ENTERPRISE DEVELOPMENT
HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1808

INTERIM REPORT 2019

CONTENTS

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

Tse Kai Chiu (appointed on 2 April 2019)

AUTHORISED REPRESENTATIVES

Lam Kai Tai
Bai Xuefei (appointed on 2 April 2019)

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 2019 together with comparative figures for the corresponding period in 2018. 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 2019

		Six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**40,483**	83,480
Cost of sales		**(32,076)**	(70,576)
Gross profit		**8,407**	12,904
Other revenue		**159**	1,495
Distribution expenses		**(11,382)**	(12,049)
General and administrative expenses		**(14,722)**	(13,525)
Other operating expenses		**–**	(4)
Loss from operation		**(17,538)**	(11,179)
Finance costs	*5(a)*	**(885)**	(898)
Loss before taxation	*5*	**(18,423)**	(12,077)
Income tax expense	*6*	**–**	(33)
Loss for the period		**(18,423)**	(12,110)
Attributable to:			
Equity shareholders of the Company		**(12,404)**	(8,321)
Non-controlling interests		**(6,019)**	(3,789)
Loss for the period		**(18,423)**	(12,110)
		RMB	*RMB*
Basic and diluted losses per share	*7*	**(0.02)**	(0.02)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss for the period	**(18,423)**	(12,110)
Other comprehensive (expense)/income for the period (after tax)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on transaction of financial statements of overseas operations	**(75)**	236
Reclassification adjustment for exchange reserve released upon disposal of a subsidiary	**–**	(1,034)
	(75)	(798)
Total comprehensive expense for the period	**(18,498)**	(12,908)
Attributable to:		
Equity shareholders of the Company	**(12,511)**	(9,135)
Non-controlling interests	**(5,987)**	(3,773)
Total comprehensive expense for the period	**(18,498)**	(12,908)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	8	**624**	851
Intangible assets		**22,254**	21,011
Right-of-use assets	9	**4,848**	–
Goodwill	10	**19,541**	19,541
Deferred tax assets		**346**	346
		47,613	41,749
Current assets			
Inventories		**937**	937
Contract assets		**18,260**	14,387
Trade and other receivables	11	**201,654**	148,679
Pledged bank deposits		**270**	174
Cash and cash equivalents		**12,840**	96,446
		233,961	260,623
Current liabilities			
Trade and other payables	12	**20,751**	13,209
Contract liabilities		**7,690**	11,133
Lease liability	9	**2,966**	–
Borrowings	13	**17,396**	28,390
Current taxation		**3,898**	4,194
		52,701	56,926
Net current assets		**181,260**	203,697
Total assets less current liabilities		**228,873**	245,446
Non-current liability			
Lease liability	9	**1,925**	–
NET ASSETS		**226,948**	245,446

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 (Unaudited) RMB'000	31 December 2018 (Audited) RMB'000
Capital and reserves			
Share capital	*14*	**44,711**	44,711
Reserves		**94,277**	106,788
Total equity attributable to equity shareholders of the Company		**138,988**	151,499
Non-controlling interests		**87,960**	93,947
TOTAL EQUITY		**226,948**	245,446

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to equity shareholders of the Company								
	Share capital *RMB'000*	Share premium *RMB'000*	Other reserve *RMB'000*	PRC statutory reserve *RMB'000*	Exchange reserve *RMB'000*	Accumulated losses *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
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
Balance at 1 January 2019	**44,711**	**530,446**	**(8,440)**	**8,483**	**22,997**	**(446,698)**	**151,499**	**93,947**	**245,446**
Changes in equity for the six months ended 30 June 2019									
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(12,404)**	**(12,404)**	**(6,019)**	**(18,423)**
Other comprehensive (expenses) income	**-**	**-**	**-**	**-**	**(107)**	**-**	**(107)**	**32**	**(75)**
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**(107)**	**(12,404)**	**(12,511)**	**(5,987)**	**(18,498)**
Balance at 30 June 2019	**44,711**	**530,446**	**(8,440)**	**8,483**	**22,890**	**(459,102)**	**138,988**	**87,960**	**226,948**

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cash used in operations	**(69,357)**	(14,845)
PRC income taxes paid	**(296)**	(483)
Net cash used in operating activities	**(69,653)**	(15,328)
Net cash used in investing activities	**(2,465)**	(1,099)
Net cash (used in) generated from financing activities	**(11,418)**	1,522
Net decrease in cash and cash equivalents	**(83,536)**	(14,905)
Cash and cash equivalents at 1 January	**96,446**	122,971
Effect on exchange rate changes	**(70)**	300
Cash and cash equivalents at 30 June	**12,840**	108,366

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 28 August 2019.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not included 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 2018 that is included in this unaudited interim financial report as being previously reported information does not constitute the Group's financial statements for that financial year but is derived from those financial statements. Financial statements for the year ended 31 December 2018 are available from the Company's principal place of business in Hong Kong. The auditor has expressed an unqualified opinion on those financial statements in their report dated 28 March 2019.

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.

Amendments to IFRSs	Annual improvements to IFRSs 2015-2017 Cycle
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IAS 28	Long-term interest in associates and joint ventures

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 16 in relation to recognition of right-of-use assets and lease liability. Details of the changes in accounting policies are discussed in note 2(b) for IFRS 16.

(b) IFRS 16: Leases

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liability similarly to other financial liabilities. As a consequence, a lessee recognises depreciation (and, if applicable, impairment loss) of the right-of-use asset and interest on the lease liability.

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 16: Leases (continued)

IFRS 16 substantially carries forward the lessor accounting requirements of the superseded IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has reviewed the impact of IFRS 16 on all its contracts that are, or that contain, leases with effect from 1 January 2019. The Group has opted for the modified retrospective application permitted by IFRS 16. Accordingly, IFRS 16 has been applied for the period from 1 January 2019 to 30 June 2019 only (i.e. the initial application period). Modified retrospective application requires the recognition of the cumulative impact of adoption of IFRS 16 on all contracts at 1 January 2019 in equity.

The reconciliation of operating lease commitment to lease liability is set out below:

	(Unaudited) *RMB'000*
Operating lease commitments as at 31 December 2018	1,672
Lease of short-term and low-value assets	(300)
Gross lease liabilities at 1 January 2019	1,372
Discounted operating lease commitments as at 1 January 2019	(44)
Lease liability as at 1 January 2019	1,328

2. CHANGES IN ACCOUNTING POLICIES (continued)

(b) IFRS 16: Leases (continued)

The adjustments resulted from the initial application of IFRS 16 at 1 January 2019 are set out below. The prior period amounts were not adjusted.

	At 31 December 2018 *RMB'000*	Impact on initial application of IFRS 16 *RMB'000*	At 1 January 2019 *RMB'000*
Assets			
Right-of-use assets	–	1,328	1,328
Liabilities			
Lease liability	–	1,328	1,328

Modified retrospective application of IFRS 16 requires the Group to recognise a lease liability at the date of initial application for leases previously classified as an operating lease under the superseded IAS 17 measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. As a practical expedient under IFRS 16, the Group has not reassessed whether a contract is, or contains, a lease at the date of initial application. Instead, the Group applied IFRS 16 to contracts that were previously identified as leases applying IAS 17 and did not apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17. The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics for determination of present value of the remaining lease payments. The right-of-use assets have been recognised, on a lease-by-lease basis, at respective carrying amounts as if IFRS 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate of 5% at the date of initial application.

Based on the practical expedients under IFRS 16, the Group has elected not to apply the requirements of IFRS 16 in respect of recognition of lease liability and right-of-use asset to leases for which the lease term ends within twelve months of the date of initial application.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are mainly organised by business lines. In a manner consistent with the way in which information is reported internally to the Board for the purpose of resource allocation and performance assessment, the Group has presented one major reportable segment during the six months ended 30 June 2019 and 2018.

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

(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 auditor' 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 and additions to non-current segment assets used by the segments in their operations.

3. SEGMENT REPORTING (continued)

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

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 2018: Nil).

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

	Software business		Others		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2019 (Unaudited) *RMB'000*	2018 (Unaudited) *RMB'000*	**2019 (Unaudited) *RMB'000***	2018 (Unaudited) *RMB'000*	**2019 (Unaudited) *RMB'000***	2018 (Unaudited) *RMB'000*
Revenue						
Revenue from external customers	**39,739**	82,865	**744**	615	**40,483**	83,480
Reportable segment revenue	**39,739**	82,865	**744**	615	**40,483**	83,480
Reportable segment (loss)/profit						
Adjusted (loss)/profit before taxation	**(16,519)**	(9,078)	**(32)**	134	**(16,551)**	(8,944)
Interest income from bank deposits	**24**	54	**-**	–	**24**	54
Interest expenses	**(693)**	(717)	**-**	–	**(693)**	(717)
Depreciation and amortisation	**(2,715)**	(1,231)	**(11)**	(18)	**(2,726)**	(1,249)

3. SEGMENT REPORTING (continued)

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

	Software business		Others		Total	
	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*	**30 June 2019 (Unaudited) *RMB'000***	31 December 2018 (Audited) *RMB'000*	**30 June 2019 (Unaudited) *RMB'000***	31 December 2018 (Audited) *RMB'000*
Reportable segment assets	**261,527**	279,322	**15,853**	15,319	**277,380**	294,641
Reportable segment liabilities	**48,899**	50,946	**59**	–	**48,958**	50,946
Additions to non-current segment assets during the period/year	**7,279**	5,966	**-**	–	**7,279**	5,966

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

	Unaudited Six months ended 30 June	
	2019 *RMB'000*	2018 *RMB'000*
Revenue		
Reportable segment revenue	**40,483**	83,480
Consolidated revenue	**40,483**	83,480
Loss before taxation		
Reportable segment loss derived from the Group's external customers	**(16,551)**	(8,944)
Unallocated head office and corporate expenses	**(1,872)**	(3,133)
Consolidated loss before taxation	**(18,423)**	(12,077)

3. SEGMENT REPORTING (continued)

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

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Assets		
Reportable segment assets	**277,380**	294,641
Deferred tax assets	**346**	346
Unallocated head office and corporate assets	**3,848**	7,385
Consolidated total assets	**281,574**	302,372
Liabilities		
Reportable segment liabilities	**48,958**	50,946
Unallocated head office and corporate liabilities	**5,668**	5,980
Consolidated total liabilities	**54,626**	56,926

3. SEGMENT REPORTING (continued)

(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, right-of-use assets 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, right-of-use assets and goodwill.

	Revenue from external customers		**Specified non-current assets**	
	Six months ended 30 June		**30 June**	31 December
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**39,739**	82,865	**47,261**	41,337
Hong Kong	**744**	615	**49**	66
	40,483	83,480	**47,310**	41,403

4. REVENUE

The principal activities of the Group are the provision of integrated business software solutions and trading of listed securities.

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Software maintenance and other services	**38,524**	77,816
Sales of software products and others	**1,215**	5,049
Others	**744**	615
	40,483	83,480

5. LOSS BEFORE TAXATION

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

		Six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interest expenses on borrowings wholly repayable within five years	**784**	898
	Interest expenses on lease liability	**101**	–
		885	898
(b)	**Staff costs**		
	Salaries, wages and other benefits	**13,226**	15,657
	Contributions to defined contribution retirement schemes	**1,455**	703
		14,681	16,360
(c)	**Other items**		
	Cost of inventories	**965**	28
	Amortisation of intangible assets	**1,118**	881
	Depreciation of property, plant and equipment	**262**	380
	Depreciation of right-of-use assets (note 9)	**1,346**	–
	Net (gain) loss on disposal of property, plant and equipment	**(1)**	4
	Minimum lease payments under operating leases	**347**	1,689
	Loss allowance on trade receivables	**–**	184
	Loss allowance on other receivables	**4,723**	–

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 **(Unaudited)** ***RMB'000***	2018 (Unaudited) *RMB'000*
Current tax		
PRC Enterprises Income Tax	**–**	33

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 2019 and 2018 as it was awarded high-technology status by the tax authority.

6. INCOME TAX EXPENSE (continued)

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 2019 and 2018.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 30 June 2019 and 2018.

7. BASIC AND DILUTED LOSSES PER SHARE

The calculation of basic and diluted losses per share for the six months ended 30 June 2019 is based on the loss attributable to ordinary equity shareholders of the Company of approximately RMB12,404,000 (six months ended 30 June 2018: RMB8,321,000) and the weighted average of 526,508,982 (six months ended 30 June 2018: 526,508,982) ordinary shares in issue during the interim period.

There were no dilutive potential ordinary shares in issue as at 30 June 2019 and 2018.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of machinery, equipment and tools with a cost of approximately RMB52,000 (six months ended 30 June 2018: RMB824,000). Item of machinery, equipment and tools with a net book value of approximately RMB18,000 was disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: RMB35,000), resulting in a gain on disposal of approximately RMB1,000 (six months ended 30 June 2018: loss on disposal of RMB4,000).

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Right-of-use assets

	(Unaudited) *RMB'000*
Cost at 1 January 2019	–
Recognition upon effective of IFRS 16	1,328
Additions	4,866
Depreciation provided during the period (note 5)	(1,346)
At 30 June 2019	4,848
Cost	6,194
Accumulated depreciation	(1,346)
	4,848

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITY (continued)

Lease liability

	(Unaudited) *RMB'000*
Maturity analysis – contractual undiscounted cash flows	
Less than one year	2,966
Two to five years	1,925
Total undiscounted lease liability at 30 June 2019	4,891
Analysed as	
Current portion	2,966
Non-current portion	1,925
	4,891

10. GOODWILL

	RMB'000
Cost	
At 31 December 2018, 1 January 2019 and 30 June 2019	19,541
Accumulated impairment loss	
At 31 December 2018, 1 January 2019 and 30 June 2019	–
Carrying amount	
At 30 June 2019 (Unaudited)	**19,541**
At 31 December 2018 (Audited)	19,541

10. GOODWILL (continued)

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

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

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Software business – PRC	**19,541**	19,541

11. TRADE AND OTHER RECEIVABLES

	Notes	**30 June 2019 (Unaudited) *RMB'000***	31 December 2018 (Audited) *RMB'000*
Trade receivables, net of loss allowance	*(a)*	**11,248**	20,371
Loan receivables, net of loss allowance	*(b),(c)*	**14,403**	14,413
Prepayment made to suppliers	*(d)*	**90,268**	94,108
Deposits and other receivables, net of loss allowance		**85,735**	19,787
		201,654	148,679

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

11. TRADE AND OTHER RECEIVABLES (continued)

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:

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Within 1 month	**3,688**	11,181
Over 1 month but less than 3 months	**3,911**	5,399
Over 3 months but less than 1 year	**2,643**	2,462
Over 1 year but less than 2 years	**310**	1,068
Over 2 years	**696**	261
	11,248	20,371

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

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Repayable		
Within 1 month	**–**	–
Over 1 month but less than 3 months	**150**	–
Over 3 months but less than 1 year	**14,253**	14,413
	14,403	14,413

11. TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(c) 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:

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Within 1 month	**–**	–
Over 1 month but less than 3 months	**–**	14,237
Over 3 months but less than 1 year	**14,403**	176
	14,403	14,413

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

12. TRADE AND OTHER PAYABLES

	Note	**30 June 2019 (Unaudited) *RMB'000***	31 December 2018 (Audited) *RMB'000*
Trade creditors	*(a)*	**10,737**	7,992
Non-trade payables and accrued expenses		**9,922**	4,716
Other tax payable		**92**	501
		20,751	13,209

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

Note:

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

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Due within 1 month or on demand	**7,416**	5,103
Due after 1 month but within 3 months	**1,988**	2,719
Due after 3 months but within 6 months	**1,333**	130
Due after 6 months but within 1 year	**–**	40
	10,737	7,992

13. BORROWINGS

	Notes	**30 June 2019 (Unaudited)** ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Unsecured borrowings	*(a)*	**4,396**	4,390
Secured bank loans	*(b)*	**13,000**	24,000
		17,396	28,390

Notes:

(a) Unsecured borrowings

At 30 June 2019, the unsecured borrowing bears interest at 9% (as at 31 December 2018: 9%) per annum and repayable within one year.

(b) Secured bank loans

At 30 June 2019, the secured bank loan of RMB13,000,000 (as at 31 December 2018: RMB24,000,000) bears interest from 4.775% to 4.85% (as at 31 December 2018: 4.775% to 5.655%) per annum. At 30 June 2019, the secured bank loans are secured by corporate guarantee of a PRC subsidiary and certain trade receivables not less than RMB8,000,000 (as at 31 December 2018: RMB8,000,000). All borrowings are repayable within one year or on demand.

14. SHARE CAPITAL

	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
	No. of shares	***HK$***	*No. of shares*	*HK$*
Authorised:				
At beginning of period/year and at end of the period/year Ordinary shares of HK$0.1 each	**10,000,000,000**	**1,000,000,000**	10,000,000,000	1,000,000,000
Issued and fully paid:				
At beginning of period/year and at end of the period/year Ordinary shares of HK$0.1 each	**526,508,982**	**52,650,898**	526,508,982	52,650,898
		RMB equivalent		*RMB equivalent*
		44,711,310		44,711,310

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

As at 30 June 2019 and 31 December 2018, 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 2019 and the year ended 31 December 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

(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 2019 and 31 December 2018.

16. COMMITMENTS

(a) Capital commitments

The Group has capital commitments in respect of capital injection of a subsidiary in the PRC amount to approximately RMB10,000,000 as at 30 June 2019 and 31 December 2018.

(b) 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:

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Less than one year	**372**	1,335
Between one and two years	**–**	337
	372	1,672

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 2019 and 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:

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Short-term employee benefits	**613**	905
Post-employment benefits	**13**	18
	626	923

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2019, the Group recorded a revenue of approximately RMB40,483,000 (six months ended 30 June 2018: RMB83,480,000), of which revenue from (i) software maintenance and other services amounted to approximately RMB38,524,000 (six months ended 30 June 2018: RMB77,816,000); and (ii) sales of software products and others amounted to approximately RMB1,215,000 (six months ended 30 June 2018: RMB5,049,000). The decrease in revenue for the software business was due to the acceleration to the migration from the traditional database to new generation non-structure database by the customers and keen competition in the market for the software industry that involved many large-scale, well-funded and experienced participants.

Gross Profit

For the six months ended 30 June 2019, the Group recorded a gross profit of approximately RMB8,407,000 (six months ended 30 June 2018: RMB12,904,000). The gross profit ratio for the software business of the Group during the period was approximately 19% while that of the corresponding period in 2018 was approximately 15%. The increase in gross profit ratio was mainly due to the increase in proportion for sale of maintenance services provided by our staffs which have higher gross profit margin.

Finance Costs

For the six months ended 30 June 2019, finance costs was approximately RMB885,000 (six months ended 30 June 2018: RMB898,000). The decrease in finance costs was due to the decrease in interest expenses of borrowing.

General and Administrative Expenses

For the six months ended 30 June 2019, the general and administrative expenses of the Group were approximately RMB14,722,000 (six months ended 30 June 2018: RMB13,525,000).

Loss for the Period

For the six months ended 30 June 2019, the Group recorded a loss for the period of approximately RMB18,423,000 (six months ended 30 June 2018: RMB12,110,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2019, the Group maintained cash and cash equivalents amounting to approximately RMB12,840,000 (31 December 2018: RMB96,446,000). As at 30 June 2019, the Group's current ratio was approximately 4.44 times (31 December 2018: 4.58 times); and the Group's net gearing ratio at 30 June 2019 was 2% (31 December 2018: 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 2019 and 31 December 2018, 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 2019.

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 2019.

Subsequent Event

Reference is made to the announcement of the Company dated 1 July 2019 (the "Announcement") in relation to, among others, the acquisition of 50% of the issued share capital of Taiping Securities (HK) Co. Limited involving issue of consideration shares and convertible bonds under specific mandate. As certain conditions precedent under the Sale and Purchase Agreement have not been fulfilled or waived by the Long Stop Date, the Sale and Purchase Agreement lapsed on 28 June 2019 pursuant to the terms thereof and ceases to be of any effect. For details, please refer to the Announcement.

On 21 August 2019, Enterprise Development Investment Holdings Limited ("EDIH"), a wholly-owned subsidiary of the Company as lender, entered into a loan agreement with a connected party, as borrower, pursuant to which EDIH agreed to provide to the connected party a loan in the principal amount of HK$5,900,000 by way of a loan facility at an interest rate of 8% per annum for a term commencing from 21 August 2019 to 20 February 2020. For details, please refer to the announcement of the Company dated 21 August 2019.

Employees and Remuneration Policies

As at 30 June 2019, the Group employed 133 (30 June 2018: 134) 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 2019, there was no significant contingent liability (30 June 2018: Nil).

BUSINESS REVIEW

The Group recorded a revenue of approximately RMB40,483,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB83,480,000), representing a decrease of approximately 52%.

The decrease was due to the acceleration of the migration from the traditional database to new generation non-structure database by the customers and keen competition in the market for the software industry that involved many large-scale, well-funded and experienced participants.

OUTLOOK

We have a large client base in the PRC and we have an experienced technical team which can provide our clients with prompt and effective services and business solutions.

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 significant market share and has a strong brand in this area.

During the first half of 2019, the consolidated revenue of the Group decrease by 52% compared with the same period of 2018. Despite the decrease in revenue, the Group is looking to improve its profit margin in the software maintenance services in order to boost its profitability. Therefore, it is repositioning its products in terms of lowering the cost of sales.

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

INTERIM DIVIDEND

The Directors resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

OTHER INFORMATION

CHANGE 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)
Ms. Hu Gin Ing *Independent non-executive Director*	has been appointed as an independent director of Vigor Kobo Company Limited (a company listed on the Taiwan Stock Exchange, Stock Code: 2733) on 28 June 2019

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2019, 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' INTERESTS IN SHARES

As at 30 June 2019, 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, or who is, directly or indirectly to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

AGGREGATE 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)*	Person having a security interest in shares	Long position	203,854,292 (38.72%)
Taiping Financial Holdings Company Limited *(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%)
Luck Success Development Limited ("Luck Success") *(Note 2)*	Beneficial owner	Long position	186,672,292 (35.45%)
		Short position	186,672,292 (35.45%)
Sino Wealthy Limited ("Sino Wealthy") *(Note 2)*	Beneficial owner	Long position	41,070,000 (7.80%)
		Short position	41,070,000 (7.80%)
Rentian Technology Holdings Limited ("Rentian") *(Note 2)*	Interest of controlled corporations	Long position	226,316,292 (42.98%)
		Short position	226,316,292 (42.98%)

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

Notes:

1. China Insurance is wholly-owned by Taiping Financial Holdings Company Limited ("Taiping Financial"), which in turn is wholly-owned by China Taiping. Therefore, China Taiping is deemed to be interested in the Shares held by Taiping Financial and China Insurance pursuant to the SFO.

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) long position and short positions in the Shares held through Sino Wealthy; and (v) long position and short positions in the Shares held through Luck Success 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 Bremwood 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 2019.

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 2019.

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 2019.

OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2019.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2019, 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, D.1.4 and F.1.1, which are explained below.

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 is 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 of the Board 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.

CORPORATE GOVERNANCE PRACTICES (continued)

Code provision F.1.1 of the CG Code requires that the company secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Mr. Tse Kai Chiu ("Mr. Tse") was appointed as the company secretary of the Company with effect from 2 April 2019 and he is not an employee of the Company. The Company has thus assigned Ms. Tse Nga Ting, the finance manager of the Company, as the contact person with Mr. Tse. Necessary information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Tse through the contact person assigned. Having in place that Mr. Tse will get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Tse as the company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

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 2019.

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, and to review the risk management and internal control systems of the Group. The unaudited interim results of the Group for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

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

Hong Kong, 28 August 2019