

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **ENTERPRISE DEVELOPMENT HOLDINGS LIMITED**

**企展控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 1808)**

### **UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019**

The board (the “Board”) of directors (the “Directors”) of Enterprise Development Holdings Limited (the “Company”) announces 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 results has not been audited but has been reviewed by the Company’s audit committee (the “Audit Committee”).

# UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
<b>Revenue</b>	4	40,483	83,480
Cost of sales		<u>(32,076)</u>	<u>(70,576)</u>
<b>Gross profit</b>		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		<u>–</u>	<u>(4)</u>
<b>Loss from operation</b>		(17,538)	(11,179)
Finance costs	5(a)	<u>(885)</u>	<u>(898)</u>
<b>Loss before taxation</b>	5	(18,423)	(12,077)
Income tax expense	6	<u>–</u>	<u>(33)</u>
<b>Loss for the period</b>		<u><u>(18,423)</u></u>	<u><u>(12,110)</u></u>
<b>Attributable to:</b>			
Equity shareholders of the Company		(12,404)	(8,321)
Non-controlling interests		<u>(6,019)</u>	<u>(3,789)</u>
<b>Loss for the period</b>		<u><u>(18,423)</u></u>	<u><u>(12,110)</u></u>
		<i>RMB</i>	<i>RMB</i>
<b>Basic and diluted losses per share</b>	7	<u><u>(0.02)</u></u>	<u><u>(0.02)</u></u>

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 30 June 2019*

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss for the period</b>	<b>(18,423)</b>	<b>(12,110)</b>
<b>Other comprehensive (expense)/income for the period (after tax)</b>		
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)
	<u>(75)</u>	<u>(798)</u>
<b>Total comprehensive expense for the period</b>	<b><u>(18,498)</u></b>	<b><u>(12,908)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(12,511)	(9,135)
Non-controlling interests	(5,987)	(3,773)
	<u>(18,498)</u>	<u>(12,908)</u>
<b>Total comprehensive expense for the period</b>	<b><u>(18,498)</u></b>	<b><u>(12,908)</u></b>

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

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

		<b>30 June</b>	31 December
		<b>2019</b>	2018
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Capital and reserves</b>			
Share capital	<i>11</i>	<b>44,711</b>	44,711
Reserves		<b>94,277</b>	106,788
		<hr/>	<hr/>
<b>Total equity attributable to equity</b>		<b>138,988</b>	151,499
<b>shareholders of the Company</b>		<b>138,988</b>	151,499
<b>Non-controlling interests</b>		<b>87,960</b>	93,947
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>226,948</b>	245,446
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE UNAUDITED INTERIM RESULTS

For the six months ended 30 June 2019

### 1. BASIS OF PREPARATION

This unaudited interim results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) and were authorized for issue on 28 August 2019.

The unaudited interim results have 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 results in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim results contain 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 unaudited interim results set out in this announcement do not constitute the Group’s financial statements for the six months ended 30 June 2019 but are extracted 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

The IASB has issued the following new international financial reporting standards (“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.

### 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's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted loss before taxation, the Board is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in 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
<b>Revenue</b>						
Revenue from external customers	39,739	82,865	744	615	40,483	83,480
<b>Reportable segment revenue</b>	<b>39,739</b>	<b>82,865</b>	<b>744</b>	<b>615</b>	<b>40,483</b>	<b>83,480</b>
<b>Reportable segment (loss)/profit</b>						
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)
	Software business		Others		Total	
	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
<b>Reportable segment assets</b>	<b>261,527</b>	<b>279,322</b>	<b>15,853</b>	<b>15,319</b>	<b>277,380</b>	<b>294,641</b>
<b>Reportable segment liabilities</b>	<b>48,899</b>	<b>50,946</b>	<b>59</b>	<b>–</b>	<b>48,958</b>	<b>50,946</b>
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	2018
	RMB'000	RMB'000
<b>Revenue</b>		
Reportable segment revenue	40,483	83,480
<b>Consolidated revenue</b>	<u>40,483</u>	<u>83,480</u>
<b>Loss before taxation</b>		
Reportable segment loss derived from the Group's external customers	(16,551)	(8,944)
Unallocated head office and corporate expenses	(1,872)	(3,133)
<b>Consolidated loss before taxation</b>	<u>(18,423)</u>	<u>(12,077)</u>
	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	RMB'000	RMB'000
<b>Assets</b>		
Reportable segment assets	277,380	294,641
Deferred tax assets	346	346
Unallocated head office and corporate assets	3,848	7,385
<b>Consolidated total assets</b>	<u>281,574</u>	<u>302,372</u>
<b>Liabilities</b>		
Reportable segment liabilities	48,958	50,946
Unallocated head office and corporate liabilities	5,668	5,980
<b>Consolidated total liabilities</b>	<u>54,626</u>	<u>56,926</u>

**(c) Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, intangible assets, 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
	<u>40,483</u>	<u>83,480</u>	<u>47,310</u>	<u>41,403</u>

**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
	<u>40,483</u>	<u>83,480</u>

## 5. LOSS BEFORE TAXATION

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

	<b>Six months ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b> <i>RMB'000</i>	<b>(Unaudited)</b> <i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest expenses on borrowings wholly repayable within five years	784	898
Interest expenses on lease liability	101	–
	<u>885</u>	<u>898</u>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	13,226	15,657
Contributions to defined contribution retirement schemes	1,455	703
	<u>14,681</u>	<u>16,360</u>
<b>(c) Other items</b>		
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	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	–
	<u>4,723</u>	<u>–</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
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.

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. TRADE AND OTHER RECEIVABLES

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

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

*Notes:*

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

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

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

- (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:

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

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

## 9. TRADE AND OTHER PAYABLES

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

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:

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

## 10. BORROWINGS

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

## 11. SHARE CAPITAL

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 borrowings.

#### 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.

## **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).

## **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.

## **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 of the CG Code, 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 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.

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, 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**  
**Lam Kai Tai**  
*Chairman*

Hong Kong, 28 August 2019

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Lam Kai Tai (Chairman) and Mr. Bai Xuefei, and three independent non-executive Directors, namely Ms. Hu Gin Ing, Mr. Liu Jian and Mr. Li Wai Kwan.*