase of approximately 19.8%. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2022, the COVID-19 pandemic (the “Pandemic”) continued to cause an adverse impact on every aspect in the society. Despite the Pandemic has posed significant challenges to the Group’s business activities which has caused operational delays to some extent in 2022, 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. Due to the trade war between the PRC and the United States back in 2020 and since then deteriorating trade relationships, the PRC Government has adopted a localization policy for the database 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. In or around early 2022, the Group commenced implementation of database software localization. The Group has put great effort on the improvement of its profit margin in the software maintenance services and repositioning its products in terms of lowering the cost of sales. As a result, the Group recorded an increase of 19.8% in the consolidated revenue with higher gross profit ratio of the Group for the first half of 2022 as compared with the same period of 2021.

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 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 2022 (six months ended 30 June 2021: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, are set out below:

Name of Director	Capacity	Long position/ Short position	Number of Shares held/Percentage in total number of issued Shares
Ms. Li Zhuoyang ("Ms. Li") <i>(Note)</i>	Beneficial Owner	Long position	324,070 (0.48%)

Note: 6,300,000 share options were granted to Ms. Li on 1 September 2020 (subsequent to the grant date, the number of share options was adjusted to 6,481,413 to reflect the bonus element of Rights Issue completed on 18 May 2021 and was further adjusted to 324,070 upon the Capital Reorganisation became effective) pursuant to the share option scheme adopted by the Company on 26 May 2016 (the "Share Option Scheme"). Therefore, under Part XV of the SFO, Ms. Li is taken to be interested in the underlying Shares that she is entitled to subscribe for subject to the exercise of and/or the validity period of the share options granted.

Save as disclosed above, none of the Directors, or chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2022.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS INTERESTS IN SHARES

As at 30 June 2022, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly to be interested 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 other member of the Group:

AGGREGATE INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Long Position/ Short Position	Number of Shares held/Percentage in total number of issued Shares
China Taiping Insurance Holdings Company Limited ("China Taiping") (Note 1)	Person having a security interest in shares	Long position	10,192,714 (14.98%)
Taiping Financial Holdings Company Limited ("Taiping Financial") (Note 1)	Person having a security interest in shares	Long position	10,192,714 (14.98%)
China Insurance Group Finance Company Limited ("China Insurance") (Note 1)	Person having a security interest in shares	Long position	10,192,714 (14.98%)
King Pak Fu ("Mr. King") (Note 2)	Interest of controlled corporations	Long position	13,917,589 (20.46%)
		Short position	10,192,714 (14.98%)
Luck Success Development Limited ("Luck Success") (Note 2)	Beneficial owner	Long position	9,333,614 (13.72%)
		Short position	9,333,614 (13.72%)

OTHER INFORMATION

AGGREGATE INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Name of shareholder	Nature of interest	Long Position/ Short Position	Number of Shares held/Percentage in total number of issued Shares
Rentian Technology Holdings Limited ("Rentian") <i>(Note 2)</i>	Interest of controlled corporations	Long position	10,192,714 (14.98%)
		Short position	10,192,714 (14.98%)
De Gennes Limited <i>(Note 3)</i>	Beneficial Owner	Long position	9,637,765 (14.17%)
Wu Xiaodong <i>(Note 3)</i>	Interest of controlled corporation	Long position	9,637,765 (14.17%)
Zhongwei Group (Hong Kong) Company Limited ("Zhongwei Group") <i>(Note 4)</i>	Beneficial Owner	Long position	6,318,107 (9.29%)
Han Lili <i>(Note 4)</i>	Interest of controlled corporation	Long position	6,318,107 (9.29%)
Teoh Ronnie Chee Keong	Beneficial Owner	Long position	4,958,200 (7.29%)

Notes:

- China Insurance is wholly-owned by Taiping Financial, which in turn is wholly-owned by China Taiping. Therefore, China Taiping is deemed to be interested in the Shares held by Taiping Financial and China Insurance pursuant to the SFO.
- Pursuant to the SFO, Mr. King is deemed to be interested in (i) 3,021,775 Shares held through Affluent Start Holdings Investment Limited ("Affluent Start"); (ii) 192,300 Shares held through Mystery Idea Limited ("Mystery Idea"); (iii) 510,800 Shares held through Elite Mile Investments Limited ("Elite Mile"); (iv) 859,100 Shares held through Sino Wealthy Limited ("Sino Wealthy"); and (v) 9,333,614 Shares held through Luck Success. Each of Affluent Start, Mystery Idea and Elite Mile is wholly-owned by Mr. King. Sino Wealthy is wholly-owned by Gauteng Focus Limited, which is wholly-owned by Rentian (in liquidation), the latter is indirectly controlled by Mr. King.

OTHER INFORMATION

AGGREGATE INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

3. De Gennes Limited is wholly-owned by Mr. Wu Xiaodong. Therefore, Mr. Wu Xiaodong is deemed to be interested in the number of Shares held by De Gennes Limited by virtue of the SFO.
4. Zhongwei Group is wholly-owned by Ms. Han Lili. Therefore, Ms. Han Lili is deemed to be interested in the number of Shares held by Zhongwei Group by virtue of the SFO.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the Shares or underlying Shares of the Company as at 30 June 2022.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme at the annual general meeting of the Company held on 26 May 2016. The purpose of the Share Option Scheme is to enable the Company to grant options to directors, employees, suppliers, customers, consultants, agents and advisers of the Company and the subsidiaries and any person who, in the sole discretion of the Board, has contributed or may contribute to the Group in recognition of their contribution to the Group. On 30 June 2021, being the date of the 2021 annual general meeting of the Company (the "2021 AGM"), the scheme mandate limit under the Share Option Scheme was refreshed. The Company may grant options entitling holders to subscribe for a maximum of 113,385,477 Shares (which was adjusted to 5,669,273 Shares upon the effective of the Capital Reorganisation), representing 10% of the number of Shares in issue as at the date of the 2021 AGM. As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 5,669,273 Shares, representing approximately 8.33% of the issued Shares.

OTHER INFORMATION

SHARE OPTION SCHEME (continued)

Details of the movement in the share options granted under the Share Option Scheme during the six months ended 30 June 2022 are as follows:

Name of category of participants	Date of grant of share option	Exercise Period	Exercise Price (HK\$)	Outstanding as at 1 January 2022	Adjustment [#]	Outstanding as at 30 June 2022
Li Zhuoyang	1 September 2020	1 December 2020 to 31 August 2030	4.126 [#]	6,481,413	(6,157,343)	324,070
Employees in aggregate	1 September 2020	1 December 2020 to 31 August 2030	4.126 [#]	26,182,850	(24,873,708)	1,309,142
Total				32,664,263	(31,031,051)	1,633,212

The vesting period of the share options is from the date of grant up to 30 November 2020. These share options are vested to the grantees on 1 December 2020 and exercisable up to 31 August 2030.

[#] Subsequent to the grant date, the exercise price has been adjusted from HK\$0.2122 per Share to HK\$0.2063 per Share to reflect the bonus element of Rights Issue completed on 18 May 2021 which has been further adjusted to HK\$4.126 per Share upon the completion of the Capital Reorganisation, and accordingly the number of Shares exercisable under the share options granted have also been adjusted. Details are set out in the Company's announcement dated 18 May 2021 and the circular of the Company dated 3 January 2022.

As at 30 June 2022, the Company had 1,633,212 adjusted share options (adjusted as a result of the Capital Reorganisation) outstanding under the Share Option Scheme, which represented approximately 2.40% of the Shares in issue as at 30 June 2022. No share option was granted, lapsed and exercised during the six months ended 30 June 2022.

OTHER INFORMATION

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 2022.

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 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 2022.

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 2022, 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 chief executive officer. The roles and functions of chairman and chief executive officer have been performed by the Board jointly.

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 during the six months ended 30 June 2022.

OTHER INFORMATION

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, 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 2022 have been reviewed by the Audit Committee.

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

Hong Kong, 31 August 2022