



# **ENTERPRISE DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock Code: 1808)*

Interim Report  
**2014**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Jia Bowei (*Chairman*)

Lam Kwan Sing (*Chief Executive Officer*)

Wang Jun

#### Independent Non-executive Directors

Lam Ting Lok

Hu Gin Ing

Zhang Xiaoman

### COMPANY SECRETARY

Chan Yuen Ying, Stella

### AUTHORISED REPRESENTATIVES

Lam Kwan Sing

Chan Yuen Ying, Stella

### AUDIT COMMITTEE

Lam Ting Lok (*Committee Chairman*)

Hu Gin Ing

Zhang Xiaoman

### REMUNERATION COMMITTEE

Lam Ting Lok (*Committee Chairman*)

Lam Kwan Sing

Hu Gin Ing

Zhang Xiaoman

### NOMINATION COMMITTEE

Lam Ting Lok (*Committee Chairman*)

Lam Kwan Sing

Hu Gin Ing

Zhang Xiaoman

### CORPORATE GOVERNANCE COMMITTEE

Jia Bowei (*Chairman*)

Lam Kwan Sing

Wang Jun

### AUDITORS

HLB Hodgson Impey Cheng Limited

*Certified Public Accountants*

### REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 904-5, 9/F

Great Eagle Centre

23 Harbour Road

Wanchai, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company  
(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1 – 1110

Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

### PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong)  
Limited

### STOCK CODE

1808

### COMPANY WEBSITE

[www.1808.com.hk](http://www.1808.com.hk)

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	
	Notes	2014 RMB'000	2013 RMB'000
<b>Turnover</b>	4	<b>170,521</b>	68,898
Cost of sales		(117,286)	(52,245)
<b>Gross profit</b>		<b>53,235</b>	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)
<b>Profit from operations</b>		<b>25,013</b>	196
Finance costs	5(i)	(332)	(251)
<b>Profit/(loss) before taxation</b>	5	<b>24,681</b>	(55)
Income tax expense	6	(1,666)	(1,815)
<b>Profit/(loss) for the period</b>		<b>23,015</b>	(1,870)

# UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

		Six months ended 30 June	
	Notes	2014 RMB'000	2013 RMB'000
<b>Attributable to:</b>			
Equity shareholders of the Company		20,617	(4,960)
Non-controlling interests		2,398	3,090
<b>Profit/(loss) for the period</b>		<b>23,015</b>	<b>(1,870)</b>
<b>Earnings/(loss) per share (RMB)</b>	7		
Basic		0.014	(0.003)
Diluted		0.014	(0.003)

The notes on pages 10 to 31 form part of this unaudited interim financial report.

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

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

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

The notes on pages 10 to 31 form part of this unaudited interim financial report.

# 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
<b>Non-current assets</b>			
Property, plant and equipment	8	1,822	2,177
Intangible assets		3,239	4,147
Goodwill		19,541	19,541
Pledged bank deposits		734	–
Deferred tax assets		346	346
		<b>25,682</b>	26,211
<b>Current assets</b>			
Inventories		1,243	1,239
Trade and other receivables	9	193,451	119,277
Trading securities		51,961	28,790
Cash and cash equivalents		17,248	49,337
		<b>263,903</b>	198,643
<b>Current liabilities</b>			
Trade and other payables	10	60,065	24,359
Borrowings	11	11,327	5,127
Income tax payables		4,513	4,969
		<b>75,905</b>	34,455
<b>Net current assets</b>		<b>187,998</b>	164,188
<b>Total assets less current liabilities</b>		<b>213,680</b>	190,399

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014  
(Expressed in Renminbi)

		At 30 June 2014 (Unaudited) RMB'000	At 31 December 2013 (Audited) RMB'000
	Notes		
<b>NET ASSETS</b>		<b>213,680</b>	190,399
<b>Capital and reserves</b>			
Share capital	12	13,109	13,109
Reserves		132,525	111,643
<b>Total equity attributable to equity shareholders of the Company</b>		<b>145,634</b>	124,752
<b>Non-controlling interests</b>		<b>68,046</b>	65,647
<b>TOTAL EQUITY</b>		<b>213,680</b>	190,399

The notes on pages 10 to 31 form part of this unaudited interim financial report.



# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital RMB'000 (Note 12)	Share premium RMB'000	Other reserve RMB'000	PRC statutory reserve RMB'000	Exchange reserve RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2013	13,109	128,032	–	1,741	321	(18,585)	124,618	–	124,618
Changes in equity for the six months ended 30 June 2013:									
(Loss)/profit for the period	–	–	–	–	–	(4,960)	(4,960)	3,090	(1,870)
Other comprehensive income/(expense)	–	–	–	–	145	–	145	(2)	143
Total comprehensive income/(expense)	–	–	–	–	145	(4,960)	(4,815)	3,088	(1,727)
Change in ownership interest in a subsidiary without loss of control	–	–	(8,440)	–	–	–	(8,440)	58,440	50,000
Balance at 30 June 2013	13,109	128,032	(8,440)	1,741	466	(23,545)	111,363	61,528	172,891
Balance at 1 January 2014	13,109	128,032	(8,440)	2,959	101	(11,009)	124,752	65,647	190,399
Changes in equity for the six months ended 30 June 2014:									
Profit for the period	–	–	–	–	–	20,617	20,617	2,398	23,015
Other comprehensive income	–	–	–	–	265	–	265	1	266
Total comprehensive income	–	–	–	–	265	20,617	20,882	2,399	23,281
Balance at 30 June 2014	13,109	128,032	(8,440)	2,959	366	9,608	145,634	68,046	213,680

The notes on pages 10 to 31 form part of this unaudited interim financial report.

# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

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

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
<b>Cash used in operations</b>	<b>(34,975)</b>	(20,028)
PRC income taxes paid	(2,122)	(2,088)
<b>Net cash used in operating activities</b>	<b>(37,097)</b>	(22,116)
<b>Net cash (used in)/generated from investing activities</b>	<b>(420)</b>	126
<b>Net cash generated from financing activities</b>	<b>5,156</b>	42,242
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(32,361)</b>	20,252
<b>Cash and cash equivalents at 1 January</b>	<b>49,337</b>	17,267
<b>Effect of foreign exchanges rates changes</b>	<b>272</b>	97
<b>Cash and cash equivalents at 30 June</b>	<b>17,248</b>	37,616

The notes on pages 10 to 31 form part of this unaudited interim financial report.

# 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”).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 1. BASIS OF PREPARATION (continued)

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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 2. CHANGES IN ACCOUNTING POLICIES (continued)

### **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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 2. CHANGES IN ACCOUNTING POLICIES (continued)

### 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:

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 3. SEGMENT REPORTING (continued)

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

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).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 3. SEGMENT REPORTING (continued)

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

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

	Software business		Trading and investment business		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 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)
<b>Reportable segment revenue</b>	<b>140,703</b>	<b>72,613</b>	<b>29,818</b>	<b>(3,715)</b>	<b>170,521</b>	<b>68,898</b>
<b>Reportable segment profit/(loss) (adjusted profit/(loss) before taxation)</b>	<b>7,531</b>	<b>7,849</b>	<b>29,789</b>	<b>(3,742)</b>	<b>37,320</b>	<b>4,107</b>
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



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 3. SEGMENT REPORTING (continued)

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

	Software business		Trading and investment business		Total	
	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000	At 30 June 2014 RMB'000	At 31 December 2013 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 RMB'000	2013 RMB'000
<b>Revenue</b>		
Reportable segment revenue	170,521	68,898
<b>Profit/(loss) before taxation</b>		
Reportable segment profit derived from the Group's external customers	37,320	4,107
Unallocated head office and corporate expenses	(12,639)	(4,162)
<b>Consolidated profit/(loss) before taxation</b>	24,681	(55)

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 3. SEGMENT REPORTING (continued)

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 3. SEGMENT REPORTING (continued)

### (c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, intangible assets 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	
	Six months ended 30 June		At 30 June	At 31 December
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 5. PROFIT/(LOSS) BEFORE TAXATION

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

### (i) Finance costs

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

### (ii) Staff costs

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 5. PROFIT/(LOSS) BEFORE TAXATION (continued)

### (iii) Other items

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 6. INCOME TAX EXPENSE (continued)

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).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of machinery, equipment and tools with a cost of approximately RMB454,000 (six months ended 30 June 2013: RMB71,000). Items of machinery, equipment and tools with a net book value of approximately RMB41,000 were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: RMB181,000), resulting in a loss on disposal of RMB41,000 (six months ended 30 June 2013: RMB47,000).

## 9. 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
		<b>193,451</b>	119,277

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



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 9. TRADE AND OTHER RECEIVABLES (continued)

Notes:

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 10. 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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 11. BORROWINGS

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
<b>Borrowings:</b>		
Unsecured borrowing	1,327	1,127
Secured bank loans	10,000	4,000
	<b>11,327</b>	<b>5,127</b>

At 30 June 2014, the secured bank loans bear interest at 7.2% (as at 31 December 2013: 7.2%) per annum and secured by corporate guarantee of a PRC subsidiary. The unsecured borrowing bears interest at 5% (as at 31 December 2013: 5%) per annum. All borrowings are repayable within one year or on demand.

## 12. SHARE CAPITAL

	30 June 2014		31 December 2013	
	Number of shares	Amount HK\$	Number of shares	Amount HK\$
<b>Authorised:</b>				
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
<b>Issued and fully paid:</b>				
At 30 June/31 December	1,467,389,600	14,673,896	1,467,389,600	14,673,896
		<b>RMB equivalent</b>		<b>RMB equivalent</b>
		13,109,046		13,109,046

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (a) Financial assets and liabilities measured at fair value

#### Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(continued)

### (a) Financial assets and liabilities measured at fair value (continued)

	Fair value at 30 June 2014 RMB'000	Fair value measurements as at 30 June 2014 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Trading securities	51,961	51,961	–	–

	Fair value at 31 December 2013 RMB'000	Fair value measurements as at 31 December 2013 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Trading securities	28,790	28,790	–	–

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 13. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(continued)

### (a) Financial assets and liabilities measured at fair value (continued)

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (as at 31 December 2013: Nil).

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

The Directors consider that the carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 30 June 2014.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 14. COMMITMENTS

### (i) Capital commitments

The Group has no significant capital commitments as at 30 June 2014 and 31 December 2013.

### (ii) Operating lease commitments

At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases in respect of properties were payable as follow:

	At 30 June 2014 <i>RMB'000</i>	At 31 December 2013 <i>RMB'000</i>
Less than one year	4,299	5,475
Between one and two years	2,751	4,164
Between two and three years	740	1,684
	7,790	11,323

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

## 15. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in the unaudited interim financial report, details of transactions between the Group and its related parties are disclosed below:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Non-controlling interests		
– Provision for software maintenance and other services	174	–

### (b) Remuneration to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The compensation of key management personnel is as follow:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Short-term employee benefits	3,502	2,662
Post-employment benefits	52	51
	3,554	2,713



# 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).

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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).

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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,

## MANAGEMENT DISCUSSION AND ANALYSIS

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 (six months ended 30 June 2013: Nil).

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are set out below:

#### Interests and short positions in shares, underlying shares and debentures of the Company

Name of Director	Capacity	Long position/ short position	Number of ordinary shares held	Approximate percentage of the Company's issued ordinary share capital
Mr. King Pak Fu	Interest of controlled corporation	Long position	604,355,000 (Note)	41.19%

*Note:* These 604,355,000 ordinary shares of the Company are held through Affluent Start Holdings Investment Limited ("Affluent Start"), a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. King Pak Fu.

Save as disclosed above, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that other than the interests of the Directors and the chief executives, the following shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

#### (a) Aggregate long position in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares of the Company held	Approximate percentage of shareholding in the Company	Notes
Affluent Start	Beneficial owner	604,355,000	41.19%	1
Superbowl Development Limited ("Superbowl")	Beneficial owner	200,000,000	13.63%	2
Chen Jianjun	Interest of controlled corporation	200,000,000	13.63%	2

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

#### (a) Aggregate long position in the shares and underlying shares of the Company (continued)

Name	Nature of interest	Number of shares of the Company held	Approximate percentage of shareholding in the Company	Notes
Safedom	Beneficial owner	1,670,454,545	113.84%	3
Dehao Limited ("Dehao")	Interest of controlled corporation	1,670,454,545	113.84%	3
Lee Sien	Interest of controlled corporation	1,670,454,545	113.84%	3

*Notes:*

1. The entire issued share capital of Affluent Start is beneficially owned by Mr. King Pak Fu. Therefore, Mr. King is deemed to be interested in these 604,355,000 ordinary shares of the Company held by Affluent Start.
2. The entire issued share capital of Superbowl is beneficially owned by Mr. Chen Jianjun. Therefore, Mr. Chen is deemed to be interested in these 200,000,000 ordinary shares of the Company held by Superbowl.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

#### (a) Aggregate long position in the shares and underlying shares of the Company (continued)

*Notes:* (continued)

3. 1,670,454,545 shares arising from the maximum number of non-voting convertible preference shares of the value of HK\$0.88 each which may be issued to Safedom as consideration for the acquisition as contemplated under the conditional sale and purchase agreement dated 27 February 2014, and shall be convertible into 1,670,454,545 shares of the Company at the initial conversion price of HK\$0.88 (subject to adjustment) per share (details as set out in the announcement of the Company dated 27 February 2014).

Safedom is a company incorporated in the Cayman Islands and is owned as to 81% by Dehao which is in turn wholly-owned by Mr. Lee Sien. Therefore, each of Dehao and Mr. Lee Sien is deemed to be interested in these 1,670,454,545 derivative shares to be held by Safedom.

#### (b) Aggregate short position in the shares and underlying shares of the Company

As at 30 June 2014, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 30 June 2014.



## OTHER INFORMATION

### SHARE OPTION SCHEME

The Company has approved the adoption of the share option scheme (the “Scheme”) on 18 December 2006. Pursuant to the Scheme, the Board may, at its discretion, grant options to any directors or eligible parties (as defined in the Scheme) for subscription of the Company’s shares as incentive to retain talents in the Group. The Company has not granted any option since adoption of the Scheme.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2014.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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 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.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES (continued)

Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election. The term of appointment of 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.

## OTHER INFORMATION

### 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