ENTERPRISE DEVELOPMENT
HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1808

INTERIM REPORT 2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Lam Kai Tai *(Chairman)*
Bai Xuefei

Independent Non-executive Directors
Hu Gin Ing
Liu Jian
Li Wai Kwan

COMPANY SECRETARY

Chu Chun Ming

AUTHORISED REPRESENTATIVES

Lam Kai Tai
Chu Chun Ming

AUDIT COMMITTEE

Hu Gin Ing *(Committee Chairlady)*
Liu Jian
Li Wai Kwan

REMUNERATION COMMITTEE

Liu Jian *(Committee Chairman)*
Lam Kai Tai
Hu Gin Ing
Li Wai Kwan

NOMINATION COMMITTEE

Liu Jian *(Committee Chairman)*
Lam Kai Tai
Hu Gin Ing
Li Wai Kwan

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

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

SMP Partners (Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman KY1-1110
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

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 2018 together with comparative figures for the corresponding period in 2017. The unaudited interim financial report has not been audited but has been reviewed by the Company's audit committee (the "Audit Committee").

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018
(Expressed in Renminbi)

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Continuing operations			
Revenue	*4*	**83,480**	126,460
Cost of sales		**(70,576)**	(128,631)
Gross profit/(loss)		**12,904**	(2,171)
Other revenue		**1,495**	910
Distribution expenses		**(12,049)**	(9,291)
General and administrative expenses		**(13,525)**	(19,454)
Other operating expenses		**(4)**	(1)
Loss from operations		**(11,179)**	(30,007)
Share of results of an associate		**–**	(17,713)
Finance costs	*5(i)a*	**(898)**	(886)
Loss before taxation	*5*	**(12,077)**	(48,606)
Income tax expense	*6*	**(33)**	(2,333)
Loss for the period from continuing operations		**(12,110)**	(50,939)
Discontinued operations			
Loss for the period from discontinued operations		**–**	(11,919)
Loss for the period		**(12,110)**	(62,858)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

(Expressed in Renminbi)

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Attributable to:			
Equity shareholders of the Company			
Continuing operations		**(8,321)**	(49,756)
Discontinued operations		**–**	(11,919)
		(8,321)	(61,675)
Non-controlling interests			
Continuing operations		**(3,789)**	(1,183)
		(3,789)	(1,183)
Loss for the period		**(12,110)**	(62,858)
Basic and diluted losses per share (RMB)	*7*		
Continuing operations		**(0.02)**	(0.10)
Discontinued operations		**–**	(0.02)

The notes on pages 10 to 44 form part of this unaudited interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

(Expressed in Renminbi)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss for the period	**(12,110)**	(62,858)
Other comprehensive (expense)/income for the period (after tax)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of overseas operations	**236**	4,697
Reclassification adjustment for exchange reserve released upon disposal of a subsidiary	**(1,034)**	–
Share of exchange difference of an associate	**–**	82
	(798)	4,779
Total comprehensive expense for the period	**(12,908)**	(58,079)
Attributable to:		
Equity shareholders of the Company	**(9,135)**	(56,896)
Non-controlling interests	**(3,773)**	(1,183)
Total comprehensive expense for the period	**(12,908)**	(58,079)

The notes on pages 10 to 44 form part of this unaudited interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

(Expressed in Renminbi)

	Notes	**At 30 June 2018 (Unaudited) *RMB'000***	At 31 December 2017 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment	*8*	**969**	560
Intangible assets		**17,226**	18,107
Goodwill	*9*	**19,541**	19,541
Interests in an associate	*10*	**–**	–
Deferred tax assets		**346**	346
		38,082	38,554
Current assets			
Inventories		**1,327**	1,355
Trade and other receivables	*11*	**189,348**	194,777
Pledged bank deposits		**637**	277
Cash and cash equivalents		**108,366**	122,971
		299,678	319,380
Total assets		**337,760**	357,934
Current liabilities			
Trade and other payables	*12*	**26,080**	35,249
Borrowings	*13*	**30,217**	27,742
Current taxation		**4,913**	5,363
		61,210	68,354
Net current assets		**238,468**	251,026
Total assets less current liabilities		**276,550**	289,580
Net assets		**276,550**	289,580

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018
(Expressed in Renminbi)

	Notes	**At 30 June 2018 (Unaudited) *RMB'000***	At 31 December 2017 (Audited) *RMB'000*
Capital and reserves			
Share capital	*14*	**44,711**	44,711
Reserves		**127,102**	136,359
Total equity attributable to equity shareholders of the Company		**171,813**	181,070
Non-controlling interests		**104,737**	108,510
Total equity		**276,550**	289,580

The notes on pages 10 to 44 form part of this unaudited interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital *RMB'000* *(Note 14)*	Share premium *RMB'000*	Other reserve *RMB'000*	PRC statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2017	42,528	506,417	(8,440)	7,473	27,231	(317,624)	257,585	94,354	351,939
Changes in equity for the six months ended 30 June 2017:									
Loss for the period	–	–	–	–	–	(61,675)	(61,675)	(1,183)	(62,858)
Other comprehensive income	–	–	–	–	4,779	–	4,779	–	4,779
Total comprehensive income/(expense)	–	–	–	–	4,779	(61,675)	(56,896)	(1,183)	(58,079)
Shares issued by way of placing	2,183	24,671	–	–	–	–	26,854	–	26,854
Shares issue expenses	–	(642)	–	–	–	–	(642)	–	(642)
Balance at 30 June 2017	44,711	530,446	(8,440)	7,473	32,010	(379,299)	226,901	93,171	320,072
Balance at 1 January 2018	**44,711**	**530,446**	**(8,440)**	**8,483**	**26,690**	**(420,820)**	**181,070**	**108,510**	**289,580**
Impact on initial application of IFRS 9	**-**	**-**	**-**	**-**	**-**	**(122)**	**(122)**	**-**	**(122)**
Adjusted balance at 1 January 2018	**44,711**	**530,446**	**(8,440)**	**8,483**	**26,690**	**(420,942)**	**180,948**	**108,510**	**289,458**
Changes in equity for the six months ended 30 June 2018:									
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(8,321)**	**(8,321)**	**(3,789)**	**(12,110)**
Disposal of a subsidiary	**-**	**-**	**-**	**-**	**(1,034)**	**-**	**(1,034)**	**-**	**(1,034)**
Other comprehensive income	**-**	**-**	**-**	**-**	**220**	**-**	**220**	**16**	**236**
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**(814)**	**(8,321)**	**(9,135)**	**(3,773)**	**(12,908)**
Balance at 30 June 2018	**44,711**	**530,446**	**(8,440)**	**8,483**	**25,876**	**(429,263)**	**171,813**	**104,737**	**276,550**

The notes on pages 10 to 44 form part of this unaudited interim financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2018

(Expressed in Renminbi)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cash used in operations	**(14,845)**	(64,689)
PRC income taxes paid	**(483)**	(2,992)
Net cash used in operating activities	**(15,328)**	(67,681)
Net cash (used in)/generated from investing activities	**(1,099)**	1,335
Net cash generated from financing activities	**1,522**	25,583
Net decrease in cash and cash equivalents	**(14,905)**	(40,763)
Cash and cash equivalents at 1 January	**122,971**	97,120
Effect of foreign exchange rate changes	**300**	2,967
Cash and cash equivalents at 30 June	**108,366**	59,324

The notes on pages 10 to 44 form part of this unaudited interim financial report.

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 ("IASB") and were authorised for issue on 29 August 2018.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual 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 condensed 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 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year ended 31 December 2017 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. Statutory financial statements for the year ended 31 December 2017 are available from the Company's principal place of business in Hong Kong. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2018.

2. CHANGES IN ACCOUNTING POLICIES

(a) Overview

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 financial statements:

– IFRS 9, *Financial Instruments*

– IFRS 15, *Revenue from Contracts with Customers*

– IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

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

The Group has been impacted by IFRS 9 in relation to classification of financial assets and measurement of credit losses. The adoption of IFRS 15 does not have a significant impact on the Group. Details of the changes in accounting policies are discussed in note 2(b) for IFRS 9 and note 2(c) for IFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustment recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 9.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(a) Overview (continued)

	At 31 December 2017 RMB'000	Impact on initial Application of IFRS 9 RMB'000	At 1 January 2018 RMB'000
Trade and other receivables	194,777	(122)	194,655

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation*

IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

The following table summarises the impact of transition to IFRS 9 on accumulated losses at 1 January 2018.

	RMB'000
Accumulated losses	
Recognition of additional expected credit losses on:	
– financial assets measured at amortised cost	122
Net increase in accumulated losses at 1 January 2018	**122**

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation* (continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL").

These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation* (continued)

(i) Classification of financial assets and financial liabilities (continued)

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

The measurement categories for all financial liabilities remain the same, and the carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The following table shows the original measurement categories for each class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	IAS 39 Carrying amount at 31 December 2017 *RMB'000*	Remeasurement *RMB'000*	IFRS 9 Carrying amount at 1 January 2018 *RMB'000*
Financial assets carried at amortised cost			
Cash and cash equivalents	122,971	–	122,971
Trade and other receivables	194,777	(122)	194,655
Pledged bank deposits	277	–	277

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation* (continued)

(ii) Credit losses

IFRS 9 replaces the "incurred loss" model in IAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents, pledged bank deposits and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation* (continued)

(ii) Credit losses (continued)

Measurement of ECLs (continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full; or (ii) the financial asset is past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation* (continued)

(ii) Credit losses (continued)

Significant increases in credit risk (continued)

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis.

When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss.

The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation* (continued)

(ii) Credit losses (continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amount to approximately RMB122,000, which increase accumulated losses by approximately RMB122,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with IAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2018.

	RMB'000
Loss allowance at 31 December 2017 under IAS 39	139
Additional credit loss recognised at 1 January 2018 on:	
– Trade receivables	122
Loss allowance at 1 January 2018 under IFRS 9	261

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, *Prepayment Features with Negative Compensation* (continued)

(iii) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.

The following assessment has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group):

– the determination of the business model within which a financial asset is held.

If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services.

The Group has elected to use the cumulative effect transition method. Therefore, comparative information has not been restated and continues to be reported under IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(c) IFRS 15, Revenue from Contracts with Customers (continued)

Timing of revenue recognition

Previously, revenue arising from provision of integrated business software solutions and trading securities listed on the Stock Exchange are recognised ratably over an estimated consumption period.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when the Group recognises revenue arising from provision of integrated business software solutions and trading securities listed on the Stock Exchange.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(d) IFRIC 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

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 three major reportable segments. During the year ended 31 December 2017, the Group disposed the entire equity interests in the Apex Center Limited and its subsidiaries ("Apex Group") which carried out the Group's mobile marketing business. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

- Software business: Provision of integrated business software solutions in the People's Republic of China (the "PRC") and Hong Kong.
- Trading and investment business: Trading securities listed on the Stock Exchange.

Discontinued operations:

- Mobile marketing business: Provision of mobile marketing projects, consultation, creative and technological services, mobile advertising services and creation of mobile games in the PRC and Hong Kong.

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 creditors 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 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 auditors' 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 borrowings managed directly by the segments, depreciation, amortisation, provision for impairment loss on goodwill 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 the current period (six months ended 30 June 2017: Nil).

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.

	Continuing operations								Discontinued operations			
	Software business		Trading and investment business		Others		Sub-total		Mobile marketing business		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**82,865**	155,883	**-**	–	**615**	229	**83,480**	156,112	**-**	4,881	**83,480**	160,993
Investment income and net losses	**-**	–	**-**	(29,652)	**-**	–	**-**	(29,652)	**-**	–	**-**	(29,652)
Reportable segment revenue	**82,865**	155,883	**-**	(29,652)	**615**	229	**83,480**	126,460	**-**	4,881	**83,480**	131,341
Reportable segment (loss)/profit (adjusted (loss)/profit before taxation)	**(9,078)**	7,186	**-**	(29,658)	**134**	49	**(8,944)**	(22,423)	**-**	(11,919)	**(8,944)**	(34,342)
Interest income from bank deposits	**54**	146	**-**	–	**-**	–	**54**	146	**-**	–	**54**	146
Interest expenses	**717**	642	**-**	–	**-**	–	**717**	642	**-**	7	**717**	649
Depreciation and amortisation	**1,231**	895	**-**	–	**18**	–	**1,249**	895	**-**	152	**1,249**	1,047
Provision for impairment loss on goodwill	**-**	–	**-**	–	**-**	–	**-**	–	**-**	8,825	**-**	8,825

3. SEGMENT REPORTING (continued)

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

	Continuing operations								Discontinued operations			
	Software business		Trading and investment business		Others		Sub-total		Mobile marketing business		Total	
	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000	**At 30 June 2018 RMB'000**	At 31 December 2017 RMB'000
Reportable segment assets	**305,511**	320,959	**-**	–	**14,744**	14,693	**320,255**	335,652	**-**	–	**320,255**	335,652
Additions to non-current segment assets during the period/year	**824**	9,580	**-**	–	**-**	95	**824**	9,675	**-**	41	**824**	9,716
Reportable segment liabilities	**47,760**	53,349	**-**	–	**263**	673	**48,023**	54,022	**-**	–	**48,023**	54,022

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

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Revenue		
Reportable segment revenue	**83,480**	131,341
Elimination on discontinued operations	**–**	(4,881)
Consolidated revenue from continuing operations	**83,480**	126,460
Loss before taxation		
Reportable segment loss derived from the Group's external customers	**(8,944)**	(22,423)
Share of results of an associate	**–**	(17,713)
Unallocated head office and corporate expenses	**(3,133)**	(8,470)
Consolidated loss before taxation from continuing operations	**(12,077)**	(48,606)

3. SEGMENT REPORTING (continued)

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

	At 30 June 2018 ***RMB'000***	At 31 December 2017 *RMB'000*
Assets		
Reportable segment assets	**320,255**	335,652
Deferred tax assets	**346**	346
Unallocated head office and corporate assets	**17,159**	21,936
Consolidated total assets	**337,760**	357,934
Liabilities		
Reportable segment liabilities	**48,023**	54,022
Unallocated head office and corporate liabilities	**13,187**	14,332
Consolidated total liabilities	**61,210**	68,354

3. SEGMENT REPORTING (continued)

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from continuing operations from external customers; and (ii) the Group's property, plant and equipment, intangible assets, interests in an associate and goodwill ("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, interests in an associate and goodwill.

	Revenue/(loss) from external customers Six months ended 30 June		**Specified non-current assets**	
			At 30 June	At 31 December
	2018	2017	**2018**	2017
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**82,865**	155,883	**37,619**	38,059
Hong Kong	**615**	(29,423)	**117**	149
	83,480	126,460	**37,736**	38,208

4. REVENUE

The principal activities of the Group are the provision of integrated business software solutions and trading of listed securities. The Group identified its mobile marketing business as discontinued operations during the year ended 31 December 2017.

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Continuing operations		
Software maintenance and other services	**77,816**	143,158
Sales of software products and others	**5,049**	12,725
Net realised and unrealised losses on trading securities	**–**	(29,652)
Others	**615**	229
	83,480	126,460
Discontinued operations		
Mobile marketing services	**–**	4,881
	83,480	131,341

5. LOSS BEFORE TAXATION

(i) Loss before taxation from continuing operations is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	**898**	886

(b) Staff costs

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**15,657**	13,508
Contributions to defined contribution retirement schemes	**703**	1,033
	16,360	14,541

5. LOSS BEFORE TAXATION (continued)

(i) Loss before taxation from continuing operations is arrived at after charging: (continued)

(c) Other items

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Cost of inventories	**28**	1,004
Amortisation of intangible assets	**881**	343
Depreciation of property, plant and equipment	**380**	596
Net loss on disposal of property, plant and equipment	**4**	143
Operating lease charges in respect of properties	**1,689**	2,556
Loss allowance on trade receivables	**184**	67

(ii) Loss before taxation from discontinued operations is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	**–**	6
Bank overdraft interest	**–**	1
	–	7

5. LOSS BEFORE TAXATION (continued)

(ii) Loss before taxation from discontinued operations is arrived at after charging: (continued)

(b) Staff costs

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Salaries, wages and other benefits	–	4,457
Contributions to defined contribution retirement schemes	–	180
	–	4,637

(c) Other items

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	–	152
Net loss on disposal of property, plant and equipment	–	873
Operating lease charges in respect of properties	–	440
Provision for impairment loss on goodwill	–	8,825

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax-PRC	**33**	2,333

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

The provision for 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 2018 and 30 June 2017 as it was awarded high-technology status by the tax authority.

The provision for Hong Kong Profits Tax for the six months ended 30 June 2018 and 30 June 2017 is calculated at 16.5% of the estimated assessable profits for the period.

No provision for Hong Kong Profits Tax has been made as the Group does not have assessable profits or has tax losses brought forward to set off assessable profits from Hong Kong for the six months ended 30 June 2018 and 30 June 2017.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 30 June 2018 and 30 June 2017.

7. BASIC AND DILUTED LOSSES PER SHARE

The calculation of basic and diluted losses as per share from continuing operations for the six months ended 30 June 2018 is based on the loss attributable to ordinary equity shareholders of the Company from continuing operations of approximately RMB12,110,000 (six months ended 30 June 2017: RMB50,939,000) and the weighted average of 526,508,982 (six months ended 30 June 2017: 505,652,628) ordinary shares in issue during the interim period.

During the six months ended 30 June 2017, the calculation of basic and diluted losses per share from discontinued operations is based on the loss attributable to ordinary equity shareholders of the Company from discontinued operations of approximately RMB11,919,000 and the weighted average of 505,652,628 ordinary shares in issue.

There were no dilutive potential ordinary shares in issue as at 30 June 2018 (30 June 2017: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of machinery, equipment and tools with a cost of approximately RMB824,000 (six months ended 30 June 2017: RMB293,000). Item of machinery, equipment and tools with a net book value of approximately RMB35,000 was disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB1,131,000), resulting in a loss on disposal of approximately RMB4,000 (six months ended 30 June 2017: RMB1,016,000).

9. GOODWILL

	RMB'000
Cost:	
At 31 December 2017, 1 January 2018 and 30 June 2018	19,541
Accumulated impairment loss:	
At 31 December 2017, 1 January 2018 and 30 June 2018	–
Carrying amount:	
At 30 June 2018	**19,541**
At 31 December 2017	19,541

Impairment tests for cash-generating units ("CGU") containing goodwill

Goodwill is allocated to the Group's CGU identified according to country of operation and operating segment as follows:

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Software business – PRC	**19,541**	19,541

9. GOODWILL (continued)

Software business – PRC

The recoverable amount of the CGU is determined based on value-in-use calculations. The key assumptions for the recoverable amount are the underlying cash flows projections, revenue growth rate and discount rate used. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% (as at 31 December 2017: 3%). Revenue growth rate is based on past performance, current industry trends and management expectation of market development. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 22% (as at 31 December 2017: 20.9%). The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Mobile marketing business – HK

During the year ended 31 December 2017 and 2016, due to deteriorating performance and suffered significant loss in mobile marketing business, the Directors determined that there was a need for an impairment on the goodwill arising from the acquisition of mobile marketing business as the recoverable amount of CGU based on the valuation report by an independent valuer was calculated to be lower than their aggregate carrying amounts.

During the year ended 31 December 2017, the Group disposed of the entire equity interests in Apex Group which carried out the Group's mobile marketing business.

During the six months ended 30 June 2017, the impairment loss of goodwill recognised to the consolidated statement of profit or loss was approximately RMB8,825,000 and as at 30 June 2017, the carrying amount was Nil.

The Directors believe that the mobile marketing business containing goodwill had been reduced to its recoverable amount as at 30 June 2017.

10. INTERESTS IN AN ASSOCIATE

Name of subsidiary	Place of Incorporation/ operation	Particulars of Issued share capital/paid up capital	Proportion of ownership Interests held by the Group	Proportion of Voting rights held by the Group	Principal activities
All Treasure International Industrial Limited ("All Treasure")	Hong Kong	28 Ordinary shares	28%	28%	Investment holding

All Treasure is an investment holding company and its group is principally engaged in the businesses of (i) making and editing song library into karaoke music and managing and licensing copyrights thereof in the PRC; and (ii) provision of information system service and karaoke content management service, in respect of karaoke music products in the PRC, to karaoke venues in the PRC.

Due to the keen competition of the entertainment activities in the PRC, the karaoke business performed not as expected. All Treasure suffered a severe loss during the six months ended 30 June 2018 and year ended 31 December 2017.

	At 30 June 2018 ***RMB'000***	At 31 December 2017 *RMB'000*
Cost of investments, unlisted	**–**	63,230
Share of post-acquisition results income, and other comprehensive expense, net of dividends received	**–**	(63,230)
At 30 June/31 December	**–**	–

10. INTERESTS IN AN ASSOCIATE (continued)

The Group's share of results of an associate has been recognised to the extent of the carrying amount of the investments as there is no obligation to contribute to any losses in excess of the amount of investment. The unrecognised share of losses and accumulated unrecognised share of losses during the year ended 31 December 2017 amounted to approximately RMB4,425,000 and approximately RMB4,425,000 respectively.

On 28 June 2018, All Treasure ceased to be an associate of the Group as a result of the disposal of Fine Time Global Limited (being an immediate holding company of All Treasure and a direct wholly-owned subsidiary of the Company).

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
The Group's share of results	**–**	(64,516)
The Group's share of other comprehensive income	**–**	4
The Group's share of total comprehensive income	**–**	(64,512)
Aggregate carrying amount of the Group's interests in an associate	**–**	–

11. TRADE AND OTHER RECEIVABLES

	Notes	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Trade receivables		**67,757**	78,726
Less: loss allowance		**(445)**	(139)
	(i)	**67,312**	78,587
Loan receivables		**12,821**	14,511
Less: loss allowance		**–**	(1,859)
	(ii)&(iii)	**12,821**	12,652
Prepayment made to suppliers	*(iv)*	**82,012**	81,550
Deposits and other receivables		**27,203**	21,988
		109,215	103,538
		189,348	194,777

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

11. TRADE AND OTHER RECEIVABLES (continued)

Notes:

(i) 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:

	At 30 June 2018 ***RMB'000***	At 31 December 2017 *RMB'000*
Within 1 month	**51,948**	64,952
Over 1 month but less than 3 months	**5,959**	4,922
Over 3 months but less than 1 year	**4,699**	4,821
Over 1 year but less than 2 years	**3,527**	2,274
Over 2 years	**1,179**	1,618
	67,312	78,587

(ii) The maturity profile of the loan receivables at the end of reporting period, analysed by the remaining periods to their contracted maturity is as follows:

	At 30 June 2018 ***RMB'000***	At 31 December 2017 *RMB'000*
Repayable		
Within 1 month	**4,217**	–
Over 1 month but less than 3 months	**–**	–
Over 3 months but less than 1 year	**8,604**	12,652
	12,821	12,652

11. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(iii) As of the end of the reporting period, the ageing analysis of loan receivables (which are included in trade and other receivables), based on loan drawn down date and net of loss allowance, is as follows:

	At 30 June 2018 ***RMB'000***	At 31 December 2017 *RMB'000*
Within 1 month	**–**	–
Over 1 month but less than 3 months	**–**	–
Over 3 months but less than 1 year	**8,604**	8,490
Over 1 year but less than 2 years	**4,217**	4,162
	12,821	12,652

(iv) These prepayments are unsecured, interest free and will be used to offset against future purchases from suppliers.

12. TRADE AND OTHER PAYABLES

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Trade creditors	**8,887**	10,246
Non-trade payables and accrued expenses	**16,017**	20,390
Other taxes payable	**1,176**	4,613
	26,080	35,249

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

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Due within 1 month or on demand	**7,592**	8,907
Due after 1 month but within 3 months	**1,125**	–
Due after 3 months but within 6 months	**130**	–
Due after 6 months but within 1 year	**40**	1,339
	8,887	10,246

13. BORROWINGS

	At 30 June 2018 ***RMB'000***	At 31 December 2017 *RMB'000*
Borrowings:		
Unsecured borrowings	**4,217**	4,162
Secured bank loans	**26,000**	23,580
	30,217	27,742

As at 30 June 2018, the unsecured borrowing bears interest at 9% (as at 31 December 2017: 9%) per annum. The bank loans bear interest at 4.785% to 5.82% (as at 31 December 2017: 4.785% to 5.82%) per annum and secured by corporate guarantee of a PRC subsidiary and certain trade receivables not less than RMB8,000,000. All borrowings are repayable within one year or on demand.

14. SHARE CAPITAL

		At 30 June 2018		At 31 December 2017	
	Note	**Number of shares**	**Amount HK$**	Number of shares	Amount HK$
Authorised:					
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 1 January		**526,508,982**	**52,650,898**	501,508,982	50,150,898
Issue of placing shares	*(i)*	**–**	**–**	25,000,000	2,500,000
At 30 June/31 December		**526,508,982**	**52,650,898**	526,508,982	52,650,898
			RMB equivalent **44,711,310**		*RMB equivalent* 44,711,310

14. SHARE CAPITAL (continued)

(i) Issue of placing shares

Pursuant to a placing agreement dated on 22 May 2017, a total of 25,000,000 ordinary shares of HK$0.1 each were issued at the placing price of HK$1.23 per placing share. The placing has resulted in an increase in the share capital and share premium account, net of shares issue expenses, by approximately HK$2,500,000 (equivalent to approximately RMB2,183,000) and approximately HK$27,515,000 (equivalent to approximately RMB24,029,000) respectively.

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

As at 30 June 2018 and 31 December 2017, the Group has no financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique 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.

During the six months ended 30 June 2018, there were no transfers between in Level 1 and Level 2, or transfers into or out of Level 3 (2017: Nil).

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

The Directors consider that 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 2018 and 31 December 2017.

16. COMMITMENTS

(i) Capital commitments

The Group has no significant capital commitments as at 30 June 2018 and 31 December 2017.

(ii) Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases in respect of properties at the end of the reporting period are payable as follows:

	At 30 June 2018	At 31 December 2017
	RMB'000	*RMB'000*
Less than one year	**2,232**	2,794
Between one and two years	**419**	601
	2,651	3,395

The Group leased a number of properties under operating leases during the period. None of the leases includes contingent rentals.

17. RELATED PARTY TRANSACTIONS

(a) During the six months ended 30 June 2018, the Group did not enter into any material transaction with related parties of the Group.

(b) 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:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Short-term employee benefits	**905**	1,029
Post-employment benefits	**18**	22
	923	1,051

18. COMPARATIVE FIGURE

Following the completion of the disposal of the subsidiaries to the consolidated financial statements during the year ended 31 December 2017, the Apex Group of the mobile marketing business which constitutes discontinued operations under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", certain comparative figures were re-presented so as to reflect the results of the continuing operations and discontinued operations.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2018, the Group recorded a revenue from continuing operations of approximately RMB83,480,000 (six months ended 30 June 2017: RMB126,460,000), of which revenue from (i) software maintenance and other services amounted to approximately RMB77,816,000 (six months ended 30 June 2017: RMB143,158,000); (ii) sale of software products and others amounted to approximately RMB5,049,000 (six months ended 30 June 2017: RMB12,725,000); and (iii) net realised and unrealised losses on trading securities amounted to nil (six months ended 30 June 2017: losses of RMB29,652,000). The decrease in revenue from the software business was due to the acceleration of the migration from the traditional database to new generation non-structure database by the customers.

Gross Profit/(Loss)

For the six months ended 30 June 2018, the Group recorded a gross profit from continuing operations of approximately RMB12,904,000 (six months ended 30 June 2017: a gross loss of RMB2,171,000). The gross profit ratio for the software business of the Group during the period was approximately 15% while that of the corresponding period in 2017 was approximately 17%. The decrease in gross profit ratio was mainly due to the increase in cost of sales while contract value remained stable to maintain competitiveness of the business.

Finance Costs

For the six months ended 30 June 2018, finance costs from continuing operations were approximately RMB898,000 (six months ended 30 June 2017: RMB886,000). The increase in finance costs was due to the increase in interest expenses of borrowings.

General and Administrative Expenses

For the six months ended 30 June 2018, the general and administrative expenses from continuing operations of the Group were approximately RMB13,525,000 (six months ended 30 June 2017: RMB19,454,000). The decrease in general and administrative expenses was mainly due to the decrease in staff costs.

Impairment

For the six months ended 30 June 2018, no impairment was recognised on the Group's goodwill (six months ended 30 June 2017: approximately RMB8,825,000).

Share of results of an associate

For the six months ended 30 June 2018, the Group did not share any results of an associate (six months ended 30 June 2017: a loss of approximately RMB17,713,000) as the share of losses of an associate exceeds the interests in the associate, the Group discontinued recognising its share of further losses.

Loss for the Period

For the six months ended 30 June 2018, the Group recorded a loss from continuing operations of approximately RMB12,110,000 (six months ended 30 June 2017: RMB50,939,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2018, the Group maintained cash and cash equivalents amounting to approximately RMB108,366,000 (31 December 2017: RMB122,971,000). As at 30 June 2018, the Group's current ratio was approximately 4.90 times (31 December 2017: 4.67 times); and the Group's net gearing ratio at 30 June 2018 was not applicable (31 December 2017: 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 2018 and 31 December 2017, except for the bank deposits pledged to secure trade finance facilities to the Group and certain trade receivables not less than RMB8,000,000 pledged for secured bank borrowings, the Group had no pledge of other assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings.

Capital Structure

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including borrowings, and equity attributable to owners of the Company, comprising issued share capital, share premium, retained earnings 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.

Significant Investments

The Group has not made any significant investment for the six months ended 30 June 2018.

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 2018.

Subsequent Event

The Group did not have any significant subsequent event after the end of the reporting period.

Employees and Remuneration Policies

As at 30 June 2018, the Group employed 134 (30 June 2017: 175) 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 2018, there was no significant contingent liability (30 June 2017: Nil).

BUSINESS REVIEW

The Group recorded a revenue from continuing operations of approximately RMB83,480,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB126,460,000), representing a decrease of approximately 34%. The decrease was mainly due to the decrease in revenue from the Group's software business as compared to the six months ended 30 June 2017.

The revenue of the software business amounted to approximately RMB82,865,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB155,883,000), representing a decrease of approximately 47%. The decrease was due to the acceleration of the migration from the traditional database to new generation non-structure database by the customers.

OUTLOOK

For more than ten years now, the Group's software business has provided database software and engineering services to the PRC enterprise customers in terms of troubleshooting, health check, life cycle management, function upgrade and version management that the Group's software business has significant market share and strong brand in the enterprise software industry. Despite the slowdown in the Group's software business due to the acceleration of the migration from the traditional database to new generation non-structure database by the customers, the Group will try to maintain its competitiveness through introduction of new products and services. Apart from the software business, the Group also engaged in the trading of listed securities.

The Group is exploring integration opportunities for the Group's existing IT services with financial service sector. The Group is optimistic on the growth opportunities in the financial services industry which could in turns create further income source and long-term benefit to the Group.

In May 2017, the Company entered into a share purchase agreement (as supplemented by a supplemental agreement dated 16 November 2017) to acquire Ho Fung Shares Investment Limited ("Ho Fung") which is principally engaged in the business of securities broking and is licensed by the Securities and Futures Commission (the "SFC") to carry out Type 1 (dealing in securities) regulated activity under the SFO. The Group has been actively exploring integration opportunities for the Group's existing IT services with the financial services sector includes but not limited to the provision of financing brokerage, asset management, financial leasing and investment management services.

In November 2017, the Company entered into a sale and purchase agreement with Reliable Intelligence Asia Limited (being a wholly-owned subsidiary of the Company), as purchaser, and Taiping Financial Holdings Company Limited (being a wholly-owned subsidiary of China Taiping Insurance Holdings Company Limited ("Taiping")), as vendor, to acquire 50% of the issued share capital in Taiping Securities (HK) Co Limited ("Taiping Securities") (the "Acquisition"). Taiping Securities is principally engaged in the business of securities dealing and broking and securities margin financing and is licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO.

The Acquisition will establish a strategic alliance with Taiping and provide synergies to the brokerage business through integration of skills, knowledge and expertise and expansion of client base. The Group plans to position Taiping Securities to target institutional and large-scale investors while Ho Fung will focus on individual and retail customers. Given the brand name and substantial operating history of Taiping Securities, both the Group and Ho Fung can benefit through sharing of expertise in operations and cross-companies synergies. Furthermore, the clientele and the scale of Taiping Securities' brokerage business may help to establish the Group's corporate profile and recognition in the securities industry. The Directors consider that Taiping will become an invaluable partner in its expansion and development strategy after completion of the acquisition of Taiping Securities. The Group will be able to leverage on Taiping's branding effect, vast network, financial resources and investment expertise to support its growth strategy in China. The Directors consider that the Acquisition will enable the Group to integrate its existing IT expertise with Taiping Securities' financial service in a way that the financial services sector and the existing IT sector together with the big data capabilities of the Group will be synergistic and complementary to each other and will support the Group's stable and sustainable development. If the collaboration with Taiping is a successful breakthrough for the Group, going forward, the Group may consider packaging and promoting its enhanced FinTech products to other financial institutions and/or other business corporations, to increase its presence, market share, branding in Hong Kong and broaden its source of income.

INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

CHANGES IN DIRECTORS' INFORMATION

Changes in the Directors' information which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director		Change(s)
Mr. Bai Xuefei Executive Director	(1)	resigned as an executive Director of Rentian Technology Holdings Limited (a company listed on the Stock Exchange, Stock Code: 885) on 17 July 2018
	(2)	has been appointed as an executive director of Carnival Group International Holdings Limited (a company listed on the Stock Exchange, Stock Code: 996) on 17 July 2018
Mr. Li Wai Kwan Independent non-executive Director	(1)	has been an independent non-executive director of TL Natural Gas Holdings Limited since 28 June 2017 and the shares of which have been listed on GEM of the Stock Exchange (Stock Code: 8536) on 18 May 2018
	(2)	has been appointed as an independent non-executive director of China Greenfresh Group Co., Ltd. (a company listed on the Stock Exchange, Stock Code: 6183) on 20 July 2018

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2018, none of the Directors or chief executives of the Company has any interests or short positions 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 of Hong Kong Limited (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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2018, 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 of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(continued)

Aggregate interest 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)*	Interest of controlled corporations	Long position	208,986,168 (39.69%)
	Person having a security interest in shares	Long position	203,854,292 (38.72%)
Taiping Financial Holdings Company Limited	Beneficial owner	Long position	208,986,168 (39.69%)
("Taiping Financial") *(Note 1)*	Person having a security interest in shares	Long position	203,854,292 (38.72%)
China Insurance Group Finance Company Limited ("China Insurance") *(Note 1)*	Person having a security interest in shares	Long position	203,854,292 (38.72%)
King Pak Fu ("Mr. King") *(Note 2)*	Interest of controlled corporations	Long position	305,329,792 (57.99%)
		Short position	203,854,292 (38.72%)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(continued)

Aggregate interest 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
Sino Wealthy Limited ("Sino Wealthy") *(Note 2)*	Beneficial owner	Long position	42,682,000 (8.11%)
		Short position	17,182,000 (3.26%)
Rentian Technology Holdings Limited ("Rentian") *(Note 2)*	Interest of controlled corporations	Long position	227,006,292 (43.12%)
		Short position	203,854,292 (38.72%)

Notes:

1. 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 of the Company (the "Share(s)") held by Taiping Financial and China Insurance pursuant to the SFO.

2. Mr. King is deemed to be interested in (i) 60,435,500 Shares held through Affluent Start Holdings Investment Limited ("Affluent Start"); (ii) 4,000,000 Shares held through Mystery Idea Limited ("Mystery Idea"); (iii) 11,540,000 Shares held through Elite Mile Investments Limited ("Elite Mile"); (iv) 42,672,000 Shares and 17,182,000 short positions held through Sino Wealthy; and (v) 186,672,292 Shares and 186,672,292 short positions held through Luck Success Development Limited pursuant to the SFO. Each of Affluent Start, Mystery Idea and Elite Mile is wholly-owned by Mr. King. Sino Wealthy is wholly-owned by Bramwood Holdings Limited, both of Bremwood Holdings Limited and Luck Success are wholly-owned by Gauteng Focus Limited, which is wholly-owned by Rentian, the latter is indirectly owned as to 55.97% by Mr. King as at 30 June 2018.

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 2018.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Scheme") at the annual general meeting of the Company held on 26 May 2016. Details of the Scheme are set out in the circular of the Company dated 25 April 2016. Pursuant to the Scheme, the Board may, at its discretion, grant options to any Directors or eligible parties (as defined in the Scheme) for subscription of the Company's shares as incentive to retain talents in the Group. The Company has not granted any option since adoption of the Scheme.

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 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the 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 during the six months ended 30 June 2018.

CORPORATE GOVERNANCE PRACTICES

The Company has all along committed to fulfilling its responsibilities to its shareholders by ensuring that the proper processes for supervision and management of the Group's business are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2018.

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2018, the Company was in compliance with all the relevant code provisions set out in the CG Code except for the deviations from code provisions A.4.1 and D.1.4, which are explained below.

CORPORATE GOVERNANCE PRACTICES (continued)

Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election. The term of appointment of Ms. Hu Gin Ing, an independent non-executive Director, expired in year 2013 and thereafter she was not appointed for a specific term, but she is subject to retirement by rotation at least once in every three years in accordance with the articles of association of the Company (the "Articles").

Code provision D.1.4 of the CG Code requires that, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Lam Kai Tai, Chairman and executive Director, and Ms. Hu Gin Ing, an independent non-executive Director. However, they are subject to retirement by rotation at least once in every three years in accordance with the Articles. In addition, the Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Hu Gin Ing (as chairlady), Mr. Liu Jian and Mr. Li Wai Kwan. The primary duties of the Audit Committee are to review and supervise the financial reporting process, to review the risk management and internal control systems of the Group. The unaudited interim results of the Group for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

By Order of the Board
Enterprise Development Holdings Limited
Mr. Lam Kai Tai
Chairman

Hong Kong, 29 August 2018