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 2014

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 2014 together with comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 *RMB'000*
Turnover	*3*	**333,385**	181,267
Cost of sales		**(262,106)**	(122,161)
Gross profit		**71,279**	59,106
Other revenue	*4*	**66**	201
Other net losses	*5*	**–**	(891)
Distribution expenses		**(20,632)**	(15,433)
General and administrative expenses		**(28,074)**	(22,493)
Other operating expenses		**(49)**	(20)
Profit from operations		**22,590**	20,470
Finance costs	*6(i)*	**(868)**	(443)
Profit before taxation	*6*	**21,722**	20,027
Income tax expense	*7*	**(3,743)**	(4,022)
Profit for the year		**17,979**	16,005
Attributable to:			
Equity shareholders of the Company		**11,472**	8,794
Non-controlling interests		**6,507**	7,211
Profit for the year		**17,979**	16,005
Basic and diluted earnings per share (RMB)	*9*	**0.0074**	0.0060

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**17,979**	16,005
Other comprehensive income/(expenses) 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	**291**	(224)
Total comprehensive income for the year	**18,270**	15,781
Attributable to:		
Equity shareholders of the Company	**11,762**	8,574
Non-controlling interests	**6,508**	7,207
Total comprehensive income for the year	**18,270**	15,781

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**1,819**	2,177
Intangible assets		**2,815**	4,147
Goodwill		**19,541**	19,541
Available-for-sale securities		**49,788**	–
Pledged bank deposits		**734**	–
Deferred tax assets		**346**	346
		75,043	26,211
Current assets			
Inventories		**1,239**	1,239
Trade and other receivables	*10*	**192,434**	119,277
Amounts due from non-controlling interests		**393**	–
Trading securities		**70,136**	28,790
Cash and cash equivalents		**57,501**	49,337
		321,703	198,643
Current liabilities			
Trade and other payables	*11*	**51,230**	24,359
Borrowings		**11,321**	5,127
Income tax payables		**4,279**	4,969
		66,830	34,455
Net current assets		**254,873**	164,188
Total assets less current liabilities		**329,916**	190,399
Net assets		**329,916**	190,399
Capital and reserves			
Share capital	*12*	**18,194**	13,109
Reserves		**239,567**	111,643
Total equity attributable to equity shareholders of the Company		**257,761**	124,752
Non-controlling interests		**72,155**	65,647
Total equity		**329,916**	190,399

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

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 2014 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 related Interpretations, promulgated by the International Accounting Standards Board ("IASB"). These financial statements also complied with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for the current financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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. Impacts of the adoption of the new or amended IFRSs are discuss below:

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 these financial statements as the Group 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 these financial statements 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 CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on the Group's financial statements as the Group does not have impaired non-financial assets.

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 these financial statements as the Group has not novated any of its derivatives.

IFRIC 21, Levies

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

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:

	2014	2013
	RMB'000	*RMB'000*
Software maintenance and other services	**305,018**	160,559
Sale of software products and others	**9,923**	7,812
Net realised and unrealised gains on trading securities	**18,444**	12,896
	333,385	181,267

(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 purposed 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 is "adjusted profit before taxation". To arrive at adjusted profit before taxation, the Group's 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.

In addition to receiving segment information concerning adjusted profit 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 (2013: Nil).

Information regarding the Group's reportable segments as provided to the Board for the purpose of resources allocation and assessment of segment performance for the year ended 31 December 2014 and 2013 is set out below.

	Software business		**Trading and investment business**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**314,941**	168,371	**16,871**	2,023	**331,812**	170,394
Investment income and net losses	**–**	–	**1,573**	10,873	**1,573**	10,873
Reportable segment revenue	**314,941**	168,371	**18,444**	12,896	**333,385**	181,267
Reportable segment profit (adjusted profit before taxation)	**19,827**	20,499	**17,972**	12,841	**37,799**	33,340
Interest income from bank deposits	**63**	199	**–**	–	**63**	199
Interest expense	**714**	443	**96**	–	**810**	443
Depreciation and amortisation for the year	**2,338**	2,908	**–**	–	**2,338**	2,908
Reportable segment assets	**234,439**	184,491	**70,144**	29,061	**304,583**	213,552
Additions to non-current segment assets during the year	**675**	715	**–**	–	**675**	715
Reportable segment liabilities	**56,043**	22,230	**–**	–	**56,043**	22,230

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

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**333,385**	181,267
Profit before taxation		
Reportable segment profit	**37,799**	33,340
Unallocated head office and corporate expenses	**(16,077)**	(13,313)
Consolidated profit before taxation	**21,722**	20,027
Assets		
Reportable segment assets	**304,583**	213,552
Deferred tax assets	**346**	346
Unallocated head office and corporate assets	**91,817**	10,956
Consolidated total assets	**396,746**	224,854
Liabilities		
Reportable segment liabilities	**56,043**	22,230
Unallocated head office and corporate liabilities	**10,787**	12,225
Consolidated total liabilities	**66,830**	34,455

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's reportable segment revenue; 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.

	Reportable segment revenue		**Specified non-current assets**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**314,941**	167,772	**23,851**	25,527
Hong Kong	**18,444**	13,495	**324**	338
	333,385	181,267	**24,175**	25,865

For the year ended 31 December 2014, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2013: Nil).

4. OTHER REVENUE

	2014	2013
	RMB'000	*RMB'000*
Interest income from bank deposits	**63**	199
Other	**3**	2
	66	201

5. OTHER NET LOSSES

	2014	2013
	RMB'000	*RMB'000*
Net exchange losses	**–**	891

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(i) Finance costs

	2014	2013
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	**810**	443
Interest expenses on promissory note	**58**	–
	868	443

(ii) Staff costs

	2014	2013
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**25,451**	16,008
Contributions to defined contribution retirement schemes	**2,470**	1,509
	27,921	17,517

(iii) Other items

	2014	2013
	RMB'000	*RMB'000*
Cost of inventories	**8,105**	4,496
Auditors' remuneration – audit services	**713**	718
Depreciation	**1,167**	1,118
Amortisation of intangible assets	**1,332**	1,815
Reversal of write-down of inventories	**–**	(263)
Operating lease charges in respect of properties	**5,054**	2,470
Net losses on disposal of property, plant and equipment	**40**	47

7. INCOME TAX EXPENSE

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

	2014 *RMB'000*	2013 *RMB'000*
Current tax – PRC		
– Provision for the year	**(3,661)**	(3,980)
– (Under-provision)/Over-provision in respect of prior years	**(82)**	24
	(3,743)	(3,956)
Deferred tax		
– Origination and reversal of temporary difference	**–**	(66)
	(3,743)	(4,022)

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

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 the 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 31 December 2014 and 2013.

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

	2014 *RMB'000*	2013 *RMB'000*
Profit before taxation	**21,722**	20,027
Notional tax on profit before taxation, calculated at rate applicable to the Group's profit in the tax jurisdiction concerned (2014 and 2013: 25%)	**(5,431)**	(5,007)
Effect of tax on loss in holding companies	**–**	(89)
Effect of non-deductible expenses	**(2,974)**	(244)
Effect of non-taxable income	**3,035**	2,128
Effect of tax loss not recognised	**–**	(2,040)
Effect of tax concessions	**1,709**	1,206
(Under-provision)/Over-provision in respect of prior years	**(82)**	24
Actual tax expense	**(3,743)**	(4,022)

8. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 December 2014 (2013: Nil), nor has any dividend been proposed since the end of the reporting period.

9. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year ended 31 December 2014 is based on the profit attributable to ordinary equity shareholders of the Company of RMB11,472,000 (2013: RMB8,794,000) and the weighted average of 1,560,569,973 (2013: 1,467,389,600) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014 ***Number of shares***	2013 *Number of shares*
Ordinary shares issued at 1 January	**1,467,389,600**	1,467,389,600
Effect of placing of new shares	**78,796,811**	–
Effect of subscription shares issued	**14,383,562**	–
Weighted average number of ordinary shares at 31 December	**1,560,569,973**	1,467,389,600

There were no dilutive potential ordinary shares in issue as at 31 December 2014 (2013: Nil).

10. TRADE AND OTHER RECEIVABLES

	Note	**2014** ***RMB'000***	2013 *RMB'000*
Trade receivables	*(i)*	**84,054**	40,092
Prepayments made to suppliers	*(ii)*	**86,357**	72,142
Deposits and other receivables		**22,023**	7,043
		192,434	119,277

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:

	2014	2013
	RMB'000	*RMB'000*
Within 1 month	**52,936**	22,893
Over 1 month but less than 3 months	**13,357**	11,916
Over 3 months but less than 1 year	**16,914**	4,401
Over 1 year but less than 2 years	**712**	695
Over 2 years	**135**	187
	84,054	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 loss in respect of trade receivables from third party customers as at 31 December 2014 (2013: Nil).

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

	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**67,309**	31,230
Less than 1 month past due	**196**	2,599
Over 1 to 3 months past due	**14,272**	3,967
Over 3 months to 1 year past due	**2,099**	2,090
Over 1 year to 2 years past due	**6**	107
Over 2 years past due	**172**	99
	16,745	8,862
	84,054	40,092

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

	2014 *RMB'000*	2013 *RMB'000*
Trade creditors	**34,632**	10,403
Non-trade payables and accrued expenses	**13,732**	13,565
Other taxes/payable	**2,866**	391
	51,230	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:

	2014 *RMB'000*	2013 *RMB'000*
Due within 1 month or on demand	**797**	10,386
Due after 1 month but within 3 months	**33,487**	–
Due after 3 months but within 6 months	**90**	–
Due after 6 months but within 1 year	**246**	–
Due after 1 year but within 2 years	**–**	5
Over 2 years	**12**	12
	34,632	10,403

12. SHARE CAPITAL

	Notes	2014 Number of shares	2014 Amount HK$	2013 Number of shares	2013 Amount HK$
Authorised:					
Ordinary shares of HK$0.01 each		**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**	1,467,389,600	14,673,896
Issue of placing shares	*(i)*	**293,477,920**	**2,934,779**	–	–
Issue of subscription shares	*(ii)*	**350,000,000**	**3,500,000**	–	–
At 31 December		**2,110,867,520**	**21,108,675**	1,467,389,600	14,673,896
			RMB equivalent		*RMB equivalent*
			18,193,831		13,109,046

(i) Issue of placing shares

Pursuant to a placing agreement dated on 5 September 2014, a total of 293,477,920 ordinary shares of HK$0.01 each were issued at the placing price of HK$0.238 per placing share (the "Placing"). The Placing has resulted in an increase in the share capital and share premium account by HK$2,934,779 (equivalent to approximately RMB2,322,585) and HK$66,912,966 (equivalent to approximately RMB52,954,921) respectively.

(ii) Issue of subscription shares

Pursuant to a subscription agreement dated on 21 October 2014, a total of 350,000,000 ordinary shares of HK$0.01 each were issued at the price of HK$0.25 per subscription share. The issue of subscription shares has resulted in an increase in the share capital and share premium account by HK$3,500,000 (equivalent to approximately RMB2,762,200) and HK$84,000,000 (equivalent to approximately RMB66,292,800) respectively.

13. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 16 February 2015, the Company announced that APEX CENTER LIMITED, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with independent third parties to acquire entire equity interests in Gravitas Group Limited (the "Target Company") for a total consideration of HK$200 million which will be settled by issuance of promissory notes with the principal amount of HK$160 million and consideration shares amount of HK$40 million at the issue price of HK$0.13 per share by the Company. The acquisition constitutes a major transaction of the Company under the Listing Rules and is subject to the approval by the Company's shareholders. The transaction has not been completed as of the date of approval of these financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2014, the Group recorded a turnover of approximately RMB333,385,000 (2013: RMB181,267,000), of which turnover from (i) software maintenance and other services amounted to approximately RMB305,018,000 (2013: RMB160,559,000); (ii) sale of software products and others amounted to approximately RMB9,923,000 (2013: RMB7,812,000); and (iii) net realised and unrealised gains of approximately RMB18,444,000 (2013: RMB12,896,000) on trading securities.

Gross Profit

For the year ended 31 December 2014, the Group recorded a gross profit of approximately RMB71,279,000 (2013: RMB59,106,000). However, the gross profit ratio in software business was decreased due to the decrease in contract price to increase the market share of software business in the PRC.

Other Net Losses

For the year ended 31 December 2014, no other net losses was recognised (2013: net exchange loss of RMB891,000).

Distribution Expenses

For the year ended 31 December 2014, distribution expenses were approximately RMB20,632,000 (2013: RMB15,433,000). The increase in distribution expenses was mainly due to the increase in staff costs of the software business in the PRC during the year.

General and Administrative Expenses

For the year ended 31 December 2014, general and administrative expenses were approximately RMB28,074,000 (2013: RMB22,493,000). The increase in general and administrative expenses was mainly due to the increase in directors' remuneration and rental expenses during the year.

Finance Costs

For the year ended 31 December 2014, finance costs were approximately RMB868,000 (2013: RMB443,000). The increase in finance costs was due to the increase in borrowings and issued a promissory note during the year.

Profit for the Year

For the year ended 31 December 2014, the Group recorded a profit for the year of approximately RMB17,979,000 (2013: RMB16,005,000). The increase in profit for the year was due to the increase in the realised gain on trading securities.

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 31 December 2014, the Group maintained cash and cash equivalents amounted to approximately RMB57,501,000 (2013: RMB49,337,000). As at 31 December 2014, the Group's current ratio was approximately 4.81 times (2013: 5.77 times); and the Group's net gearing ratio as at 31 December 2014 was not applicable (2013: not applicable), since the Group had cash in excess of interest bearing borrowings.

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 2014, except for the bank deposits were pledged to secure trade finance facilities to the Group, the Group had no pledge of assets in order to obtain general banking facilities or short-term bank borrowings (2013: Nil).

Capital Structure

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including borrowings, and equity attributable to owners of the Company, comprising issued share capital, share premium, retained earnings and other reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

On 5 September 2014, the Company entered into a placing agreement with Skyway Securities Investment Limited (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed with the Company to place 293,477,920 ordinary shares ("Placing Shares") on a fully underwritten basis to not less than six placees who are independent third parties at the placing price of HK$0.238 per Placing Share. The net price per Placing Share was approximately HK$0.229. On 25 September 2014, the Placing Agent placed 293,477,920 Placing Shares to not less than six placees. The placing provided a good opportunity to raise additional funds to meet the Company's funding needs. The net proceeds of approximately HK$67.25 million was used for general working capital of the Group (including trading of securities).

On 21 October 2014, the Company entered into a subscription agreement with Smart Jump Corporation (the "Subscriber") for the subscription by the Subscriber of 350,000,000 ordinary shares of the Company at HK$0.25 each (the "Subscription"). The net price per share was approximately HK$0.2461. On 17 December 2014, the Subscription was completed and an aggregate of 350,000,000 new shares of the Company were issued and allotted. The Subscription provided a good opportunity to raise additional funds to meet the Company's funding needs, to reduce debt by way of raising funds through equities and strengthen the shareholder base of the Company. The net proceeds of approximately HK$86.15 million were used for repayment of the debt of the Group and general working capital of the Group (including trading of securities).

Significant Investments

On 8 October 2014, the Company and HEC Capital Limited ("HEC") entered into a subscription agreement, pursuant to which HEC has conditionally agreed to issue, and the Company has conditionally agreed to subscribe for, or procure its nominee to subscribe for, 8,000,000 new ordinary shares of HEC at the subscription price of approximately HK$6.00 per ordinary share of HEC for an aggregate consideration of HK$48 million, which has been satisfied by cash payment by the Company to HEC. The Subscription Shares represent approximately 0.79% of the issued share capital of HEC as enlarged by the subscription. The transaction was completed on 9 October 2014.

Save as disclosed above, the Group has not made any other significant investment for the year ended 31 December 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. On 30 November 2014, the Agreement was lapsed.

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 2014.

Subsequent Event

On 16 February 2015, the Company, Apex Center Limited (the "Purchaser"), a direct wholly-owned subsidiary of the Company, Gloss Rise Limited (the "Vendor 1"), Mr. Chu Wai Kit (the "Vendor 2") and Gravitas Group Limited (the "Target Company") entered into an acquisition agreement, pursuant to which the Purchaser has conditionally agreed to acquire and, the Vendor 1 and the Vendor 2 have conditionally agreed to sell the total of 5,000 ordinary shares of US$1.00 each in the Target Company ("Sale shares") at consideration of HK$200,000,000, which will be satisfied as to (i) HK$160,000,000 by the issue of the promissory notes in the principal amount of HK$160,000,000 by the Company to the Vendor 1 for the 4,000 Sale shares; and (ii) HK$40,000,000 by the issue of 307,692,307 new ordinary shares at the issue price of HK$0.13 per share by the Company to the Vendor 2 for the 1,000 Sale shares. The Target Company and its subsidiaries are principally engaged in mobile marketing business. The transaction constitutes a major transaction of the Company, and completion of which is subject to fulfillment of certain conditions precedent.

Employees and Remuneration Policies

As at 31 December 2014, the Group employed 129 full time employees (31 December 2013: 118). 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 2014, there was no significant contingent liability (2013: Nil).

Final Dividend

The Board did not recommend a final dividend for the year ended 31 December 2014 (2013: Nil).

BUSINESS REVIEW

The Group recorded a turnover of approximately RMB333,385,000 for the year ended 31 December 2014 (2013: RMB181,267,000) 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. Moreover, the increase in the profit for the year was due to the realised gain on trading securities. The realised gain on trading securities for the current year was approximately RMB16.87 million.

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.

Apart from our existing Software Business, the Group entered into an acquisition agreement in February 2015 for a mobile marketing business (the "Acquisition").

In view of the rapid growing internet penetration and the expansion of smartphone market, the Directors consider that there will be a growing popularity of mobile marketing together with the surge in demand of various mobile applications.

In order to maintain the Group's sustainability and preservation of value over the longer term, the Group will continue to look for suitable business opportunities so as to diversify the Group's business into a new line of business with growth potential and to broaden its source of income that can bring return to the shareholders of the Company. The Directors consider the Acquisition is in line with the Group's business diversification strategy above and represents an attractive investment opportunity for the Group to further expand and diversify its business portfolio and tap into the mobile marketing industry with growth potential so as to generate diversified income and additional cashflow.

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 Thursday, 21 May 2015 ("2015 AGM"), the register of members of the Company will be closed from Wednesday, 20 May 2015 to Thursday, 21 May 2015, both days 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 Tuesday, 19 May 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2014, 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 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 2014.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 31 December 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 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. The term of appointment of Ms. Hu Gin Ing, an independent non-executive Director, expired in year 2013 and thereafter she is not appointed for a specific term, but she is 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, Ms. Hu Gin Ing, an independent non-executive Director, and Mr. Lam Ting Lok and Mr. Zhang Xiaoman, former independent non-executive Directors resigned on 6 October 2014 and 28 January 2015 respectively. 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 2014.

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. Yau Yan Ming Raymond (as chairman), Ms. Hu Gin Ing and Mr. Liu Kam Lung.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2014.

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

Hong Kong, 23 March 2015

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. Yau Yan Ming Raymond, Ms. Hu Gin Ing and Mr. Liu Kam Lung.