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 2014

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 2014 together with comparative figures for the corresponding period in 2013. 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 2014
(Expressed in Renminbi)

		Six months ended 30 June	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
Turnover	*4*	**170,521**	68,898
Cost of sales		**(117,286)**	(52,245)
Gross profit		**53,235**	16,653
Other revenue		**35**	63
Other net gain/(loss)		**3**	(891)
Distribution expenses		**(8,889)**	(6,463)
General and administrative expenses		**(19,352)**	(9,153)
Other operating expenses		**(19)**	(13)
Profit from operations		**25,013**	196
Finance costs	*5(i)*	**(332)**	(251)

	Notes	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Profit/(loss) before taxation	*5*	**24,681**	(55)
Income tax expense	*6*	**(1,666)**	(1,815)
Profit/(loss) for the period		**23,015**	(1,870)
Attributable to:			
Equity shareholders of the Company		**20,617**	(4,960)
Non-controlling interests		**2,398**	3,090
Profit/(loss) for the period		**23,015**	(1,870)
Earnings/(loss) per share (RMB)	*7*		
Basic		**0.014**	(0.003)
Diluted		**0.014**	(0.003)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014
(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profit/(loss) for the period	**23,015**	(1,870)
Other comprehensive income for the period (after tax)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of overseas operations	**266**	143
Total comprehensive income/(expense) for the period	**23,281**	(1,727)
Attributable to:		
Equity shareholders of the Company	**20,882**	(4,815)
Non-controlling interests	**2,399**	3,088
Total comprehensive income/(expense) for the period	**23,281**	(1,727)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014
(Expressed in Renminbi)

	Notes	At 30 June 2014 (Unaudited) RMB'000	At 31 December 2013 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		**1,822**	2,177
Intangible assets		**3,239**	4,147
Goodwill		**19,541**	19,541
Pledged bank deposits		**734**	–
Deferred tax assets		**346**	346
		25,682	26,211
Current assets			
Inventories		**1,243**	1,239
Trade and other receivables	*8*	**193,451**	119,277
Trading securities		**51,961**	28,790
Cash and cash equivalents		**17,248**	49,337
		263,903	198,643
Current liabilities			
Trade and other payables	*9*	**60,065**	24,359
Borrowings		**11,327**	5,127
Income tax payables		**4,513**	4,969
		75,905	34,455
Net current assets		**187,998**	164,188
Total assets less current liabilities		**213,680**	190,399
NET ASSETS		**213,680**	190,399
Capital and reserves			
Share capital	*10*	**13,109**	13,109
Reserves		**132,525**	111,643
Total equity attributable to equity shareholders of the Company		**145,634**	124,752
Non-controlling interests		**68,046**	65,647
TOTAL EQUITY		**213,680**	190,399

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

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 26 August 2014.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 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 2013 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 2013 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 2013 are available from the Company's principal place of business in Hong Kong. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2014.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

- Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*

- IFRIC 21, *Levies*

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

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's unaudited interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's unaudited interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on the Group's unaudited interim financial report.

Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's unaudited interim financial report as the Group has not novated any of its derivatives.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's unaudited interim financial report as the guidance is consistent with the Group's existing accounting policies.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) 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 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 earnings/(loss) are adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

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

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current period (six months ended 30 June 2013: 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		Trading and investment business		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**140,703**	72,613	**946**	503	**141,649**	73,116
Investment income and net gains/(losses)	**–**	–	**28,872**	(4,218)	**28,872**	(4,218)
Reportable segment revenue	**140,703**	72,613	**29,818**	(3,715)	**170,521**	68,898
Reportable segment profit/(loss) (adjusted profit/(loss) before taxation)	**7,531**	7,849	**29,789**	(3,742)	**37,320**	4,107
Interest income from bank deposits	**35**	63	**–**	–	**35**	63
Interest expenses	**332**	251	**–**	–	**332**	251
Depreciation and amortisation for the period	**1,548**	1,376	**–**	–	**1,548**	1,376

	Software business		Trading and investment business		Total	
	At 30 June	At 31 December	**At 30 June**	At 31 December	**At 30 June**	At 31 December
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Reportable segment assets	**234,097**	184,491	**51,962**	29,061	**286,059**	213,552
Additions to non-current segment assets during the period/year	**438**	715	**–**	–	**438**	715
Reportable segment liabilities	**65,915**	22,230	**–**	–	**65,915**	22,230

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**170,521**	68,898
Profit/(loss) before taxation		
Reportable segment profit derived from the Group's external customers	**37,320**	4,107
Unallocated head office and corporate expenses	**(12,639)**	(4,162)
Consolidated profit/(loss) before taxation	**24,681**	(55)

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**286,059**	213,552
Deferred tax assets	**346**	346
Unallocated head office and corporate assets	**3,180**	10,956
Consolidated total assets	**289,585**	224,854
Liabilities		
Reportable segment liabilities	**65,915**	22,230
Unallocated head office and corporate liabilities	**9,990**	12,225
Consolidated total liabilities	**75,905**	34,455

(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
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**140,703**	72,211	**24,390**	25,527
Hong Kong	**29,818**	(3,313)	**212**	338
	170,521	68,898	**24,602**	25,865

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	
	2014	2013
	RMB'000	*RMB'000*
Software maintenance and other services	**138,383**	68,267
Sales of software products and others	**2,320**	4,346
Net realised and unrealised gains/(losses) on trading securities	**29,818**	(3,806)
Dividend income from listed investments	**–**	91
	170,521	68,898

5. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

(i) Finance costs

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	**332**	251

(ii) Staff costs

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**12,030**	7,549
Contributions to defined contribution retirement schemes	**926**	715
	12,956	8,264

(iii) Other items

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Cost of inventories	**2,483**	1,561
Depreciation of property, plant and equipment	**771**	545
Amortisation of intangible assets	**908**	833
Operating lease charges in respect of properties	**2,604**	999
Net loss on disposal of property, plant and equipment	**41**	47

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax – PRC	**1,666**	1,749
Deferred taxation	**–**	66
	1,666	1,815

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands 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 2014 and 2013 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 2014.

7. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share for the six months ended 30 June 2014 is based on the profit attributable to equity shareholders of the Company of RMB20,617,000 (six months ended 30 June 2013: loss of approximately RMB4,960,000) and the weighted average of 1,467,389,600 ordinary shares (six months ended 30 June 2013: 1,467,389,600 ordinary shares) in issue during the interim period.

There were no dilutive potential ordinary shares in issue as at 30 June 2014 (as at 30 June 2013: Nil).

8. TRADE AND OTHER RECEIVABLES

	Notes	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Trade receivables	*(i)*	**81,686**	40,092
Prepayments made to suppliers	*(ii)*	**104,035**	72,142
Deposits and other receivables		**7,730**	7,043
		193,451	119,277

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

Notes:

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

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 1 month	**68,656**	22,893
Over 1 month but less than 3 months	**7,045**	11,916
Over 3 months but less than 1 year	**5,190**	4,401
Over 1 year but less than 2 years	**388**	695
Over 2 years	**407**	187
	81,686	40,092

(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 2014 (as at 31 December 2013: Nil).

9. TRADE AND OTHER PAYABLES

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Trade creditors	**45,267**	10,403
Non-trade payables and accrued expenses	**12,412**	13,565
Other taxes payable	**2,386**	391
	60,065	24,359

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

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

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Due within 1 month or on demand	**40,215**	10,386
Due after 1 month but within 3 months	**4,675**	–
Due after 3 months but within 6 months	**366**	–
Due after 6 months but within 1 year	**–**	–
Due after 1 year but within 2 years	**–**	5
Over 2 years	**11**	12
	45,267	10,403

10. SHARE CAPITAL

	30 June 2014		31 December 2013	
	Number of shares	**Amount *HK$***	*Number of shares*	Amount *HK$*
Authorised:				
Ordinary shares of HK$0.01 each at 30 June/31 December	**3,000,000,000**	**30,000,000**	3,000,000,000	30,000,000
Issued and fully paid:				
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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2014, the Group recorded a turnover of approximately RMB170,521,000 (six months ended 30 June 2013: RMB68,898,000), of which turnover from (i) software maintenance and other services amounted to approximately RMB138,383,000 (six months ended 30 June 2013: RMB68,267,000); (ii) sale of software products and others amounted to approximately RMB2,320,000 (six months ended 30 June 2013: RMB4,346,000); (iii) fair value gains of approximately RMB29,818,000 on held for trading investments (six months ended 30 June 2013: losses of approximately RMB3,806,000); and (iv) no dividend income (six months ended 30 June 2013: approximately RMB91,000).

Gross Profit

For the six months ended 30 June 2014, the Group recorded a gross profit of approximately RMB53,235,000 (six months ended 30 June 2013: RMB16,653,000). The gross profit ratio for the software business of the Group during the period was approximately 17% while that of the corresponding period in 2013 was approximately 28%. The decrease in gross profit ratio was mainly due to the marketing strategy for increasing market share in software business.

Other Net Gain

For the six months ended 30 June 2014, other net gain was approximately RMB3,000 (six months ended 30 June 2013: other net loss of approximately RMB891,000), which was mainly attributable to net exchange gain of approximately RMB3,000 (six months ended 30 June 2013: loss of approximately RMB891,000).

Finance Costs

For the six months ended 30 June 2014, finance costs of interest expenses was approximately RMB332,000 (six months ended 30 June 2013: RMB251,000).

General and Administrative Expenses

For the six months ended 30 June 2014, the general and administrative expenses of the Group were approximately RMB19,352,000, representing an increase of approximately 111%, as compared to approximately RMB9,153,000 of the corresponding period in 2013. The increase was mainly due to the substantial increase of staff costs, directors' remuneration and rental expenses of the Group.

Profit for the Period

For the six months ended 30 June 2014, the Group recorded a profit for the period of approximately RMB23,015,000 (six months ended 30 June 2013: loss of approximately RMB1,870,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 30 June 2014, the Group maintained cash and cash equivalents amounted to approximately RMB17,248,000 (31 December 2013: RMB49,337,000). As at 30 June 2014, the Group's current ratio was approximately 3.5 times (31 December 2013: 5.8 times); and the Group's net gearing ratio at 30 June 2014 was zero as the Group had no net borrowing or debt (31 December 2013: 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 2014, except for the pledged bank deposits have been pledged as security for certain contracts with customers, the Group had no pledge of assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings (31 December 2013: Nil).

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

There were no significant investments held by the Group as at 30 June 2014.

Material Acquisition and Disposal of Subsidiaries or Associated Companies

On 27 February 2014, Cosmic Honour Limited ("Cosmic"), a wholly-owned subsidiary of the Company, Safedom Technologies Holding Group Limited ("Safedom"), a company incorporated in the Cayman Islands with limited liability, Mr. Lee Sien (as Safedom's warrantor) and the Company (as Cosmic's warrantor) entered into an acquisition agreement (the "Agreement") pursuant to which, Safedom conditionally agreed to sell and Cosmic conditionally agreed to purchase sale shares and sale debts in Techno Wing Limited at initially an acquisition price of RMB1,155,000,000. The transactions contemplated under the Agreement constituted a very substantial acquisition for the Company and is subject to the approval by the shareholders of the Company.

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 2014.

Employees and Remuneration Policies

As at 30 June 2014, the Group employed 134 (30 June 2013: 103) 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 2014, there was no significant contingent liability (30 June 2013: Nil).

BUSINESS REVIEW

The Group recorded a turnover of approximately RMB170,521,000 for the period ended 30 June 2014 (30 June 2013: RMB68,898,000) due to the increase in sales of Oracle's database products and the continuing growing business in the provision of upgrade and maintenance services for Oracle's database products distributed in the PRC. The Group also provides customised development of applications as a value-added service to customers, and sells self-developed firewall and other software products.

OUTLOOK

We have a large client base in the PRC who use Oracle's databases and an experienced technical team which can provide prompt and effective services and develop services.

Apart from our existing Software Business, we are actively searching for other business opportunities so as to diversify our business to bring return to our shareholders.

In order to maintain the Group's sustainability and preservation of value over the longer term, the Group will continue to look for suitable investment opportunities and projects characterized by stable cash inflows and simple management mechanism.

INTERIM DIVIDEND

The Directors resolved not to declare an interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: 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 2014.

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 (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 2014.

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 2014.

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2014, the Company was in compliance with all code provisions set out in the CG Code except for the deviations from code provisions A.4.1 and D.1.4, which are explained below.

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 the three independent non-executive Directors expired in 2013 and thereafter they are not appointed for a specific term, but they are 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. Jia Bowei, an executive Director and the Chairman of the Company, and Mr. Lam Ting Lok, Ms. Hu Gin Ing and Mr. Zhang Xiaoman, independent non-executive Directors. However, they are subject to retirement by rotation at least once in every three years in accordance with the Articles. In addition, the Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the six months ended 30 June 2014.

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 primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The unaudited interim results of the Group for the six months ended 30 June 2014 have been reviewed by the Audit Committee.

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

Hong Kong, 26 August 2014

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. Wang Jun, and three independent non-executive Directors, namely Mr. Lam Ting Lok, Ms. Hu Gin Ing and Mr. Zhang Xiaoman.