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 2013

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 (collectively referred to as the "Group") for the year ended 31 December 2013 together with comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013
(Expressed in Renminbi)

	Notes	**2013** **RMB'000**	2012 *RMB'000*
Turnover	*3*	**181,267**	131,995
Cost of sales		**(122,161)**	(98,777)
Gross profit		**59,106**	33,218
Other revenue	*4*	**201**	457
Other net losses	*5*	**(891)**	(22,749)
Distribution expenses		**(15,433)**	(12,643)
General and administrative expenses		**(22,493)**	(24,024)
Other operating expenses		**(20)**	(27)
Profit/(loss) from operations		**20,470**	(25,768)
Finance costs	*6(i)*	**(443)**	(531)
Profit/(loss) before taxation	*6*	**20,027**	(26,299)
Income tax expense	*7*	**(4,022)**	(3,624)
Profit/(loss) for the year		**16,005**	(29,923)
Attributable to:			
Equity shareholders of the Company		**8,794**	(29,923)
Non-controlling interests		**7,211**	–
Profit/(loss) for the year		**16,005**	(29,923)
Basic and diluted earnings/(losses) per share *(RMB)*	*9*	**0.0060**	(0.0233)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013
(Expressed in Renminbi)

	2013	2012
	RMB'000	*RMB'000*
Profit/(loss) for the year	**16,005**	(29,923)
Other comprehensive (expenses)/income for the year (after tax)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of overseas operations	**(224)**	245
Total comprehensive income/(expenses) for the year	**15,781**	(29,678)
Attributable to:		
Equity shareholders of the Company	**8,574**	(29,678)
Non-controlling interests	**7,207**	–
Total comprehensive income/(expenses) for the year	**15,781**	(29,678)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013
(Expressed in Renminbi)

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**2,177**	2,478
Intangible assets		**4,147**	5,962
Goodwill		**19,541**	19,541
Deferred tax assets		**346**	412
		26,211	28,393
Current assets			
Inventories		**1,239**	1,569
Trade and other receivables	*10*	**119,277**	77,337
Trading securities		**28,790**	25,903
Cash and cash equivalents		**49,337**	17,267
		198,643	122,076
Current liabilities			
Trade and other payables	*11*	**24,359**	5,164
Borrowings		**5,127**	16,000
Income tax payables		**4,969**	4,687
		34,455	25,851
Net current assets		**164,188**	96,225
Total assets less current liabilities		**190,399**	124,618
Net assets		**190,399**	124,618
Capital and reserves			
Share capital	*12*	**13,109**	13,109
Reserves		**111,643**	111,509
Total equity attributable to equity shareholders of the Company		**124,752**	124,618
Non-controlling interests		**65,647**	–
Total equity		**190,399**	124,618

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2013 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 IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

2. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards.

IFRS 13, Fair value measurement

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

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented.

Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7 during the periods presented.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are the provision of integrated business software solutions and trading of listed securities (note 3(b)). The amount of each significant category of revenue recognised during the year is as follows:

	2013	2012
	RMB'000	*RMB'000*
Software maintenance and other services	**160,559**	136,515
Sale of software products and others	**7,812**	4,353
Net realised and unrealised gains/(losses) on trading securities	**12,896**	(8,873)
	181,267	131,995

(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 purpose of resource allocation and performance assessment, the Group has presented the following 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 of Hong Kong Limited.

(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 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/(losses) 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 year (2012: Nil).

Information regarding the Group's reportable segments as provided to the Board for the purpose of resources allocation and assessment of segment performance for the year ended 31 December 2013 and 2012 is set out below.

	Software business		**Trading and investment business**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**168,371**	140,868	**2,023**	(719)	**170,394**	140,149
Investment income and net losses	**–**	–	**10,873**	(8,154)	**10,873**	(8,154)
Reportable segment revenue	**168,371**	140,868	**12,896**	(8,873)	**181,267**	131,995
Reportable segment profit/(loss)	**20,499**	10,868	**12,841**	(9,073)	**33,340**	1,795
Interest income from bank deposits	**199**	47	**–**	–	**199**	47
Interest expense	**443**	522	**–**	9	**443**	531
Depreciation and amortisation for the year	**2,908**	4,077	**–**	–	**2,908**	4,077
Reportable segment assets	**184,491**	121,694	**29,061**	25,920	**213,552**	147,614
Additions to non-current segment assets during the year	**715**	897	**–**	–	**715**	897
Reportable segment liabilities	**22,230**	25,264	**–**	–	**22,230**	25,264

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

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**181,267**	131,995
Profit/(loss) before taxation		
Reportable segment profit derived from the Group's external customers	**33,340**	1,795
Unallocated head office and corporate expenses	**(13,313)**	(28,094)
Consolidated profit/(loss) before tax	**20,027**	(26,299)
Assets		
Reportable segment assets	**213,552**	147,614
Deferred tax assets	**346**	412
Unallocated head office and corporate assets	**10,956**	2,443
Consolidated total assets	**224,854**	150,469
Liabilities		
Reportable segment liabilities	**22,230**	25,264
Unallocated head office and corporate liabilities	**12,225**	587
Consolidated total liabilities	**34,455**	25,851

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's property, plant and equipment, intangible assets and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets and goodwill.

	Revenue from external customers		**Specified non-current assets**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**167,772**	140,665	**25,527**	27,870
Hong Kong	**13,495**	(8,670)	**338**	111
	181,267	131,995	**25,865**	27,981

For the year ended 31 December 2013, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2012: Nil).

4. OTHER REVENUE

	2013	2012
	RMB'000	*RMB'000*
Interest income from bank deposits	**199**	47
Government grants	**–**	410
Others	**2**	–
	201	457

5. OTHER NET LOSSES

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

6. PROFIT/(LOSS) BEFORE TAXATION

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

(i) Finance costs

	2013	2012
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	**443**	531

(ii) Staff costs

	2013	2012
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**16,008**	13,959
Contributions to defined contribution retirement schemes	**1,509**	1,348
	17,517	15,307

(iii) Other items

	2013	2012
	RMB'000	*RMB'000*
Cost of inventories	**4,496**	2,976
Auditors' remuneration – audit services	**718**	731
Depreciation	**1,118**	1,690
Amortisation of intangible assets	**1,815**	2,387
Write-down of inventories	**–**	263
Reversal of write-down of inventories	**(263)**	–
Operating lease charges in respect of properties	**2,470**	2,544
Net losses on disposal of property, plant and equipment	**47**	13

7. INCOME TAX EXPENSE

(i) Income tax expense in the consolidated statement of profit or loss represents:

	2013	2012
	RMB'000	*RMB'000*
Current tax – PRC		
– Provision for the year	**(3,980)**	(3,690)
– Over-provision in respect of prior year	**24**	–
	(3,956)	(3,690)
Deferred tax		
– Origination and reversal of temporary difference	**(66)**	66
	(4,022)	(3,624)

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 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. is entitled to a preferential income tax rate of 15% for 2013 and 2012 as it was awarded high-technology status by the tax authority.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 31 December 2013 and 2012.

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

	2013	2012
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**20,027**	(26,299)
Notional tax on profit/(loss) before tax, calculated at rate applicable to the Group's profit/(loss) in the tax jurisdiction concerned (2013 and 2012: 25%)	**(5,007)**	6,575
Effect of tax on loss in holding companies	**(89)**	(3,742)
Effect of non-deductible expenses	**(244)**	(5,228)
Effect of non-taxable income	**2,128**	–
Effect of tax loss not recognised	**(2,040)**	(2,348)
Effect of tax concessions	**1,206**	1,119
Over-provision in respect of prior year	**24**	–
	(4,022)	(3,624)

8. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 December 2013 (2012: Nil), nor has any dividend been proposed since the end of the reporting period.

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

The calculation of the basic and diluted earnings/(losses) per share for the year ended 31 December 2013 is based on the profit attributable to ordinary equity shareholders of the Company of RMB8,794,000 (2012: a loss of RMB29,923,000) and the weighted average of 1,467,389,600 (2012: 1,282,909,798) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
	Number of shares	*Number of shares*
Ordinary shares issued at 1 January	**1,467,389,600**	806,158,000
Effect of placing of new shares	**–**	476,751,798
Weighted average number of ordinary shares at 31 December	**1,467,389,600**	1,282,909,798

There were no dilutive potential ordinary shares in issue as at 31 December 2013 (2012: Nil).

10. TRADE AND OTHER RECEIVABLES

	Note	2013 RMB'000	2012 RMB'000
Trade receivables	*(i)*	**40,092**	35,703
Prepayments made to suppliers	*(ii)*	**72,142**	38,157
Deposits and other receivables		**7,043**	3,477
		119,277	77,337

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

(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:

	2013 RMB'000	2012 RMB'000
Within 1 month	**22,893**	16,113
Over 1 month but less than 3 months	**11,916**	15,776
Over 3 months but less than 1 year	**4,401**	1,975
Over 1 year but less than 2 years	**695**	1,761
Over 2 years	**187**	78
	40,092	35,703

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

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

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

	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**31,230**	11,393
Less than 1 month past due	**2,599**	18,635
1 to 3 months past due	**3,967**	2,721
Over 3 months to 1 year past due	**2,090**	1,515
Over 1 year to 2 years past due	**107**	1,407
Over 2 years past due	**99**	32
	8,862	24,310
	40,092	35,703

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.

11. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade creditors	**10,403**	2,634
Non-trade payables and accrued expenses	**13,565**	1,504
Other taxes/payable	**391**	1,026
	24,359	5,164

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

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

	2013	2012
	RMB'000	*RMB'000*
Due within 1 month or on demand	**10,386**	–
Due after 1 month but within 3 months	**–**	2,184
Due after 3 months but within 6 months	**–**	5
Due after 6 months but within 1 year	**–**	445
Due after 1 year but within 2 years	**5**	–
Over 2 years	**12**	–
	10,403	2,634

12. SHARE CAPITAL

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

(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 ordinary shares of HK$0.01 each.

(ii) ***Shares issued under placing***

Pursuant to a placing agreement dated 27 February 2012, a total of 661,231,600 ordinary shares of HK$0.01 each were issued at the placing price of HK$0.24 per share (the "Placing"). Shares issued under the Placing included 161,231,600 ordinary shares under general mandate and 500,000,000 ordinary 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.

13. NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

On 27 February 2014, the Company announced that Cosmic Honour Limited, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement dated 27 February 2014 with an independent third party to acquire entire equity interests in Techno Wing Limited (the "Target Company") and its shareholder's loan for a total consideration of RMB1,155,000,000 which will be settled by the issue of up to 1,670,454,545 preference shares by the Company. The Target Company and its subsidiaries are principally engaged in the research and development, manufacturing, sales, distribution and marketing of condoms, currently under the brand name of "Safedom" in the PRC. The acquisition constitutes a very substantial acquisition of the Company under the Listing Rules and is subject to the approval of the Company's shareholders. The acquisition has not been completed as of the date of approval of these results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Turnover

For the year ended 31 December 2013, the Group recorded a turnover of approximately RMB181,267,000 (2012: RMB131,995,000), of which turnover from (i) software maintenance and other services amounted to approximately RMB160,559,000 (2012: RMB136,515,000); (ii) sale of software products and others amounted to approximately RMB7,812,000 (2012: RMB4,353,000); and (iii) net realised and unrealised gains of approximately RMB12,896,000 (2012: net realised and unrealised losses of approximately RMB8,873,000) on trading securities.

Gross Profit

For the year ended 31 December 2013, the Group recorded a gross profit of approximately RMB59,106,000 (2012: RMB33,218,000).

Other Net Losses

For the year ended 31 December 2013, other net losses were approximately RMB891,000 (2012: RMB22,749,000), which was mainly attributable to (i) no net loss (2012: RMB4,263,000) on derivative financial instruments; (ii) no loss (2012: RMB18,234,000) on reversal of change in fair value of the promissory note in prior years due to early redemption; and (iii) net exchange loss of approximately RMB891,000 (2012: RMB252,000).

Finance Costs

For the year ended 31 December 2013, finance cost of interest expenses was approximately RMB443,000 (2012: RMB531,000).

Profit for the Year

For the year ended 31 December 2013, the Group recorded a profit for the year of approximately RMB16,005,000 (2012: loss of RMB29,923,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 31 December 2013, the Group maintained cash and cash equivalents amounted to approximately RMB49,337,000 (2012: RMB17,267,000). As at 31 December 2013, the Group's current ratio was approximately 576.53% (2012: 472.23%); and the Group's net gearing ratio as at 31 December 2013 was Nil (2012: Nil).

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

Redemption of Promissory Note

On 31 December 2011, Winsino Investments Limited ("Winsino"), a wholly-owned subsidiary of the Company, entered into an agreement with Advance Mode Limited ("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.

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 year.

Significant Investments

There was no significant investment held by the Group as at 31 December 2013.

Material Acquisition and Disposal of Subsidiaries or Associated Companies

(1) On 5 November 2012, Easy Talent Limited ("Easy Talent"), then indirect wholly-owned subsidiary of the Company, and Smart Masterly Limited ("Smart Masterly"), a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of United Electronics Co., Ltd ("UEC") 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

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

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

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

Subsequent to the balance sheet date on 27 February 2014, the Purchaser, the Vendor, Mr. Lee Sien (as the Vendor's warrantor) and the Company (as the Purchaser's warrantor) entered into a formal agreement for the Proposed Acquisition which constitutes a very substantial acquisition for the Company and subject to fulfilment of the conditions precedents as set out therein including, among others, the approval by the shareholders at an extraordinary general meeting of the Company.

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 2013.

Employees and Remuneration Policies

As at 31 December 2013, the Group employed 118 full time employees (31 December 2012: 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, unemployment 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 2013, there was no significant contingent liability (2012: Nil).

Final Dividend

The Board did not recommend a final dividend for the year ended 31 December 2013 (2012: Nil).

Business Review

The Group recorded a turnover of approximately RMB181,267,000 for the year ended 31 December 2013 (2012: RMB131,995,000) 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.

Closure of Register of Members

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Friday, 16 May 2014, the register of members of the Company will be closed from Thursday, 15 May 2014 to Friday, 16 May 2014, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 May 2014.

Purchase, Sale or Redemption of Listed Securities of the Company

During the year ended 31 December 2013, 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 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 of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the year ended 31 December 2013.

Corporate Governance Practices

The Company has adopted the code provisions set out in the Corporate Governance Code ("CG Code") in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 2013, 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, A.6.7 and D.1.4 of the CG Code, which are explained below.

Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election. During the year, the term of appointment of the three independent non-executive Directors expired and thereafter they are not appointed for a specific term, but they are subject to the retirement by rotation at least once in every three years in accordance with the articles of association of the Company (the "Articles").

Code provision A.6.7 of the 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. Zhang Xiaoman, an independent non-executive Director, did not attend the annual general meeting of the Company held on 20 May 2013 due to his engagement in his own official business.

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 year ended 31 December 2013.

Audit Committee

The Company established an audit committee (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, namely Mr. Lam Ting Lok (as chairman), Ms. Hu Gin Ing and Mr. Zhang Xiaoman.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2013.

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

Hong Kong, 27 March 2014

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