ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012 AND CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Enterprise Development Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 together with comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Notes	**2012** **RMB'000**	2011 RMB'000
Continuing operations			
Turnover	*3*	**131,995**	128,788
Cost of sales		**(98,777)**	(95,185)
Gross profit		**33,218**	33,603
Other revenue	*4*	**457**	27
Other net (losses)/income	*5*	**(22,749)**	15,458
Distribution expenses		**(12,643)**	(11,790)
General and administrative expenses		**(24,024)**	(18,245)
Other operating expenses		**(27)**	(75)
(Loss)/profit from operations		**(25,768)**	18,978
Finance costs	*6(i)*	**(531)**	–

	Notes	**2012** RMB'000	2011 RMB'000
(Loss)/profit before taxation	*6*	**(26,299)**	18,978
Income tax expense	*7*	**(3,624)**	(2,841)
(Loss)/profit from continuing operations		**(29,923)**	16,137
Discontinued operations			
Loss from discontinued operations (net of income tax)		**–**	(5,214)
(Loss)/profit for the year		**(29,923)**	10,923
Attributable to:			
Equity holders of the Company		**(29,923)**	10,923
(Loss)/profit for the year		**(29,923)**	10,923
Basic and diluted (losses)/earnings per share *(RMB)*			
– from continuing and discontinued operations	*10*	**(0.0233)**	0.01
– from continuing operations	*10*	**(0.0233)**	0.0206
– from discontinued operations	*10*	**–**	(0.01)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

(Expressed in Renminbi Yuan)

	2012	2011
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(29,923)**	10,923
Other comprehensive income for the year (after tax)		
Exchange difference on translation of financial statements of overseas operations	**245**	71
Cash flow hedge: net movement in the hedging reserve	**–**	17,884
Total comprehensive (expense)/income for the year	**(29,678)**	28,878
Attributable to:		
Equity holders of the Company	**(29,678)**	28,878
Total comprehensive (expense)/income for the year	**(29,678)**	28,878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012
(Expressed in Renminbi Yuan)

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		**2,478**	3,284
Intangible assets		**5,962**	8,349
Goodwill	*11*	**19,541**	19,541
Deferred tax assets		**412**	346
		28,393	31,520
Current assets			
Inventories		**1,569**	3,122
Trade and other receivables	*12*	**77,337**	48,128
Derivative financial instruments		**–**	4,263
Trading securities		**25,903**	–
Cash and cash equivalents		**17,267**	10,338
		122,076	65,851
Current liabilities			
Trade and other payables	*13*	**5,164**	5,975
Borrowings		**16,000**	–
Income tax payables		**4,687**	1,953
		25,851	7,928
Net current assets		**96,225**	57,923
Total assets less current liabilities		**124,618**	89,443
Non-current liabilities			
Promissory note	*14*	**–**	59,658
NET ASSETS		**124,618**	29,785
Capital and reserves			
Share capital	*15*	**13,109**	7,740
Reserves		**111,509**	22,045
TOTAL EQUITY		**124,618**	29,785

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

1. BASIS OF PREPARATION

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2012 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standard Board ("IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("the Listing Rules").

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued several 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 IFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

- Amendments to IAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*

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

Amendments to IFRS 7, Financial instruments: Disclosures

The amendments to IFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to IAS 12, Income taxes

Under IAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to IAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, *Investment property,* will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. However, the Group did not have any investment property in previous periods or the current period.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the provision of integrated business software solutions, trading of listed securities, manufacturing and sale of bare copper wires and magnet wires and provision of processing services (note 3(b)). The amount of each significant category of revenue recognised during the year is as follows:

Continuing operations

	2012	2011
	RMB'000	*RMB'000*
Software maintenance and other services	**136,515**	124,965
Sale of software products and others	**4,353**	3,823
Net realised and unrealised losses on trading securities	**(8,873)**	–
	131,995	128,788

Discontinued operations

	2012	From 1 January 2011 to 11 February 2011
	RMB'000	*RMB'000*
Sales of bare copper wires	–	522,166
Sales of magnet wires	–	277,355
Processing services	–	738
	–	800,259

(b) Segment reporting

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

Continuing operations:

- Software business: Provision of integrated business software solutions in the PRC and Hong Kong.

- Trading and investment business: Trading securities listed on The Stock Exchange of Hong Kong Limited.

Discontinued operations:

- Bare copper wires: The manufacturing and sale of bare copper wires and provision of processing services of copper wires.

- Magnet wires: The manufacturing and sale of magnet wires.

(i) 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 manufacturing and sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments, or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment (loss)/profit is the "adjusted (loss)/profit before taxation". To arrive at adjusted (loss)/profit before taxation, the Group's (losses)/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. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 year ended 31 December 2012 is set out below:

	Software business		**Trading and investment business**		**Bare copper wires (Discontinued)**		**Magnet wires (Discontinued)**		**Total**	
						From 1 January 2011 to 11 February		From 1 January 2011 to 11 February		
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**140,868**	128,788	**(719)**	–	**–**	522,904	**–**	277,355	**140,149**	929,047
Investment income and net loss	**–**	–	**(8,154)**	–	**–**	–	**–**	–	**(8,154)**	–
Inter-segment revenue	**–**	–	**–**	–	**–**	204,165	**–**	–	**–**	204,165
Reportable segment revenue	**140,868**	128,788	**(8,873)**	–	**–**	727,069	**–**	277,355	**131,995**	1,133,212
Reportable segment (loss)/ profit (adjusted (loss)/ profit before taxation)	**10,868**	12,038	**(9,073)**	–	**–**	(13,012)	**–**	6,276	**1,795**	5,302
Interest income from bank deposits	**47**	27	**–**	–	**–**	732	**–**	55	**47**	814
Interest expense	**522**	–	**9**	–	**–**	5,771	**–**	4,112	**531**	9,883
Depreciation and amortisation for the year	**4,077**	4,537	**–**	–	**–**	–	**–**	–	**4,077**	4,537
Reportable segment assets	**121,694**	70,684	**25,920**	–	**–**	–	**–**	–	**147,614**	70,684
Additions to non-current segment assets during the year/period	**897**	2,581	**–**	–	**–**	371	**–**	6	**897**	2,958
Reportable segment liabilities	**25,264**	7,072	**–**	–	**–**	–	**–**	–	**25,264**	7,072

The Group's operations are mostly located in the PRC. During the year ended 31 December 2011, a substantial proportions of the Group's products from discontinued operations were sold to its customers for further processing and eventual export to overseas countries.

(ii) Reconciliations of reportable segment revenues, profit, assets and liabilities

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**131,995**	1,133,212
Elimination of inter-segment revenue	**–**	(204,165)
Discontinued operations	**–**	(800,259)
Total	**131,995**	128,788
Profit before taxation		
Reportable segment profit before taxation	**1,795**	5,302
Elimination of inter-segment loss	**–**	2,144
Reportable segment profit derived from the Group's external customers	**1,795**	7,446
Unallocated head office and corporate (expenses)/income	**(28,094)**	7,262
Loss from discontinued operations	**–**	4,270
Total	**(26,299)**	18,978
Assets		
Reportable segment assets	**147,614**	70,684
Elimination of inter-segment receivables	**–**	–
	147,614	70,684
Deferred tax assets	**412**	346
Unallocated head office and corporate assets	**2,443**	26,341
Total	**150,469**	97,371
Liabilities		
Reportable segment liabilities	**25,264**	7,072
Elimination of inter-segment payables	**–**	–
	25,264	7,072
Unallocated head office and corporate liabilities	**587**	60,514
Total	**25,851**	67,586

(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**	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**140,665**	1,133,212	**27,870**	31,046
Hong Kong	**(8,670)**	–	**99**	128
	131,995	1,133,212	**27,969**	31,174

For the year ended 31 December 2012, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2011: Nil).

4. OTHER REVENUE

Continuing operations

	2012	2011
	RMB'000	*RMB'000*
Interest income from bank deposits	**47**	27
Government grants	**410**	–
	457	27

Discontinued operations

	2012	From 1 January 2011 to 11 February 2011
	RMB'000	*RMB'000*
Interest income	**–**	1,170
Others	**–**	14
	–	1,184

5. OTHER NET (LOSSES)/INCOME

Continuing operations

	2012	2011
	RMB'000	*RMB'000*
Net loss on derivative financial instruments	**(4,263)**	(2,167)
Change in fair value of promissory note *(note 14)*	**–**	17,629
Loss on early redemption of promissory note *(note 14)*	**(18,234)**	–
Net exchange loss	**(252)**	(4)
	(22,749)	15,458

Discontinued operations

	2012	From 1 January 2011 to 11 February 2011
	RMB'000	*RMB'000*
Net exchange gain	**–**	1,712
Loss on sales of scrap materials	**–**	(314)
Net gain on derivative financial instruments	**–**	518
	–	1,916

6. (LOSS)/PROFIT BEFORE TAXATION

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

(i) Finance costs

Continuing operations

	2012	2011
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	**531**	–

Discontinued operations

	2012	From 1 January 2011 to 11 February 2011
	RMB'000	*RMB'000*
Interest expenses	**–**	9,883
Letter of credit charges	**–**	1,141
	–	11,024

(ii) Staff costs

	Continuing operations		**Discontinued operations**	
	2012	2011	**2012**	From 1 January 2011 to 11 February 2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Salaries, wages and other benefits	**13,959**	12,931	**–**	3,942
Contributions to defined contribution retirement schemes	**1,348**	533	**–**	398
	15,307	13,464	**–**	4,340

(iii) Other items

Continuing operations

	2012	2011
	RMB'000	*RMB'000*
Cost of inventories	**2,976**	2,323
Auditors' remuneration – audit services	**731**	1,200
Depreciation	**1,690**	932
Amortisation of intangible assets	**2,387**	3,605
Impairment losses for stock	**263**	1,183
Operating lease charges in respect of properties	**2,544**	3,092

Discontinued operations

		From 1 January 2011 to 11 February
	2012	2011
	RMB'000	*RMB'000*
Cost of inventories	**–**	789,299
Operating lease charges in respect of properties	**–**	49

7. INCOME TAX EXPENSE

(i) Income tax expense in the consolidated income statement represents:

	Continuing operations		Discontinued operations	
				From 1 January 2011 to 11 February
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current tax – PRC				
– Provision for the year	**(3,690)**	(3,019)	**–**	(1,655)
Deferred tax				
– Origination and reversal of temporary difference	**66**	178	**–**	711
	(3,624)	(2,841)	**–**	(944)

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 year as the Group does not have assessable profits subject to Hong Kong Profits Tax during the year.

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. ("Beijing OLM") is entitled to a preferential income tax rate of 15% for 2012 and 2011 as it was awarded high-technology status by the tax authority.

According to the Corporate Income Tax Law of the PRC and Circular Guoshuifa [2007] No. 39 "Notice on Corporate Income Tax Rate for the Transitional Period", the income tax rates applicable to Tai-I Jiang Corp (Guangzhou) Co., Ltd. ("Tai-I Jiang Corp"), and Tai-I Copper (Guangzhou) Co., Ltd. ("Tai-I Copper") are increasing from 15% to 25% over a five year transitional period, being 20% for 2009, 22% for 2010, 24% for 2011 and 25% from 2012.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 31 December 2012.

(ii) **Reconciliation between income tax credit and accounting (loss)/profit at applicable tax rates:**

	Continuing operations		Discontinued operations	
				From 1 January 2011 to 11 February
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(Loss)/profit before taxation	**(26,299)**	18,978	**–**	(4,270)
Notional tax on (loss)/profit before tax, calculated at rate applicable to the Group's (loss)/profit in the tax jurisdiction concerned (Continuing operations: 2012 and 2011: 25%; Discontinued operations: 2011: 24%)	**6,575**	(4,745)	**–**	1,025
Effect of tax on (loss)/profit in holding companies	**(3,742)**	1,734	**–**	(2,170)
Effect on non-deductible expenses	**(5,228)**	(152)	**–**	(13)
Effect of change in tax rate	**–**	–	**–**	214
Effect of tax loss not recognised	**(2,348)**	–	**–**	–
Effect of tax concessions	**1,119**	322	**–**	–
	(3,624)	(2,841)	**–**	(944)

8. DISCONTINUED OPERATIONS

On 8 November 2010, the Company's holding company (Tai-I International (BVI) Limited ("Tai-I BVI")), Affluent Start Holdings Investment Limited ("Affluent Start"), Mr. Hsu Shou-Hsin, Mr. King Pak Fu and the Company entered into a share transfer and the subscription agreement (the "Agreement"), pursuant to which Affluent Start agreed to acquire 195,487,000 shares of the Company from Tai-I BVI, representing approximately 32.79% of the then issued share capital of the Company, and subscribe for 210,000,000 new shares at a cash consideration of HK$0.06 per share of the Company, representing approximately 35.23% of the then issued share capital of the Company and approximately 26.05% of the issued share capital of the Company as enlarged by the subscription of new shares. Completion of the Agreement was subject to the completion of a proposal to restructure the Company and its subsidiaries (the "Group Restructuring").

Following the completion of the Group Restructuring and the Agreement, the Company distributed all of its Tai-I Bermuda's shares to the shareholders of the Company on a pro rata basis ("Distribution In Specie") on 11 February 2011.

The results of the Tai-I International Bermuda Co., Limited ("Tai-I Bermuda") and its subsidiaries which constitute discontinued operations during the period from 1 January 2011 and 11 February 2011 are set out below:

	Notes	**2012** **RMB'000**	From 1 January 2011 to 11 February 2011 *RMB'000*
Turnover	*3*	**–**	800,259
Cost of sales		**–**	(789,299)
Gross profit		**–**	10,960
Other revenue	*4*	**–**	1,184
Other net income	*5*	**–**	1,916
Distribution expenses		**–**	(2,321)
General and administrative expenses		**–**	(2,944)
Other operating expenses		**–**	(2,041)
Profit before operations		**–**	6,754
Finance costs	*6(i)*	**–**	(11,024)
Loss before taxation		**–**	(4,270)
Income tax expenses	*7(i)*	**–**	(944)
Loss for the period		**–**	(5,214)

Cash flows from discontinued operations

	2012 *RMB'000*	From 1 January 2011 to 11 February 2011 *RMB'000*
Net cash used in operating activities	–	(278,696)
Net cash used in investing activities	–	(230,500)
Net cash from financing activities	–	519,029
Net cash flows for the period	–	9,833

	2011 *RMB'000*
Net outflow of cash and cash equivalents in respect of Distribution In Specie	(221,918)

9. DIVIDENDS

	2012 *RMB'000*	2011 *RMB'000*
Distribution In Specie	–	719,323

Pursuant to the approval by the shareholders of the Company at the extraordinary general meeting held on 8 February 2011, a non-cash special dividend satisfied by way of the Distribution In Specie was effected. Tai-I Bermuda's shares were distributed by the Company in the proportion of one Tai-I Bermuda's share for every ordinary share in the Company held by the shareholders recorded on the register of members of the Company as at the close of business on 8 February 2011. An aggregate of 596,158,000 Tai-I Bermuda's shares were distributed by the Company pursuant to the Distribution In Specie.

10. BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE

The calculation of the basic and diluted (losses)/earnings per share for the year ended 31 December 2012 is based on the loss attributable to equity holders of the Company of RMB29,923,000 (2011: a profit of RMB10,923,000) and the weighted average of 1,282,909,798 (2011: 782,568,959) shares in issue during the year, calculated as follows:

(i) (Loss)/profit attributable to equity shareholders of the Company

	2012	2011
	RMB'000	*RMB'000*
(Loss)/profit for the year from continuing operations	**(29,923)**	16,137
Loss for the year from discontinued operations	**–**	(5,214)
(Loss)/profit for the year attributable to equity holders of the Company	**(29,923)**	10,923

(ii) Weighted average number of shares

	2012	2011
	Number of shares	*Number of shares*
Ordinary shares issued at 1 January	**806,158,000**	596,158,000
Effect of placing of new shares	**476,751,798**	–
Effect of new shares issued	**–**	186,410,959
Weighted average number of shares at 31 December	**1,282,909,798**	782,568,959

There were no dilutive potential ordinary shares in issue as at 31 December 2012 (2011: Nil).

11. GOODWILL

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the group's cash-generating units ("CGU") identified according to country of operation and operating segment as follows:

	2012	2011
	RMB'000	*RMB'000*
Software business – PRC	**19,541**	19,541

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3%. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 25.98%. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

During the year ended 31 December 2012, management of the Group determined that there was no impairment of goodwill.

12. TRADE AND OTHER RECEIVABLES

		2012	2011
	Note	***RMB'000***	*RMB'000*
Trade receivables	*(i)*	**35,703**	20,419
Prepayments made to suppliers	*(ii)*	**38,157**	24,551
Deposits and other receivables		**3,477**	3,158
		77,337	48,128

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

(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	**2012** *RMB'000*	2011 *RMB'000*
Within 1 month	**16,113**	7,088
Over 1 month but less than 3 months	**15,776**	9,915
Over 3 months but less than 1 year	**1,975**	3,166
Over 1 year but less than 2 years	**1,761**	164
Over 2 years	**78**	86
	35,703	20,419

(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 at 31 December 2012 (2011: Nil).

(iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2012 *RMB'000*	2011 *RMB'000*
Neither past due nor impaired	**11,393**	2,541
Less than 1 month past due	**18,635**	9,502
1 to 3 months past due	**2,721**	5,528
Over 3 months to 1 year past due	**1,515**	2,637
Over 1 year to 2 years past due	**1,407**	164
Over 2 years past due	**32**	47
	24,310	17,878
	35,703	20,419

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade creditors	**2,634**	2,170
Non-trade payables and accrued expenses	**1,504**	3,061
Other taxes/payable	**1,026**	744
	5,164	5,975

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:

	2012	2011
	RMB'000	*RMB'000*
Due within 3 months or on demand	**2,184**	2,170
Due after 3 months but within 6 months	**5**	–
Due after 6 months but within 1 year	**445**	–
	2,634	2,170

14. PROMISSORY NOTE

In connection with the acquisition of Liang Hui Holdings Limited and its subsidiaries on 10 September 2010, Winsino Investments Limited ("Winsino"), a wholly-owned subsidiary of the Company, issued a non-transferrable, interest-free promissory note with a principal amount of HK$96,000,000 to Advance Mode Limited ("Advance Mode"), which is wholly owned by Mr. Lo Kai Bong (a former executive Director resigned on 13 February 2012).

On 31 December 2011, Advance Mode and Winsino entered into an agreement, pursuant to which the maturity date of the promissory note was extended for a period of 24 months from 10 March 2012. No interest shall be payable on all or any portion of the promissory note outstanding at any time during this period.

In the financial statements for the year ended 31 December 2011, the promissory note had been designated by the Company as being at fair value through profit or loss on its initial recognition. The estimate of the fair value of the promissory note was measured by using the discounted cash flow model based on the estimated future cash flows of the promissory note and the applicable discount rate. The estimated future cash flows were determined based on the contracted terms of the promissory note while the discount rate used as of 31 December 2011 of 12.88% was estimated with reference to published rates of comparable businesses.

The fair value of the promissory note on the date of its issue on 10 September 2010 was approximately RMB77,137,000 and its fair value as at 31 December 2011 was approximately RMB59,658,000. An unrealised gain of RMB17,629,000 arising from the changes in fair value of the promissory note is recognised in the profit or loss for the year ended 31 December 2011. The Group early redeemed the promissory note and recognised a loss of approximately RMB18,234,000 for the year ended 31 December 2012.

15. SHARE CAPITAL

		2012		2011	
	Note	***Number of shares***	***Amount HK$***	*Number of shares*	*Amount HK$*
Authorised:					
Ordinary shares of HK$0.01 each		**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000
Increase in authorised share capital on 10 April 2012	*(i)*	**2,000,000,000**	**20,000,000**	–	–
		3,000,000,000	**30,000,000**	1,000,000,000	10,000,000
Issued and fully paid:					
At 1 January		**806,158,000**	**8,061,580**	596,158,000	5,961,580
Shares issued under placing	*(ii)*	**661,231,600**	**6,612,316**	–	–
Shares issued	*(iii)*	**–**	**–**	210,000,000	2,100,000
At 31 December		**1,467,389,600**	**14,673,896**	806,158,000	8,061,580
			RMB equivalent		*RMB equivalent*
			13,109,046		7,739,650

(i) ***Increase in authorised share capital***

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) ***Shares issued under placing***

Pursuant to a placing agreement dated on 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 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.

(iii) ***Shares issued***

Following the completion of the Agreement on 11 February 2011, the Company issued 210,000,000 new shares at HK$0.06 each to Affluent Start. The subscription has resulted in an increase in the share capital and share premium account by HK$2,100,000 (equivalent to approximately RMB1,778,000) and HK$10,500,000 (equivalent to approximately RMB8,890,000) respectively.

16. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

On 5 November 2012, Easy Talent Limited ("Easy Talent"), an indirect wholly-owned subsidiary of the Company, entered into a share subscription agreement with Smart Masterly Limited (the "Investor"), pursuant to which the Investor subscribed for 40% of the issued share capital of Easy Talent as enlarged by the subscription shares for a total consideration of RMB50,000,000. The subscription had been completed on 22 January 2013 and the equity interest held by the Group in Easy Talent was diluted from 100% to 60% of the enlarged issued shares capital of Easy Talent. Such dilution of interest in Easy Talent constituted a deemed disposal of Easy Talent under Rule 14.29 of the Listing Rules. Easy Talent has remained as an indirect subsidiary of the Company upon the completion of the share subscription.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Turnover

For the year ended 31 December 2012, the Group recorded a turnover of approximately RMB131,995,000 (2011: RMB128,788,000), of which turnover from (i) software maintenance and other services amounted to approximately RMB136,515,000 (2011: RMB124,965,000); (ii) sale of software products and others amounted to approximately RMB4,353,000 (2011: RMB3,823,000); and (iii) net realised and unrealised losses of approximately RMB8,873,000 (2011: Nil) on trading and investments.

Gross Profit

For the year ended 31 December 2012, the Group recorded a gross profit of approximately RMB33,218,000 (2011: RMB33,603,000).

Other Net Loss

For the year ended 31 December 2012, other net loss was approximately RMB22,749,000 (2011: net income of RMB15,458,000), which was mainly attributable to (i) net loss of approximately RMB4,263,000 (2011: loss of RMB2,167,000) on derivative financial instruments; (ii) no change in fair value of promissory note (2011: gain of RMB17,629,000); (iii) loss of approximately RMB18,234,000 (2011: Nil) on reversal of change in fair value of the promissory note in prior years due to the early redemption; and (iv) net exchange loss of approximately RMB252,000 (2011: loss of RMB4,000).

Finance Costs

For the year ended 31 December 2012, finance cost of interest expenses was approximately RMB531,000 (2011: Nil).

Loss for the Year

For the year ended 31 December 2012, the Group recorded a loss for the year of approximately RMB29,923,000 (2011: profit of RMB10,923,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 31 December 2012, the Group maintained cash and cash equivalents amounted to approximately RMB17,267,000 (31 December 2011: RMB10,338,000). As at 31 December 2012, the Group's current ratio was approximately 472.23% (31 December 2011: 830.61%); and the Group's net gearing ratio as at 31 December 2012 was -0.85% (31 December 2011: 50.65%) (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 at 31 December 2012, the Group had no pledge of assets and bank deposits in order to obtain general banking facilities or short-term bank borrowings (31 December 2011: Nil).

Redemption of Promissory Note

On 31 December 2011, Winsino, a wholly-owned subsidiary of the Company, entered into an agreement with Advance Mode, a company wholly-owned by Mr. Lo Kai Bong (a former executive Director resigned on 13 February 2012), pursuant to which the promissory note with a principal amount of HK$96,000,000 issued by Winsino in favour of Advance Mode (the "Promissory Note") was extended for a period of 24 months from 10 March 2012 with no interest payable.

The Group early redeemed the Promissory Note and recognised a loss on reversal of change in fair value of the Promissory Note in prior years due to the early redemption of the Promissory Note of approximately RMB18,234,000 for the year ended 31 December 2012 (2011: 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 the promissory note, 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 year.

On 27 February 2012, the Company entered into a placing agreement with the placing agent for the placing of: (i) up to 161,231,600 new shares to not less than six placees at the placing price of HK$0.24 per placing share under the general mandate to issue new shares granted to the Directors at the annual general meeting of the Company held on 16 May 2011. The said placing was completed on 5 March 2012 and the Company issued and allotted 161,231,600 new shares and raised net proceeds of approximately HK$37 million for the Group's general working capital needs; and (ii) up to 500,000,000 new shares to not less than six placees at the placing price of HK$0.24 per share which is subject to the fulfillment of conditions including the passing of an ordinary resolution by the shareholders of the Company for the issue and allotment of the said shares and the increase in the authorised share capital of the Company. Shareholders' approval was obtained pursuant to an ordinary resolution passed in the extraordinary general meeting of the Company held on 10 April 2012. Net proceeds of approximately HK$115.8 million were raised and were used to reduce the indebtedness of the Group and finance the Group's general working capital needs.

Pursuant to a resolution passed by the Company's shareholders on 10 April 2012, the authorised share capital of the Company was increased from HK$10,000,000 comprising 1,000,000,000 shares of HK$0.01 each to HK$30,000,000 divided into 3,000,000,000 shares by the creation of an additional 2,000,000,000 shares of HK$0.01 each.

Significant Investments

There was no significant investment held by the Group as at 31 December 2012.

Material Acquisition and Disposal of Subsidiaries or Associated Companies

On 5 November 2012, Easy Talent, an indirect wholly-owned subsidiary of the Company, and Smart Masterly Limited ("Smart Masterly"), a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of United Electronics Co., Ltd entered into a subscription agreement ("Subscription Agreement") pursuant to which, Smart Masterly agreed to subscribe and Easy Talent agreed to allot and issue four subscription shares at the 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 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%.

Save as disclosed above, the Group has not made any other material acquisition or disposal of subsidiaries or associated companies for the year ended 31 December 2012.

Employees and Remuneration Policies

As at 31 December 2012, the Group employed 100 full time employees (31 December 2011: 100). The remuneration package of employees is determined by reference to their performance, experience, their 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 31 December 2012, there was no significant contingent liability (31 December 2011: Nil).

Final Dividend

The Board did not recommend a final dividend for the year ended 31 December 2012 (2011: Nil).

Business Review

The Group recorded a turnover of RMB131,995,000 for the year ended 31 December 2012 (2011: RMB128,788,000) due to 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 in the PRC and Hong Kong.

Outlook and Future Business Strategies

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 in the PRC and Hong Kong.

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 characterised by stable cash inflows and simple management mechanism.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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 enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code during the year ended 31 December 2012.

Corporate Governance Practices

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Former CG Code") as set out in Appendix 14 to the Listing Rules, which came into effect on 1 January 2005 and was revised and renamed as Corporate Governance Code and Corporate Governance Report (the "New CG Code") with effect from 1 April 2012.

During the year ended 31 December 2012, the Company was in compliance with all the code provisions set out in the Former CG Code and the New CG Code except for (i) the deviation from code provision E.1.2 in the Former CG Code and New CG Code; and (ii) the deviations from code provisions A.6.7 and D.1.4 of the New CG Code, which are explained below:

Code provision E.1.2 of the Former CG Code and the New CG Code requires that the chairman of the Board should attend the annual general meeting of the Company. Mr. King Pak Fu, the Chairman of the Board, did not attend the 2012 annual general meeting of the Company as he was on a business trip. However, he has actively participated in the Board meetings to get involved in the Company's affairs.

Code provision A.6.7 of the New CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Lam Ting Lok, an independent non-executive Director, did not attend the extraordinary general meeting of the Company held on 10 April 2012, while Ms. Hu Gin Ing, an independent non-executive Director, did not attend the extraordinary general meeting of the Company held on 3 December 2012, both due to their engagement in their own official business.

Under code provision D.1.4 of the New 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, Jia Bowei and Tsang To. However, the Directors shall be subject to retirement by rotation at least once 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 Former CG Code and the New CG Code during the year ended 31 December 2012.

Audit Committee

The Company established the Audit Committee on 18 December 2006 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three independent non-executive Directors of the Company, Mr. Lam Ting Lok (as chairman), Ms. Hu Gin Ing and Mr. Zhang Xiaoman.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2012.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board also announces that the principal place of business in Hong Kong has been changed to Suites 904-5, 9/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong with immediate effect.

By Order of the Board
Enterprise Development Holdings Limited
King Pak Fu
Chairman

Hong Kong, 25 March 2013

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