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ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

UNAUDITED INTERIM RESULTS

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 2013 together with comparative figures for the corresponding period in 2012. 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 2013
(Expressed in Renminbi)

		Six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
Turnover	*4*	**68,898**	59,838
Cost of sales		**(52,245)**	(50,128)
Gross profit		**16,653**	9,710
Other revenue		**63**	10
Other net losses	*5*	**(891)**	(22,749)
Distribution expenses		**(6,463)**	(5,769)
General and administrative expenses		**(9,153)**	(11,345)
Other operating expenses		**(13)**	(12)
Profit/(loss) from operations		**196**	(30,155)
Finance costs	*6(i)*	**(251)**	(63)

	Notes	Six months ended 30 June	
		2013	2012
		RMB'000	*RMB'000*
Loss before taxation	*6*	**(55)**	(30,218)
Income tax	*7*	**(1,815)**	(1,119)
Loss for the period		**(1,870)**	(31,337)
Attributable to:			
Equity shareholders of the Company		**(4,960)**	(31,337)
Non-controlling interests		**3,090**	–
Loss for the period		**(1,870)**	(31,337)
Loss per share (RMB)	*8*		
Basic		**(0.003)**	(0.029)
Diluted		**(0.003)**	(0.029)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Loss for the period	**(1,870)**	(31,337)
Other comprehensive income for the period (after tax)		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of overseas operations	**143**	319
Total comprehensive expense for the period	**(1,727)**	(31,018)
Attributable to:		
Equity shareholders of the Company	**(4,815)**	(31,018)
Non-controlling interests	**3,088**	–
Total comprehensive expense for the period	**(1,727)**	(31,018)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

(Expressed in Renminbi)

	Notes	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment		**1,822**	2,478
Intangible assets		**5,129**	5,962
Goodwill		**19,541**	19,541
Deferred tax assets		**346**	412
		26,838	28,393
Current assets			
Inventories		**1,270**	1,569
Trade and other receivables	*9*	**104,548**	77,337
Trading securities		**20,748**	25,903
Cash and cash equivalents		**37,616**	17,267
		164,182	122,076
Current liabilities			
Trade and other payables	*10*	**5,335**	5,164
Borrowings		**8,446**	16,000
Income tax payables		**4,348**	4,687
		18,129	25,851
Net current assets		**146,053**	96,225
Total assets less current liabilities		**172,891**	124,618
NET ASSETS		**172,891**	124,618

	Notes	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Capital and reserves			
Share capital	*11*	**13,109**	13,109
Reserves		**98,254**	111,509
Total equity attributable to equity shareholders of the Company		**111,363**	124,618
Non-controlling interests		**61,528**	–
TOTAL EQUITY		**172,891**	124,618

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

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"). It was authorised for issue on 27 August 2013.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 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 2012 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 2012 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 2012 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 25 March 2013.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
- IFRS 10, Consolidated financial statements
- IFRS 11, Joint arrangements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- IAS 19 (Revised 2011), Employee benefits
- Annual Improvements to IFRSs 2009-2011 Cycle
- Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker ("CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. In respect of this amendment, the Group has continued to disclose segment assets and liabilities in note 3.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are mainly organised by business lines and geography. In a manner consistent with the way in which information is reported internally to the Board for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- 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 of securities listed on the Stock Exchange.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include trade 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 profit/(loss) is "adjusted profit/(loss) before taxation". To arrive at adjusted profit/(loss) before taxation, the Group's (loss)/earnings are adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

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		Trading and investment business		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**72,613**	66,191	**503**	–	**73,116**	66,191
Investment income and net loss	**–**	–	**(4,218)**	(6,353)	**(4,218)**	(6,353)
Reportable segment revenue	**72,613**	66,191	**(3,715)**	(6,353)	**68,898**	59,838
Reportable segment profit/(loss) (adjusted profit/(loss) before taxation)	**7,849**	4,886	**(3,742)**	(6,481)	**4,107**	(1,595)

	Software business		Trading and investment business		Total	
	At 30 June 2013	At 31 December 2012	**At 30 June 2013**	At 31 December 2012	**At 30 June 2013**	At 31 December 2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**167,719**	121,694	**20,884**	25,920	**188,603**	147,614
Additions to non-current segment assets during the period/year	**71**	897	**–**	–	**71**	897
Reportable segment liabilities	**15,380**	25,264	**–**	–	**15,380**	25,264

The Group's operations are mostly located in the PRC.

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

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**68,898**	59,838
Loss before taxation		
Reportable segment profit/(loss) before taxation	**4,107**	(1,595)
Unallocated head office and corporate expenses	**(4,162)**	(28,623)
Total	**(55)**	(30,218)

	At 30 June 2013	At 31 December 2012
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**188,602**	147,614
Deferred tax assets	**346**	412
Unallocated head office and corporate assets	**2,072**	2,443
Total	**191,020**	150,469
Liabilities		
Reportable segment liabilities	**15,380**	25,264
Unallocated head office and corporate liabilities	**2,749**	587
Total	**18,129**	25,851

(c) Geographic information

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

	Revenue from external customers		**Specified non-current assets**	
			At	At
	Six months ended 30 June		**30 June**	31 December
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**72,211**	66,191	**26,386**	27,870
Hong Kong	**(3,313)**	(6,353)	**106**	111
	68,898	59,838	**26,492**	27,981

4. TURNOVER

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	
	2013	2012
	RMB'000	*RMB'000*
Software maintenance and other services	**68,267**	64,475
Sales of software products and others	**4,346**	1,716
Net realised and unrealised losses on trading securities	**(3,806)**	(6,353)
Dividend income from listed investments	**91**	–
	68,898	59,838

5. OTHER NET LOSSES

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Net loss on derivative financial instruments	**–**	4,263
Loss on early redemption of promissory note	**–**	18,234
Net exchange loss	**891**	252
	891	22,749

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(i) Finance costs

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	**251**	63

(ii) Staff costs

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**7,549**	5,072
Contributions to defined contribution retirement schemes	**715**	651
	8,264	5,723

(iii) Other items

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Cost of inventories	**1,561**	1,140
Depreciation	**545**	562
Amortisation of intangible assets	**833**	1,553
Operating lease charges in respect of properties	**999**	1,760
Net loss on disposal of property, plant and equipment	**47**	–

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
Current tax – PRC	**1,749**	1,119
Deferred tax	**66**	–
	1,815	1,119

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

No provision for Hong Kong Profits Tax has been made for the period as the Group does not have assessable profits subject to Hong Kong Profits Tax during the period.

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 2013 and 2012 as it was awarded high-technology status by the tax authority.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 30 June 2013.

8. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months ended 30 June 2013 is based on the loss attributable to equity shareholders of the Company of RMB4,960,000 (six months ended 30 June 2012: RMB31,337,000) and the weighted average of 1,467,389,600 ordinary shares (six months ended 30 June 2012: 1,088,378,314 ordinary shares) in issue during the interim period, calculated as follows:

	Six months ended 30 June	
	2013	2012
	Number of shares	Number of shares
Ordinary shares issued at 1 January	**1,467,389,600**	806,158,000
Effect of placing of new shares	**–**	282,220,314
Weighted average number of shares at 30 June	**1,467,389,600**	1,088,378,314

There were no dilutive potential ordinary shares in issue as at 30 June 2013 (30 June 2012: Nil).

9. TRADE AND OTHER RECEIVABLES

		At 30 June 2013	At 31 December 2012
	Notes	***RMB'000***	*RMB'000*
Trade receivables	*(i)*	**45,523**	35,703
Prepayments made to suppliers	*(ii)*	**55,158**	38,157
Deposits and other receivables		**3,867**	3,477
		104,548	77,337

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

Notes:

(i) Included in trade and other receivables are trade receivables with the following ageing analysis as of the end of each reporting period:

Invoice date	**At 30 June 2013** *RMB'000*	At 31 December 2012 *RMB'000*
Within 1 month	**28,660**	16,113
Over 1 month but less than 3 months	**7,315**	15,776
Over 3 months but less than 1 year	**8,830**	1,975
Over 1 year but less than 2 years	**642**	1,761
Over 2 years	**76**	78
	45,523	35,703

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

(iii) There was no provision for impairment losses in respect of trade receivables from third party customers as at 30 June 2013 (as at 31 December 2012: Nil).

10. TRADE AND OTHER PAYABLES

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Trade creditors	**2,138**	2,634
Non-trade payables and accrued expenses	**2,370**	1,504
Other taxes payable	**827**	1,026
	5,335	5,164

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, based on the invoice date, is as follows:

	At 30 June 2013 *RMB'000*	At 31 December 2012 *RMB'000*
Due within 1 month or on demand	**2,065**	–
Due after 1 month but within 3 months	**57**	2,184
Due after 3 months but within 6 months	**–**	5
Due after 6 months but within 1 year	**5**	445
Due after 1 year but within 2 years	**11**	–
	2,138	2,634

11. SHARE CAPITAL

		30 June 2013		31 December 2012	
	Note	***Number of shares***	***Amount HK$***	*Number of shares*	*Amount HK$*
Authorised:					
Ordinary shares of HK$0.01 each		**3,000,000,000**	**30,000,000**	1,000,000,000	10,000,000
Increase in authorised share capital on 10 April 2012	*(i)*	**–**	**–**	2,000,000,000	20,000,000
Ordinary shares at 30 June/31 December		**3,000,000,000**	**30,000,000**	3,000,000,000	30,000,000
Issued and fully paid:					
At 1 January		**1,467,389,600**	**14,673,896**	806,158,000	8,061,580
Shares issued under placing	*(ii)*	**–**	**–**	661,231,600	6,612,316
At 30 June/31 December		**1,467,389,600**	**14,673,896**	1,467,389,600	14,673,896
			RMB equivalent		*RMB equivalent*
			13,109,046		13,109,046

Notes:

(i) Pursuant to an ordinary resolution passed by the Company's shareholders at an extraordinary general meeting held on 10 April 2012, the authorised share capital of the Company was increased from HK$10,000,000 to HK$30,000,000 by the creation of an additional 2,000,000,000 shares of HK$0.01 each.

(ii) Pursuant to a placing agreement dated 27 February 2012, a total of 661,231,600 ordinary shares of HK$0.01 each were issued at the placing price of HK$0.24 per share (the "Placing"). Shares issued under the Placing included 161,231,600 shares under general mandate and 500,000,000 shares under the specific mandate. The Placing has resulted in an increase in the share capital and share premium account by HK$6,612,316 (equivalent to approximately RMB5,369,000) and HK$152,083,268 (equivalent to approximately RMB123,496,000) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Turnover

For the six months ended 30 June 2013, the Group recorded a turnover of approximately RMB68,898,000 (six months ended 30 June 2012: RMB59,838,000), of which turnover from (i) software maintenance and other services amounted to approximately RMB68,267,000 (six months ended 30 June 2012: RMB64,475,000); (ii) sale of software products and others amounted to approximately RMB4,346,000 (six months ended 30 June 2012: RMB1,716,000); (iii) fair value losses of approximately RMB3,806,000 on held for trading investments (six months ended 30 June 2012: RMB6,353,000); and (vi) dividend income of approximately RMB91,000 (six months ended 30 June 2012: Nil).

Gross Profit

For the six months ended 30 June 2013, the Group recorded a gross profit of approximately RMB16,653,000 (six months ended 30 June 2012: RMB9,710,000).

Other Net Loss

For the six months ended 30 June 2013, other net loss was approximately RMB891,000 (six months ended 30 June 2012: RMB22,749,000), which was mainly attributable to (i) no net loss on derivative financial instruments (six months ended 30 June 2012: RMB4,263,000); (ii) no loss on reversal of change in fair value of the Promissory Note in prior years due to the early redemption (six months ended 30 June 2012: RMB18,234,000); and (iii) net exchange loss of approximately RMB891,000 (six months ended 30 June 2012: RMB252,000).

Finance Costs

For the six months ended 30 June 2013, finance cost of interest expenses was approximately RMB251,000 (six months ended 30 June 2012: RMB63,000).

Loss for the Period

For the six months ended 30 June 2013, the Group recorded a loss for the period of approximately RMB1,870,000 (six months ended 30 June 2012: RMB31,337,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2013, the Group maintained cash and cash equivalents amounted to approximately RMB37,616,000 (31 December 2012: RMB17,267,000). As at 30 June 2013, the Group's current ratio was 906% (31 December 2012: 472%); and the Group's net gearing ratio at 30 June 2013 was zero as the Group had no net borrowing or debt (31 December 2012: Nil) (net debt is calculated as total borrowings less cash and cash equivalents).

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 of 30 June 2013, the Group had no pledge of assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings (31 December 2012: Nil).

Capital Structure

The Group adopts a prudent treasury policy. The current ratio (calculated as current assets divided by current liabilities multiplied by 100%) as at 30 June 2013 was 906% (31 December 2012: 472%) and the quick ratio (calculated as balance of current assets less inventories, divided by current liabilities multiplied by 100%) as at 30 June 2013 was 899% (31 December 2012: 466%). The Group continued to monitor stringent debt collection policy so as to minimise the risks of sales on credit and to ensure that funds are timely collected.

Significant Investments

There were no significant investments held by the Group as at 30 June 2013.

Material Acquisition and Disposal of Subsidiaries or Associated Companies

(1) On 5 November 2012, Easy Talent Limited ("Easy Talent"), an indirect wholly-owned subsidiary of the Company before the transaction, and Smart Masterly Limited ("Smart Masterly"), a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of United Electronics Co., Ltd. (a company listed on the Shenzhen Stock Exchange (stock code: 2642), entered into a subscription agreement (the "Subscription Agreement") pursuant to which, Smart Masterly agreed to subscribe and Easy Talent agreed to issue and allot four subscription shares at a total consideration of RMB50,000,000 (equivalent to approximately HK$61,900,000) (the "Deemed Disposal"). The transaction contemplated under the Subscription Agreement constituted a major transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

    The Deemed Disposal was approved by the shareholders of the Company at the extraordinary general meeting held on 3 December 2012 and the completion of the Deemed Disposal took place on 22 January 2013. Since then, Smart Masterly has become the legal and beneficial owner of 40% of the issued share capital in Easy Talent. Easy Talent has remained as an indirect subsidiary of the Company and the Company's interest in Easy Talent has been diluted to 60%.

(2) On 16 May 2013, Cosmic Honour Limited, a direct wholly-owned subsidiary of the Company, and Safedom Technologies Holding Group Limited entered into a non-legally binding memorandum of understanding (the "MOU") (as supplemented by a supplemental letter entered into on 22 August 2013), in relation to the proposed acquisition (the "Proposed Acquisition") of the entire issued share capital in Techno Wing Limited (the "Target Company").

    The Target Group is principally engaged in the manufacturing, sales and marketing of virus-proof condoms and investment in the patents in the PRC.

    The parties intended to enter into a formal agreement for the Proposed Acquisition subject to the terms and conditions as set out in the MOU.

The Proposed Acquisition, if materialise, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and the Company shall comply with the relevant disclosure and/or shareholders' approval requirements under the Listing Rules where appropriate.

Save as disclosed above, the Group has not made any material acquisition or disposal of subsidiaries or associated companies for the six months ended 30 June 2013.

Employees and Remuneration Policies

As at 30 June 2013, the Group employed 103 full time employees (30 June 2012: 90). 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 2013, there was no significant contingent liability (30 June 2012: Nil).

BUSINESS REVIEW

In 2013, China's economic growth slowed in the April to June period coupled with the GDP growth rate dropped to 7.5% from 7.7% in the January to March period. However, the Group recorded a slight increase in turnover of software business segment of 10% from RMB66,191,000 for the six months ended 30 June 2012 to RMB72,613,000 for the six months ended 30 June 2013. The gross profit margin increased from 24% to 28%, which was mainly attributable to the increase in software business segment profits before tax from RMB4,886,000 to RMB7,849,000. The Group provides customised development of applications as a value-added service to customers, and sells self-developed firewall and other software products in the PRC and Hong Kong.

OUTLOOK

Apart from the software business, we are actively searching for other business opportunities so as to diversify our business to bring returns to our shareholders.

INTERIM DIVIDEND

The Directors resolved not to declare an interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: 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 2013.

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 2013.

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 2013.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "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 2013, the Company was in compliance with all the relevant code provisions set out in the CG Code except for the deviations as explained as follows:–

- under code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Zhang Xiaoman, an independent non-executive Director, did not attend the annual general meeting of the Company held on 20 May 2013 ("2013 AGM") due to the engagement in his own official business.

- under code provision D.1.4 of the CG Code, 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 Messrs. King Pak Fu and Jia Bowei. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company. 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 during the six months ended 30 June 2013.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Lam Ting Lok (as chairman), Ms. Hu Gin Ing and Mr. Zhang Xiaoman. The unaudited interim results of the Group for the six months ended 30 June 2013 have been reviewed by the Audit Committee.

By Order of the Board
Enterprise Development Holdings Limited
Jia Bowei
Chairman

Hong Kong, 27 August 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Jia Bowei (Chairman), Mr. Lam Kwan Sing (Chief Executive Officer) and Mr. King Pak Fu, and three independent non-executive Directors, namely Mr. Lam Ting Lok, Ms. Hu Gin Ing and Mr. Zhang Xiaoman.