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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)**

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

### ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Enterprise Development Holdings Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 together with comparative figures for the year ended 31 December 2022 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December 2023*

|   | <i>Note</i> | <b>2023</b><br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|-------------|-------------------------------|------------------------|
| Revenue   | 3(a)        | <b>60,646</b>                 | 47,909                 |
| Cost of sales   |             | <b>(34,601)</b>               | (27,093)               |
| <b>Gross profit</b>   |             | <b>26,045</b>                 | 20,816                 |
| Other income, gains and losses  | 4           | <b>23,752</b>                 | 141                    |
| Distribution expenses   |             | <b>(15,918)</b>               | (14,475)               |
| General and administrative expenses   |             | <b>(22,573)</b>               | (16,849)               |
| Fair value gain (loss) on financial assets at fair value through profit or loss (“ <b>FVPL</b> ”) |             | <b>330</b>                    | (9,074)                |
| Loss allowance on contract assets and trade and other receivables, net                            |             | <b>(7,314)</b>                | (7,351)                |

|  |             | <b>2023</b>           | 2022                   |
|--|-------------|-----------------------|------------------------|
|  | <i>Note</i> | <b><i>RMB'000</i></b> | <i>RMB'000</i>         |
| Profit (loss) from operation                       |             | <b>4,322</b>          | (26,792)               |
| Finance costs                                      | <i>5(a)</i> | <u>(918)</u>          | <u>(877)</u>           |
| Profit (loss) before taxation                      | <i>5</i>    | <b>3,404</b>          | (27,669)               |
| Income tax credit                                  | <i>6</i>    | <u>397</u>            | <u>2,655</u>           |
| <b>Profit (loss) for the year</b>                  |             | <b><u>3,801</u></b>   | <b><u>(25,014)</u></b> |
| <b>Attributable to:</b>                            |             |                       |                        |
| Equity shareholders of the Company                 |             | <b>5,550</b>          | (22,268)               |
| Non-controlling interests                          |             | <u>(1,749)</u>        | <u>(2,746)</u>         |
| <b>Profit (loss) for the year</b>                  |             | <b><u>3,801</u></b>   | <b><u>(25,014)</u></b> |
|  |             | <b><i>RMB</i></b>     | <b><i>RMB</i></b>      |
|  |             |                       | (Restated)             |
| <b>Basic and diluted earnings (loss) per share</b> | <i>8</i>    | <b><u>0.033</u></b>   | <b><u>(0.270)</u></b>  |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

|  | <b>2023</b>         | 2022            |
|--|---------------------|-----------------|
|  | <b>RMB'000</b>      | RMB'000         |
| <b>Profit (loss) for the year</b>  | <u><b>3,801</b></u> | <u>(25,014)</u> |
| <b>Other comprehensive income for the year (after tax)</b>                           |                     |                 |
| <i>Items that are or may be reclassified to profit or loss:</i>                      |                     |                 |
| Exchange difference on translation of financial statements<br>of overseas operations | <u>2,573</u>        | <u>2,032</u>    |
|  | <u>2,573</u>        | <u>2,032</u>    |
| <b>Total comprehensive income (loss) for the year</b>                                | <u><b>6,374</b></u> | <u>(22,982)</u> |
| <b>Attributable to:</b>  |                     |                 |
| Equity shareholders of the Company   | <b>8,051</b>        | (20,288)        |
| Non-controlling interests  | <u>(1,677)</u>      | <u>(2,694)</u>  |
| <b>Total comprehensive income (loss) for the year</b>                                | <u><b>6,374</b></u> | <u>(22,982)</u> |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

|  |             | <b>2023</b>           | 2022           |
|--|-------------|-----------------------|----------------|
|  | <i>Note</i> | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| <b>Non-current assets</b>                    |             |                       |                |
| Property, plant and equipment                |             | <b>2,419</b>          | 574            |
| Intangible assets                            |             | <b>6,912</b>          | 3,485          |
| Right-of-use assets                          |             | <b>3,152</b>          | 2,105          |
|  |             | <u><b>12,483</b></u>  | <u>6,164</u>   |
| <b>Current assets</b>                        |             |                       |                |
| Financial assets at FVPL                     | <i>9</i>    | <b>30,078</b>         | 10,958         |
| Contract assets                              |             | <b>22,936</b>         | 6,213          |
| Trade and other receivables                  | <i>10</i>   | <b>59,462</b>         | 78,607         |
| Cash and cash equivalents                    |             | <b>177,805</b>        | 101,036        |
|  |             | <u><b>290,281</b></u> | <u>196,814</u> |
| <b>Current liabilities</b>                   |             |                       |                |
| Trade and other payables                     | <i>11</i>   | <b>10,628</b>         | 16,553         |
| Contract liabilities                         |             | <b>4,809</b>          | 2,085          |
| Lease liabilities                            |             | <b>2,372</b>          | 1,008          |
| Interest-bearing borrowings                  |             | <b>19,816</b>         | 14,531         |
| Current taxation                             |             | <b>123</b>            | 520            |
|  |             | <u><b>37,748</b></u>  | <u>34,697</u>  |
| <b>Net current assets</b>                    |             | <u><b>252,533</b></u> | <u>162,117</u> |
| <b>Total assets less current liabilities</b> |             | <u><b>265,016</b></u> | <u>168,281</u> |

|  |             | 2023                  | 2022                  |
|--|-------------|-----------------------|-----------------------|
|  | <i>Note</i> | <b><i>RMB'000</i></b> | <i>RMB'000</i>        |
| <b>Non-current liability</b>   |             |                       |                       |
| Lease liabilities  |             | <u>875</u>            | <u>1,167</u>          |
| <b>NET ASSETS</b>  |             | <b><u>264,141</u></b> | <b><u>167,114</u></b> |
| <b>Capital and reserves</b>  |             |                       |                       |
| Share capital  | 12          | 17,752                | 6,939                 |
| Reserves   |             | <u>195,136</u>        | <u>106,610</u>        |
| <b>Total equity attributable to equity shareholders<br/>of the Company</b> |             | <b>212,888</b>        | 113,549               |
| <b>Non-controlling interests</b>   |             | <u>51,253</u>         | <u>53,565</u>         |
| <b>TOTAL EQUITY</b>  |             | <b><u>264,141</u></b> | <b><u>167,114</u></b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Year ended 31 December 2023*

## 1. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2023 but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“**IFRS**”) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Hong Kong Companies Ordinance (Cap.622). The financial statements comply with IFRS as issued by the International Accounting Standards Board (“**IASB**”).

## 2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to 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 International Accounting Standards (IAS) 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies  |
| Amendments to IAS 8  | Definition of Accounting Estimates   |
| IFRS 17  | Insurance Contracts  |
| Amendments to IAS 12   | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS 12   | International Tax Reform – Pillar Two Model Rules                                |

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### 3. REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are the sale of software licenses and other products and the provision of integrated business software solutions.

The amount of each significant category of revenue within the scope of IFRS 15 recognised during the year is as follows:

|   | <b>2023</b>           | 2022           |
|---|-----------------------|----------------|
|   | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| Software maintenance and other services     | <b>36,251</b>         | 34,218         |
| Sale of software license and other products | <b>24,395</b>         | 13,691         |
|   | <b><u>60,646</u></b>  | <u>47,909</u>  |

Disaggregation of revenue from contract with customers by timing of revenue recognition is as follows:

|                                      | <b>2023</b>           | 2022           |
|--------------------------------------|-----------------------|----------------|
|                                      | <b><i>RMB'000</i></b> | <i>RMB'000</i> |
| <b>Timing of revenue recognition</b> |                       |                |
| At a point in time                   | <b>24,395</b>         | 13,691         |
| Over time                            | <b>36,251</b>         | 34,218         |
|                                      | <b><u>60,646</u></b>  | <u>47,909</u>  |

Disaggregation of revenue from contracts with customers by geographic market is disclosed in note 3(c) to these consolidated financial statements.

**(b) 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 the following one major reportable segment. No operating segments have been aggregated to form the following reportable segments.

Software Business:                      Provision of integrated business software solutions in the PRC

In addition, other unreportable segment (money lending, security trading and trading of fresh cassava) are aggregated and presented as “Others”.

**(i) *Segment results, assets and liabilities***

For the purposes 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 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 profits (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 profit (loss) before taxation, the Board is provided with segment information concerning revenue, interest income and expense from cash balances and 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 in both years.

Information regarding the Group's major reportable segment as provided to the Board for the purposes of resource allocation and assessment performance for the years ended 31 December 2023 and 2022 is set out below:

|   | Software Business    |                      | Others            |                 | Total                |                      |
|---|----------------------|----------------------|-------------------|-----------------|----------------------|----------------------|
|   | 2023                 | 2022                 | 2023              | 2022            | 2023                 | 2022                 |
|   | <i>RMB'000</i>       | <i>RMB'000</i>       | <i>RMB'000</i>    | <i>RMB'000</i>  | <i>RMB'000</i>       | <i>RMB'000</i>       |
| <b>Revenue</b>  |                      |                      |                   |                 |                      |                      |
| Revenue from external customers                                   | <u>60,084</u>        | <u>47,909</u>        | <u>562</u>        | <u>-</u>        | <u>60,646</u>        | <u>47,909</u>        |
| <b>Reportable segment revenue</b>                                 | <b><u>60,084</u></b> | <b><u>47,909</u></b> | <b><u>562</u></b> | <b><u>-</u></b> | <b><u>60,646</u></b> | <b><u>47,909</u></b> |
| <b>Reportable segment profit (loss)</b>                           |                      |                      |                   |                 |                      |                      |
| Adjusted profit (loss) before taxation                            | <u>(5,230)</u>       | <u>(9,516)</u>       | <u>16,462</u>     | <u>(13,184)</u> | <u>11,232</u>        | <u>(22,700)</u>      |
| Fair value gain (loss) on financial assets at FVPL                | -                    | -                    | 330               | (9,074)         | 330                  | (9,074)              |
| Depreciation and amortisation                                     | (2,049)              | (1,938)              | (402)             | (3)             | (2,451)              | (1,941)              |
| Gain on disposal of financial assets at FVPL                      | -                    | -                    | 23,854            | 8               | 23,854               | 8                    |
| Interest expenses   | (324)                | (792)                | (457)             | -               | (781)                | (792)                |
| Interest income from bank deposits                                | 21                   | 14                   | 105               | 1               | 126                  | 15                   |
| Loss allowance on contract assets and trade and other receivables | (6,600)              | (7,351)              | (714)             | -               | (7,314)              | (7,351)              |
| <b>Reportable segment assets</b>                                  | <b>180,763</b>       | <b>170,597</b>       | <b>89,159</b>     | <b>25,273</b>   | <b>269,922</b>       | <b>195,870</b>       |
| Additions to non-current segment assets during the year           | 6,915                | 4,550                | 846               | -               | 7,761                | 4,550                |
| <b>Reportable segment liabilities</b>                             | <b><u>28,956</u></b> | <b><u>28,266</u></b> | <b><u>671</u></b> | <b><u>-</u></b> | <b><u>29,627</u></b> | <b><u>28,266</u></b> |

(ii) *Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>Revenue</b>  |                        |                        |
| Reportable segment revenue  | <u>60,646</u>          | <u>47,909</u>          |
| <b>Profit (loss) before taxation</b>  |                        |                        |
| Reportable segment profit (loss) derived from the<br>Group's external customers | 11,232                 | (22,700)               |
| Unallocated head office and corporate expenses                                  | <u>(7,828)</u>         | <u>(4,969)</u>         |
| <b>Consolidated profit (loss) before taxation</b>                               | <u>3,404</u>           | <u>(27,669)</u>        |
| <b>Assets</b>   |                        |                        |
| Reportable segment assets   | 269,922                | 195,870                |
| Unallocated head office and corporate assets                                    | <u>32,842</u>          | <u>7,108</u>           |
| <b>Consolidated total assets</b>  | <u>302,764</u>         | <u>202,978</u>         |
| <b>Liabilities</b>  |                        |                        |
| Reportable segment liabilities  | 29,627                 | 28,266                 |
| Unallocated head office and corporate liabilities                               | <u>8,996</u>           | <u>7,598</u>           |
| <b>Consolidated total liabilities</b>   | <u>38,623</u>          | <u>35,864</u>          |

(c) **Geographic information**

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

|           | Revenue from<br>external customers |                        | Specified<br>non-current assets |                        |
|-----------|------------------------------------|------------------------|---------------------------------|------------------------|
|           | 2023<br><i>RMB'000</i>             | 2022<br><i>RMB'000</i> | 2023<br><i>RMB'000</i>          | 2022<br><i>RMB'000</i> |
| The PRC   | 60,084                             | 47,909                 | 11,008                          | 6,164                  |
| Thailand  | 562                                | –                      | –                               | –                      |
| Hong Kong | –                                  | –                      | 1,475                           | –                      |
|           | <u>60,646</u>                      | <u>47,909</u>          | <u>12,483</u>                   | <u>6,164</u>           |

For the year ended 31 December 2023, revenues of approximately RMB16,191,000 and RMB7,094,000 are derived from external customers, customer A and customer B respectively. These revenues are attributed to the software business segment in the PRC.

4. **OTHER INCOME, GAINS AND LOSSES**

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Exchange losses, net                              | (495)                  | (574)                  |
| Gain on disposal of financial assets at FVPL      | 23,854                 | 8                      |
| Gain on disposal of property, plant and equipment | –                      | 196                    |
| Bad debt recovery of loan receivable              | –                      | 120                    |
| Others  | 393                    | 391                    |
|   | <u>23,752</u>          | <u>141</u>             |

## 5. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation is stated after charging (crediting):

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>(a) Finance costs</b>                                  |                        |                        |
| Interest on interest-bearing borrowings                   | 766                    | 811                    |
| Interest on lease liabilities                             | <u>152</u>             | <u>66</u>              |
|   | <b><u>918</u></b>      | <b><u>877</u></b>      |
| <br>  |                        |                        |
|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
| <b>(b) Staff costs</b>                                    |                        |                        |
| Salaries, wages and other benefits                        | 22,592                 | 19,719                 |
| Contributions to defined contribution retirement schemes  | <u>2,590</u>           | <u>2,261</u>           |
|   | <b><u>25,182</u></b>   | <b><u>21,980</u></b>   |
| <br>  |                        |                        |
|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
| <b>(c) Other items</b>                                    |                        |                        |
| Auditor's remuneration                                    | 668                    | 590                    |
| Amortisation of intangible assets                         | 427                    | 232                    |
| Depreciation of property, plant and equipment             | 467                    | 204                    |
| Depreciation of right-of-use assets                       | 1,979                  | 1,505                  |
| Research and development expenditure                      | 205                    | –                      |
| Leases expenses of other premises under short term leases | 422                    | 720                    |
| Gain on disposal of property, plant and equipment         | –                      | (196)                  |
| Loss allowance on contract assets                         | <u>1,099</u>           | <u>93</u>              |

## 6. INCOME TAX

Income tax credit in the consolidated statement of profit or loss represents:

|  | <b>2023</b><br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|-------------------------------|------------------------|
| <b>Current tax – the PRC</b>             |                               |                        |
| Provision for the year                   | –                             | 79                     |
| Over-provision in respect of prior years | <u>(397)</u>                  | <u>(2,734)</u>         |
|  | <u><u>(397)</u></u>           | <u><u>(2,655)</u></u>  |

## 7. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 December 2023 (2022: Nil), nor has any dividend been proposed since the end of the reporting period.

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

The calculation of basic and diluted earnings (loss) per share for the year ended 31 December 2023 is based on the profit attributable to ordinary equity shareholders of the Company of approximately RMB5,550,000 (2022: loss of approximately RMB22,268,000) and the weighted average of 168,968,574 (2022 (Restated): 82,325,382) ordinary shares in issue during the year.

The comparative amount of the basic loss per share for the year ended 31 December 2022 has been adjusted to reflect the impact of the bonus element of the rights issue effected subsequent to 31 December 2022.

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

## 9. FINANCIAL ASSETS AT FVPL

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Equity securities listed in Hong Kong         | 2,020                  | 1,467                  |
| Equity securities listed in the United States | <u>28,058</u>          | <u>9,491</u>           |
|   | <u><b>30,078</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 year ended 31 December 2023, a fair value gain on listed equity securities of RMB330,000 (2022: loss of RMB9,074,000) was recognised in profit or loss.

## 10. TRADE AND OTHER RECEIVABLES

|   | <i>Note</i> | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|-------------|------------------------|------------------------|
| Trade receivables, net of loss allowance              | <i>(a)</i>  | <u>9,888</u>           | <u>26,893</u>          |
| Loan receivables from third parties                   | <i>(b)</i>  | 11,902                 | 13,384                 |
| Less: loss allowance of loan receivables              |             | <u>(9,902)</u>         | <u>(13,384)</u>        |
| Loan receivables, net of loss allowance               |             | <u>2,000</u>           | <u>–</u>               |
| Prepayments made to suppliers, net of impairment      | <i>(c)</i>  | 23,146                 | 27,137                 |
| Deposits and other receivables, net of loss allowance |             | <u>24,428</u>          | <u>24,577</u>          |
|   |             | <u>47,574</u>          | <u>51,714</u>          |
|   |             | <u><b>59,462</b></u>   | <u><b>78,607</b></u>   |

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

*Notes:*

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

|                                     | <b>2023</b>           | 2022                 |
|-------------------------------------|-----------------------|----------------------|
|                                     | <b><i>RMB'000</i></b> | <i>RMB'000</i>       |
| Within 1 month                      | <b>6,590</b>          | 14,881               |
| Over 1 month but less than 3 months | <b>2,118</b>          | 2,668                |
| Over 3 months but less than 1 year  | <b>261</b>            | 6,443                |
| Over 1 year but less than 2 years   | <b>919</b>            | 2,901                |
| Over 2 years                        | —                     | —                    |
|                                     | <b><u>9,888</u></b>   | <b><u>26,893</u></b> |

Trade receivables are generally due within 90 (2022: 90) days from the date of billing.

- (b) At 31 December 2023, except that loan receivables of RMB2,719,000 (2022: Nil) were unsecured, interest-bearing at 8% per annum and repayable in December 2024, the remaining balance of RMB9,183,000 (2022: RMB13,384,000) were unsecured, carried at fixed interest rates of ranging from 7% to 8% (2022: 7% to 10%) per annum and overdue. All loan receivables were denominated in HK\$.
- (c) These prepayments are unsecured, interest-free and will be used to offset against future purchases from suppliers.

## 11. TRADE AND OTHER PAYABLES

|   | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Trade payables                          | 1,196                  | 9,159                  |
| Non-trade payables and accrued expenses | 8,721                  | 5,955                  |
| Other tax payables                      | 711                    | 1,439                  |
|   | <u>10,628</u>          | <u>16,553</u>          |

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

The credit period of trade payables is normally within 90 (2022: 90) days. As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

|  | 2023<br><i>RMB'000</i> | 2022<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Due within 1 month or on demand        | 243                    | 8,747                  |
| Due after 1 month but within 3 months  | 235                    | –                      |
| Due after 3 months but within 6 months | 600                    | –                      |
| Due after 6 months but within 1 year   | –                      | 353                    |
| Due after 1 year                       | 118                    | 59                     |
|  | <u>1,196</u>           | <u>9,159</u>           |

## 12. SHARE CAPITAL

|  | 2023                |                       | 2022                |                       |
|--|---------------------|-----------------------|---------------------|-----------------------|
|  | Number of<br>shares | Amount<br><i>HK\$</i> | Number of<br>shares | Amount<br><i>HK\$</i> |
| <b>Authorised:</b>                           |                     |                       |                     |                       |
| Ordinary shares of HK\$0.1 each              |                     |                       |                     |                       |
| At 1 January and 31 December                 | 10,000,000,000      | 1,000,000,000         | 10,000,000,000      | 1,000,000,000         |
| <b>Issued and fully paid:</b>                |                     |                       |                     |                       |
| Ordinary shares of HK\$0.1 each              |                     |                       |                     |                       |
| At 1 January                                 | 81,631,274          | 8,163,127             | 1,360,625,725       | 136,062,573           |
| Capital reorganisation ( <i>note (i)</i> )   | –                   | –                     | (1,292,594,451)     | (129,259,446)         |
| Issue of placing shares ( <i>note (ii)</i> ) | –                   | –                     | 13,600,000          | 1,360,000             |
| Issue of rights shares ( <i>note (iii)</i> ) | <u>122,446,911</u>  | <u>12,244,691</u>     | <u>–</u>            | <u>–</u>              |
| At 31 December                               | <u>204,078,185</u>  | <u>20,407,818</u>     | <u>81,631,274</u>   | <u>8,163,127</u>      |
|  |                     | <b>RMB equivalent</b> |                     | <b>RMB equivalent</b> |
|  |                     | <u>17,752,024</u>     |                     | <u>6,938,615</u>      |

### Notes:

- (i) On 25 March 2022, the Company completed a capital reorganisation (the “**Capital Reorganisation**”) involving the share consolidation (the “**Share Consolidation**”), the capital reduction (the “**Capital Reduction**”) and the share subdivision (the “**Share Subdivision**”). The Capital Reorganisation was approved at the extraordinary general meeting held on 26 January 2022. Details of which are as follows:

(1) Share consolidation

Every twenty (20) existing issued and unissued ordinary shares with a par value of HK\$0.1 each (the “**Existing Share(s)**”) in the authorised share capital of the Company are consolidated into one (1) consolidated share with a par value of HK\$2.0 (each a “**Consolidated Share**”);

(2) Capital reduction

Any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled and the par value of all issued Consolidated Shares is reduced from HK\$2.0 each to HK\$0.1 each (the “**Adjusted Shares**”) and the issued share capital of the Company shall be reduced by HK\$1.9 per Consolidated Share in issue;

(3) Share subdivision

Every unissued Consolidated Share in the share capital of the Company arising from the Share Consolidation is sub-divided into twenty (20) Adjusted Shares with a par value of HK\$0.1 each.

As a result of the Capital Reorganisation, 1,292,594,451 issued and fully paid shares were cancelled and share capital amounting to HK\$129,259,446 (equivalent to approximately RMB109,093,000) were cancelled and used to offset against the accumulated losses of the Company.

- (ii) 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 up to 13,606,000 placing shares at the placing price of HK\$0.84 per placing share.

All conditions to the Placing Agreement have been fulfilled and completion of the placing took place on 1 September 2022. An aggregate of 13,600,000 placing shares with the par value of HK\$0.1 each have been successfully placed by the placing agent to not less than six placees at placing price of HK\$0.84 per placing share pursuant to the terms and conditions of the Placing Agreement. The net proceeds of approximately RMB9,685,000 (equivalent to approximately HK\$10,950,000) were received.

- (iii) 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.

### 13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2023, the Group had acquired and disposed of certain listed equity securities. Details of which are set out in the Company’s announcements dated 10 January 2024, 12 January 2024, 24 January 2024, 7 February 2024 and 14 February 2024 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Revenue*

For the year ended 31 December 2023, the Group recorded the revenue of approximately RMB60,646,000 (2022: RMB47,909,000), of which revenue mainly comprised (i) software maintenance and other services amounted to approximately RMB36,251,000 (2022: RMB34,218,000); and (ii) sale of software license and other products amounted to approximately RMB24,395,000 (2022: RMB13,691,000). The increase in overall revenue for the software business rose 25.4% year on year to RMB60,084,000 driven largely by the improvement in operating performance of the Group resulted from the recovery from the negative impact of COVID-19.

#### *Gross Profit*

For the year ended 31 December 2023, the Group recorded a gross profit of approximately RMB26,045,000 (2022: RMB20,816,000). The gross profit ratio for the software business of the Group during the year was approximately 43% which is similar to the last corresponding year. The stable gross profit margin was mainly attributable to the transformation period of the software business, combined with the enhanced professional service sales resulting in an increase in stable sales of self-developed products and software maintenance services during the both financial years.

#### *Distribution Expenses*

For the year ended 31 December 2023, distribution expenses were approximately RMB15,918,000 (2022: RMB14,475,000). The increase in distribution expenses was mainly due to the increase in staff costs and travelling expenses of the software business in the PRC during the year.

### ***General and Administrative Expenses***

For the year ended 31 December 2023, general and administrative expenses were approximately RMB22,573,000 (2022: RMB16,849,000). The increase in general and administrative expenses was attributable to the increase in staff costs, professional fee, travelling expenses and transactions cost on trading of listed equity securities.

### ***Finance Costs***

For the year ended 31 December 2023, finance costs were approximately RMB918,000 (2022: RMB877,000). The increase in finance costs was due to the increase in interest expenses on interest-bearing borrowings during the year.

### ***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 year ended 31 December 2023, fair value gain on financial assets at fair value through profit or loss of approximately RMB330,000 (2022: loss of approximately RMB9,074,000) was recognised in profit or loss, and recorded net gain on disposal of financial assets at fair value through profit or loss of approximately RMB23,854,000 (2022: RMB8,000).

### ***Income Tax***

Income tax credit of the Group for the year ended 31 December 2023 amounted to approximately RMB397,000 (2022: RMB2,655,000). The income tax is the reversal of over-provision of income tax in the PRC in respect of prior years recognised in the years ended 31 December 2023 and 2022.

### ***Profit for the Year***

As a result, the Group recorded a profit for the year ended 31 December 2023 of approximately RMB3,801,000 (2022: loss of approximately RMB25,014,000).

### ***Liquidity and Financial Resources***

The Group's working capital is funded by the cash generated from operating and financing activities. As at 31 December 2023, the Group maintained cash and cash equivalents amounted to approximately RMB177,805,000 (2022: RMB101,036,000). As at 31 December 2023, the Group's current ratio was approximately 7.69 times (2022: 5.67 times); and the Group's net gearing ratio as at 31 December 2023 was not applicable (2022: 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 31 December 2023 and 2022, the Group had no pledge of assets 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. The completion of the Capital Increase 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 of the Company (the “**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 year.

## **Use of Proceeds from Fund Raising Activities**

### ***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 31 December 2023, the net proceeds from the Subscriptions were fully utilised as intended, of which:–

- (i) approximately RMB9,515,000 (equivalent to HK\$11,640,000) for the Capital Injection:
  - (a) research and development in artificial intelligent solution software (the “**R&D Project**”), including approximately RMB3,276,000 (equivalent to HK\$4,012,000) on salaries and allowances for employment of engineers for the R&D Project, approximately RMB296,000 (equivalent to HK\$363,000) on procurement of computers, equipment and related hardware and approximately RMB520,000 (equivalent to HK\$637,000) 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 RMB5,086,000 (equivalent to HK\$6,216,000) on staff costs for employment of engineers providing onsite technical support services to end customers of the database software business and approximately RMB337,000 (equivalent to HK\$412,000) 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.

## ***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 places 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 with par value of HK\$0.1 each 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 authorised 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 31 December 2023, the net proceeds from the Placing were utilised in full 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.

### ***Rights Issue***

On 29 November 2022, the Company announced the proposed rights issue, by issuing up to 124,896,729 ordinary shares of par value of HK\$0.1 each in the share capital of the Company (the “**Right Shares**”) on the basis of three (3) Rights Shares for every two (2) existing shares of the Company held on the record date (i.e. 10 February 2023) at the subscription price of HK\$0.85 per Rights Share (the “**Rights Issue**”).

On 10 January 2023 and 3 February 2023, the Company and VC Brokerage Limited, the underwriter of the Rights Issue, entered into the supplemental underwriting agreement and second supplemental agreement to the underwriting agreement dated 29 November 2022 entered into between the parties, pursuant to which, the record date has been extended to 3 March 2023 and further extended to 24 March 2023.

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.

The Company originally intended to apply (i) 96% of the net proceeds from the Rights Issue of approximately HK\$98.553 million for the general working capital of the Group in industrial parks (the “**Industrial Park Software Project**”); and (ii) 4% of the net proceeds of approximately HK\$4.10 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.

As at 20 December 2023, the Company utilised approximately HK\$0.308 million of the net proceeds from the Rights Issue on the general working capital of the Group in the Industrial Park Software Project; and HK\$4.100 million of the net proceeds from the Rights Issue on the general working capital of the Group. Having considered the current needs of working capital of the Company and its subsidiaries, as the well as the prevailing market conditions, the Company announced on 20 December 2023 that Board resolved to change the use of the unutilised net proceeds from the Rights Issue of approximately HK\$98.245 million (the “**Unutilised Net Proceeds from the Rights Issue**”) to: (a) HK\$68.245 million for the general working of the Group in Industrial Park Software Project, and (b) HK\$30.0 million for the general working capital of the Group such as overhead expenses including salary, rental and other expenses, details of which are set forth as follows:

| <b>Use of Proceeds</b>  | <b>Initial<br/>allocation<br/><i>HK\$ million</i></b> | <b>Utilised<br/>Net Proceeds<br/><i>HK\$ million</i></b> | <b>Unutilised<br/>Net Proceeds<br/>for re-<br/>allocation<br/><i>HK\$ million</i></b> | <b>Revised<br/>allocation of<br/>the Unutilised<br/>Net Proceeds<br/><i>HK\$ million</i></b> |
|---|---|--|---|--|
| General working capital of the Group in the<br>Industrial Park Software Project | 98.553  | 0.308  | 98.245  | 68.245   |
| General working capital of the Group  | 4.100   | 4.100  | –   | 30.000   |
| <b>Total:</b>   | <u>102.653</u>  | <u>4.408</u>   | <u>98.245</u>   | <u>98.245</u>  |

As at 31 December 2023, the net proceeds from the Rights Issue was utilised as intended as to (i) approximately RMB272,000 (equivalent to HK\$308,000) for the general working capital of the Group in the Industrial Park Software Project, among which approximately RMB160,000 (equivalent to HK\$181,000) in the staff cost and approximately RMB112,000 (equivalent to HK\$127,000) in management and other operating expenses including the management fee such as rent and utilities etc.; and (ii) approximately RMB4,829,000 (equivalent to HK\$5,450,000) for general working capital of the Group, among which approximately RMB655,000 (equivalent to HK\$741,000) is for professional fee, approximately RMB550,000 (equivalent to HK\$615,000) is for rental expenses, approximately RMB2,692,000 (equivalent to HK\$3,043,000) is for staff costs and the remaining RMB932,000 (equivalent to HK\$1,051,000) is for general administrative expenses.

The remaining Unutilised Net Proceeds from the Rights Issue of approximately RMB85,552,000 (equivalent to HK\$96,895,000) will be used according to the intended usage in which (i) approximately RMB60,255,000 (equivalent to HK\$68,245,000) for the general working capital of the Group in the Industrial Park Software Project; and (ii) approximately RMB25,297,000 (equivalent to HK\$28,650,000) for the general working capital such as overhead expenses including salary, rental and other expenses of the Group, which are expected to be utilised on or before 31 December 2024.

Details of the Rights Issue and details of the utilisation of its proceeds were set out in the Company's announcements dated 29 November 2022, 9 December 2022, 10 January 2023, 3 February 2023, 14 March 2023, 24 April 2023, 20 December 2023 and 20 February 2024, the circular of the Company dated 24 February 2023 and prospectus of the Company dated 27 March 2023.

### **Significant Investment**

The Group has not made any significant investment for the year ended 31 December 2023 (2022: Nil).

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

Save for the Capital Increase mentioned above, the Group has not made any material acquisition or disposal of subsidiaries, associated companies or joint ventures for the year ended 31 December 2023.

### ***Material Acquisition and Disposal of Listed Securities***

Subsequent to the year ended 31 December 2023, the Group through Enterprise Development (Hong Kong) Holdings Limited, a wholly-owned subsidiary of the Company, acquired and disposed certain listed securities, including shares of NVIDIA Corporation, RIOT Blockchain Inc., the Boeing Company and Tesla Inc., which are listed on NASDAQ or New York Stock Exchange. These acquisitions and/or disposals of listed securities constituted notifiable transactions of the Company under Chapter 14 of the Listing Rules.

For details, please refer to the Company's announcements dated 10 January 2024, 12 January 2024, 24 January 2024, 7 February 2024 and 14 February 2024.

## **Events after the Reporting Period**

Other than the acquisitions and disposals of listed securities as disclosed above, there was no other events after the reporting period.

## **Employees and Remuneration Policies**

As at 31 December 2023, the Group employed 128 (2022: 89) full time employees. The staff costs amounted to approximately RMB25,182,000 for the year ended 31 December 2023 (2022: RMB21,980,000). 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 a share option scheme.

## **Contingent Liabilities**

As at 31 December 2023, the Group had no significant contingent liability (2022: Nil).

## **Final Dividend**

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

## **BUSINESS REVIEW**

The Group recorded the revenue of approximately RMB60,646,000 for the year ended 31 December 2023 (2022: RMB47,909,000), representing an increase of approximately 26.6%. In spite of the continuing influence of COVID-19 pandemic (the “**Pandemic**”) in the operation of the Group’s software business in Mainland China, the software business was benefited from the all-round improvement in management to recover gradually in 2023 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 AND FUTURE BUSINESS STRATEGIES**

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 2023, despite the economic landscape and environment remained challenging as result from the post negative influence of Pandemic in the society and domestic economy, China's economy shows gradual recovery after COVID reopening. President Xi Jinping's political report mentions China's continuous pursuit of technological self-reliance and urging for greater localisation across the whole hardware supply chain and software industry. The Group maintained its competitiveness through introduction of new products and services, enhanced collaborative partnerships with clients, further broadening of client base and proactively embraced opportunities of localisation. The Group has put great effort on the implementation of database software localisation, included investing in talent over the year to enhance the research and development capability and broadening of client base during the year of 2023 etc. As a result, the Group recorded an increase of 26.6% in the consolidated revenue for the year ended 31 December 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.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as 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 year ended 31 December 2023.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code (“**CG Code**”) in Appendix C1 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 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. Mr. Yu Hui has been appointed as the chief executive officer of the Company on 26 October 2023. The Company has not appointed a chairman. The roles and functions of chairman 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 year ended 31 December 2023.

## **SCOPE OF WORK OF BOFA CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group’s auditor, BOFA CPA Limited (“**BOFA**”), to the amounts set out in the Group’s draft consolidated financial statements for the year ended 31 December 2023. The work performed by BOFA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BOFA on the preliminary announcement.

## **AUDIT COMMITTEE**

The Company established the audit committee of the Company (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 Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2023.

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

Hong Kong, 28 March 2024

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yu Hui (chief executive officer), 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.*