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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 2015

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 2015 together with comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	<i>Notes</i>	2015 RMB'000	2014 RMB'000
Turnover	3	419,706	333,385
Cost of sales		(304,661)	(262,106)
Gross profit		115,045	71,279
Other revenue	4	2,487	66
Other net losses	5	(4,204)	–
Distribution expenses		(26,475)	(20,632)
General and administrative expenses		(67,717)	(28,074)
Other operating expenses		(144)	(49)
Profit from operations		18,992	22,590
Finance costs	6(i)	(2,600)	(868)
Profit before taxation	6	16,392	21,722
Income tax expense	7	(3,041)	(3,743)
Profit for the year		13,351	17,979
Attributable to:			
Equity shareholders of the Company		7,436	11,472
Non-controlling interests		5,915	6,507
Profit for the year		13,351	17,979
Basic and diluted earnings per share (RMB)	9	0.0029	0.0074

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2015

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit for the year	13,351	17,979
Other comprehensive income for the year (after tax)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Reclassification adjustment for exchange reserve released upon disposal of a subsidiary	145	–
Exchange difference on translation of financial statements of overseas operations	19,108	291
Total comprehensive income for the year	32,604	18,270
Attributable to:		
Equity shareholders of the Company	26,681	11,762
Non-controlling interests	5,923	6,508
Total comprehensive income for the year	32,604	18,270

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		3,140	1,819
Intangible assets		2,815	2,815
Goodwill		213,646	19,541
Available-for-sale securities		52,689	49,788
Pledged bank deposits		3,054	734
Deferred tax assets		380	346
		<u>275,724</u>	<u>75,043</u>
Current assets			
Inventories		954	1,239
Trade and other receivables	10	199,521	192,434
Amounts due from non-controlling interests		–	393
Trading securities		118,031	70,136
Cash and cash equivalents		81,803	57,501
		<u>400,309</u>	<u>321,703</u>
Current liabilities			
Trade and other payables	11	100,162	51,230
Promissory notes		42,147	–
Borrowings		6,317	11,321
Current taxation		3,746	4,279
		<u>152,372</u>	<u>66,830</u>
Net current assets		<u>247,937</u>	<u>254,873</u>
Total assets less current liabilities		<u>523,661</u>	<u>329,916</u>
Non-current liabilities			
Deferred tax liabilities		46	–
		<u>46</u>	<u>–</u>
Net assets		<u>523,615</u>	<u>329,916</u>
Capital and reserves			
Share capital	12	24,414	18,194
Reserves		421,123	239,567
Total equity attributable to equity shareholders of the Company		<u>445,537</u>	<u>257,761</u>
Non-controlling interests		<u>78,078</u>	<u>72,155</u>
Total equity		<u>523,615</u>	<u>329,916</u>

NOTES TO THE CONSOLIDATED 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 2015 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") and the applicable disclosure requirements of the Hong Kong Companies 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 that are first effective for the current accounting period of the Group:

- Amendments to IAS 19, *Defined benefit plans: Employee contributions*
- Amendments to IFRSs, *Annual Improvements to IFRSs 2010-2012 Cycle*
- Amendments to IFRSs, *Annual Improvements to IFRSs 2011-2013 Cycle*

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 discussed below:

Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group does not have defined benefit plans.

Amendments to IFRSs, Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related Party Disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the group's related party disclosures as the group does not obtain key management personnel services from management entities.

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 and mobile marketing business (note 3(b)). The amount of each significant category of revenue recognised during the year is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Software maintenance and other services	336,401	305,018
Sale of software products and others	27,676	9,923
Net realised and unrealised gains on trading securities	43,219	18,444
Mobile marketing services	12,407	–
Others	3	–
	<u>419,706</u>	<u>333,385</u>

(b) Segment reporting

The Group manages its businesses 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 three major reportable segments. No operating segments have been aggregated to form the following major 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.
- Mobile marketing business: Provision of mobile marketing projects, consultation, creative and technological services, mobile advertising services and creation of mobile games in the PRC and Hong Kong.

The Group had a new segment – mobile marketing business for the year ended 31 December 2015 upon the completion of the acquisition of Gravitass Group Limited on 14 May 2015.

(i) *Segment results, assets and liabilities*

For the purpose 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 (2014: Nil).

Information regarding the Group’s major reportable segments as provided to the Board for the purpose of resources allocation and assessment of segment performance for the year ended 31 December 2015 and 2014 is set out below.

	Software business		Trading and investment business		Mobile marketing business		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue/(loss) from external customers	364,077	314,941	(14,364)	16,871	12,407	-	3	-	362,123	331,812
Investment income	-	-	57,583	1,573	-	-	-	-	57,583	1,573
Reportable segment revenue	364,077	314,941	43,219	18,444	12,407	-	3	-	419,706	333,385
Reportable segment profit/(loss) (adjusted profit/(loss) before taxation)	17,860	19,827	42,620	17,972	842	-	(202)	-	61,120	37,799
Interest income from bank deposits	71	63	-	-	-	-	-	-	71	63
Interest expense	644	714	28	96	91	-	-	-	763	810
Depreciation and amortisation for the year	1,003	2,338	-	-	559	-	8	-	1,570	2,338
Reportable segment assets	284,091	234,439	122,903	70,144	207,783	-	321	-	615,098	304,583
Additions to non-current segment assets during the year	528	675	-	-	1,641	-	-	-	2,169	675
Reportable segment liabilities	90,825	56,043	-	-	4,591	-	5	-	95,421	56,043

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue		
Reportable segment revenue	<u>419,706</u>	<u>333,385</u>
Profit before taxation		
Reportable segment profit	61,120	37,799
Unallocated head office and corporate expenses	<u>(44,728)</u>	<u>(16,077)</u>
Consolidated profit before taxation	<u>16,392</u>	<u>21,722</u>
Assets		
Reportable segment assets	615,098	304,583
Deferred tax assets	380	346
Unallocated head office and corporate assets	<u>60,555</u>	<u>91,817</u>
Consolidated total assets	<u>676,033</u>	<u>396,746</u>
Liabilities		
Reportable segment liabilities	95,421	56,043
Deferred tax liabilities	46	–
Unallocated head office and corporate liabilities	<u>56,951</u>	<u>10,787</u>
Consolidated total liabilities	<u>152,418</u>	<u>66,830</u>

(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	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
PRC	364,077	314,941	23,396	23,851
Hong Kong	<u>55,629</u>	<u>18,444</u>	<u>196,205</u>	<u>324</u>
	<u>419,706</u>	<u>333,385</u>	<u>219,601</u>	<u>24,175</u>

For the year ended 31 December 2015, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2014: Nil).

4. OTHER REVENUE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest income from bank deposits	71	63
Gain on bargain purchase	348	–
Gain on disposal of property, plant and equipment	193	–
Gain on disposal of a subsidiary	1,361	–
Other	514	3
	<u>2,487</u>	<u>66</u>

5. OTHER NET LOSSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Net exchange losses	254	–
Loss on early redemption of promissory notes	3,950	–
	<u>4,204</u>	<u>–</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(i) Finance costs

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest expenses on borrowings	758	810
Finance charges on obligations under finance leases	5	–
Imputed interest expenses on promissory notes	1,837	58
	<u>2,600</u>	<u>868</u>

(ii) Staff costs

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Salaries, wages and other benefits	38,988	25,451
Contributions to defined contribution retirement schemes	4,028	2,470
	<u>43,016</u>	<u>27,921</u>

(iii) Other items

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cost of inventories	12,725	8,105
Auditors' remuneration – audit services	722	713
Depreciation	1,651	1,167
Amortisation of intangible assets	–	1,332
Impairment loss on trade receivable	73	–
Impairment loss on loan receivable	110	–
Net exchange losses	254	–
Loss on early redemption of promissory note	3,950	–
Operating lease charges in respect of properties	2,909	5,054
Net losses on disposal of property, plant and equipment	–	40

7. INCOME TAX EXPENSE

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current tax – PRC		
– Provision for the year	(3,289)	(3,661)
– Over-provision/(under-provision) in respect of prior year	104	(82)
	<u>(3,185)</u>	<u>(3,743)</u>
Current tax – HK		
– Provision for the year	(73)	–
– Over-provision in respect of prior year	165	–
	<u>92</u>	<u>–</u>
Deferred tax		
– Origination and reversal of temporary difference	52	–
	<u>52</u>	<u>–</u>
	<u>(3,041)</u>	<u>(3,743)</u>

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.

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 2015 and 2014 as it was awarded high-technology status by the tax authority.

The provision for Hong Kong Profits Tax for the year ended 31 December 2015 is calculated at 16.5% of the estimated assessable profit for the year.

No provision of Hong Kong Profits Tax had been made as the Group's profit neither arises in, nor is derived from Hong Kong for the year ended 31 December 2014.

These tax rates were used to calculate the Group's deferred tax assets and liabilities as at 31 December 2015 and 2014.

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before taxation	<u>16,392</u>	<u>21,722</u>
Notional tax on profit before taxation, calculated at rate applicable to the Group's profit in the tax jurisdiction concerned (2015 and 2014: 25%)	(4,098)	(5,431)
Tax effect of different tax rates of operations in other jurisdictions	(125)	145
Effect of non-deductible expenses	(7,688)	(2,974)
Effect of non-taxable income	14,248	3,035
Effect of tax loss not recognised	(7,450)	–
Effect of tax concessions	1,803	1,564
Over-provision/(under-provision) in respect of prior years	<u>269</u>	<u>(82)</u>
Actual tax expense	<u>(3,041)</u>	<u>(3,743)</u>

8. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 December 2015 (2014: 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 2015 is based on the profit attributable to ordinary equity shareholders of the Company of RMB7,436,000 (2014: RMB11,472,000) and the weighted average of 2,557,030,597 (2014: 1,560,569,973) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2015 <i>Number of shares</i>	2014 <i>Number of shares</i>
Ordinary shares issued at 1 January	2,110,867,520	1,467,389,600
Effect of placing of new shares	262,390,685	78,796,811
Shares issued as consideration of acquisition of subsidiaries	183,772,392	–
Effect of subscription shares issued	<u>–</u>	<u>14,383,562</u>
Weighted average number of ordinary shares at 31 December	<u>2,557,030,597</u>	<u>1,560,569,973</u>

There were no dilutive potential ordinary shares in issue as at 31 December 2015 (2014: Nil).

10. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables		92,408	84,054
Less: allowance for doubtful debts	<i>(iii)</i>	(124)	–
	<i>(i)</i>	92,284	84,054
Loan receivables		2,038	–
Less: allowance for doubtful debts		(1,870)	–
	<i>(iv)</i>	168	–
Prepayments made to suppliers	<i>(v)</i>	95,627	86,357
Deposits and other receivables		11,442	22,023
		199,521	192,434

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) and net of allowance for doubtful debts, is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 1 month	63,016	52,936
Over 1 month but less than 3 months	13,633	13,357
Over 3 months but less than 1 year	7,212	16,914
Over 1 year but less than 2 years	7,594	712
Over 2 years	829	135
	92,284	84,054

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Neither past due nor impaired	64,229	67,309
Less than 1 month past due	14,148	196
Over 1 to 3 months past due	1,122	14,272
Over 3 months to 1 year past due	6,713	2,099
Over 1 year to 2 years past due	5,876	6
Over 2 years past due	196	172
	28,055	16,745
	92,284	84,054

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.

- (iii) The movement in the allowance for doubtful debts of trade debtors during the year, including both specific and collective loss components, is as follow:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
At 1 January	–	–
Exchange adjustments	4	–
Acquisition of subsidiaries	47	–
Impairment loss recognised	73	–
	<hr/>	<hr/>
At 31 December	124	–
	<hr/>	<hr/>

As at 31 December 2015, trade receivables of the Group amounting to approximately RMB124,000 (2014: Nil) were individually determined to be impaired. The individually impaired receivables were outstanding for over 365 days at the end of reporting period or were due from customers with financial difficulties. Consequently, specific allowances for doubtful debts of approximately RMB124,000 were recognised.

- (iv) Loan receivables

As of the end of the reporting period, the ageing analysis of loan receivables (which are included in trade and other receivables), based on loan drawn down date and net of allowance for doubtful debts, is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 1 month	–	–
Over 1 month but less than 3 months	–	–
Over 3 months but less than 1 year	168	–
Over 1 year but less than 2 years	–	–
Over 2 years	–	–
	<hr/>	<hr/>
	168	–
	<hr/>	<hr/>

The ageing analysis of loan receivables that are neither individually nor collectively considered to be impaired are as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Neither past due nor impaired	168	–
	<hr/>	<hr/>

As at 31 December 2015, loan receivables of the Group amounting to approximately RMB1,870,000 (2014: Nil) were individually determined to be impaired. The individually impaired receivables were outstanding for over 365 days at the end of reporting period or were due from customers with financial difficulties. Consequently, specific allowances for doubtful debts of approximately RMB1,870,000 were recognised.

The movement in the allowance for doubtful debts of loan receivables during the year, including both specific and collective loss components, is as follow:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
At 1 January	–	–
Exchange adjustments	50	–
Acquisition of subsidiaries	1,710	–
Impairment loss recognised	110	–
	<hr/>	<hr/>
At 31 December	1,870	–
	<hr/>	<hr/>

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

11. TRADE AND OTHER PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade creditors	49,351	34,632
Non-trade payables and accrued expenses	50,488	13,732
Other tax payable	323	2,866
	<hr/>	<hr/>
	100,162	51,230
	<hr/>	<hr/>

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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Due within 1 month or on demand	43,640	797
Due after 1 month but within 3 months	4,354	33,487
Due after 3 months but within 6 months	1,010	90
Due after 6 months but within 1 year	11	246
Due after 1 year but within 2 years	9	–
Over 2 years	327	12
	<hr/>	<hr/>
	49,351	34,632
	<hr/>	<hr/>

12. SHARE CAPITAL

		2015		2014	
	Notes	Number of shares	Amount HK\$	Number of shares	Amount HK\$
Authorised:					
At 1 January		3,000,000,000	30,000,000	3,000,000,000	30,000,000
Increase on 6 August 2015	(iv)	<u>97,000,000,000</u>	<u>970,000,000</u>	–	–
Ordinary shares of HK\$0.01 each		<u>100,000,000,000</u>	<u>1,000,000,000</u>	<u>3,000,000,000</u>	<u>30,000,000</u>
Issued and fully paid:					
At 1 January		2,110,867,520	21,108,675	1,467,389,600	14,673,896
Issue of subscription shares	(i)	–	–	350,000,000	3,500,000
Issue of consideration shares for the acquisition of subsidiaries	(ii)	307,692,307	3,076,923	–	–
Issue of placing shares	(iii)	<u>483,700,000</u>	<u>4,837,000</u>	<u>293,477,920</u>	<u>2,934,779</u>
At 31 December		<u>2,902,259,827</u>	<u>29,022,598</u>	<u>2,110,867,520</u>	<u>21,108,675</u>
			<i>RMB equivalent</i>		<i>RMB equivalent</i>
			<u>24,413,823</u>		<u>18,193,831</u>

(i) 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.

(ii) Issue of consideration shares

Pursuant to an acquisition agreement dated on 16 February 2015, the Group has agreed to issue 307,692,307 ordinary shares of HK\$0.01 each with agreed price at HK\$0.13 per share as consideration shares for acquiring 20% of interest in Gravitas Group Limited from Mr. Chu Wai Kit. Upon completion of the acquisition on 14 May 2015, the consideration shares were issued and recorded at HK\$0.285 per share with reference to the market price as of that date, the issue of shares has resulted an increase in the share capital and share premium by approximately HK\$3,076,000 (equivalent to approximately RMB2,416,000) and approximately HK\$84,615,000 (equivalent to approximately RMB66,432,000) respectively.

(iii) Issue of placing shares

Pursuant to a placing agreement dated on 28 May 2015, a total of 483,700,000 ordinary shares of HK\$0.01 each were issued at the placing price of HK\$0.25 per placing share (the “Placing”). The Placing has resulted in an increase in the share capital and share premium account by HK\$4,837,000 (equivalent to approximately RMB3,804,000) and HK\$116,088,000 (equivalent to approximately RMB91,303,000) respectively.

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.

(iv) Increase in authorised share capital

On 6 August 2015, the Company passed an ordinary resolution to increase its authorised share capital from HK\$30,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.01 each to HK\$1,000,000,000 divided into 100,000,000,000 ordinary shares of HK\$0.01 each by the creation of an additional 97,000,000,000 unissued ordinary shares.

13. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 5 January 2016, the Company announced that the placing agreement, that entered into the with the placing agent in relation to the placing of the placing shares on 15 December 2015, was completed. An aggregate of 580,450,000 placing shares were successfully placed by the placing agent to not less than six placees at HK\$0.098 per placing share. The placing shares of 580,450,000 new shares represent approximately 20.00% of the existing issued share capital of the Company of 2,902,259,827 shares and approximately 16.67% of the issued share capital of the Company of 3,482,709,827 shares as enlarged by this placing. The aggregate nominal value of the this placing shares will be HK\$5,804,500.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2015, the Group recorded a turnover of approximately RMB419,706,000 (2014: RMB333,385,000), of which turnover mainly from (i) software maintenance and other services amounted to approximately RMB336,401,000 (2014: RMB305,018,000); (ii) sale of software products and others amounted to approximately RMB27,676,000 (2014: RMB9,923,000); (iii) net realised and unrealised gains of approximately RMB43,219,000 (2014: RMB18,444,000) on trading securities; and (iv) mobile marketing services amounted to approximately RMB12,407,000 (2014: Nil).

Gross Profit

For the year ended 31 December 2015, the Group recorded a gross profit of approximately RMB115,045,000 (2014: RMB71,279,000). The gross profit ratio for the software business of the Group during the period was approximately 18% while that of the corresponding period in 2014 was approximately 17%. The increase in gross profit ratio was mainly due to the increase of gross profit margin for returning profitability back to previous levels.

Other Net Losses

For the year ended 31 December 2015, other net losses were approximately RMB4,204,000 (2014: Nil), which was mainly attributable to loss on early redemption of promissory notes of approximately RMB3,950,000 (2014: Nil) and net exchange losses of approximately RMB254,000 (2014: Nil).

Distribution Expenses

For the year ended 31 December 2015, distribution expenses were approximately RMB26,475,000 (2014: RMB20,632,000). The increase in distribution expenses was mainly due to the increase in staff costs of the software business growth in the PRC during the year.

General and Administrative Expenses

For the year ended 31 December 2015, general and administrative expenses were approximately RMB67,717,000 (2014: RMB28,074,000). The increase in general and administrative expenses was mainly due to the increase of staff costs, legal and professional fees, entertainment and travelling for business expansion during the year.

Finance Costs

For the year ended 31 December 2015, finance costs were approximately RMB2,600,000 (2014: RMB868,000). The increase in finance costs was due to the interest expenses of the promissory notes in the principal of HK\$160,000,000 issued during the year.

Profit for the Year

As a result, the Group recorded a profit for the year ended 31 December 2015 of approximately RMB13,351,000 (2014: RMB17,979,000).

Liquidity and Financial Resources

The Group's working capital is funded by the cash generated from operating and financing activities. As at 31 December 2015, the Group maintained cash and cash equivalents amounted to approximately RMB81,803,000 (2014: RMB57,501,000). As at 31 December 2015, the Group's current ratio was approximately 2.62 times (2014: 4.81 times); and the Group's net gearing ratio as at 31 December 2015 was not applicable (2014: 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 and 2015, 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.

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 14 May 2015, (i) 307,692,307 new ordinary shares at the agreed issue price of HK\$0.13 per share were issued and allotted to Mr. Chu Wai Kit; and (ii) promissory notes in the principal amount of HK\$160,000,000 were issued to Gloss Rise Limited upon completion of the acquisition agreement dated 16 February 2015 entered into among the Company, Mr. Chu Wai Kit and Gloss Rise Limited in relation to the acquisition of the entire issued share capital of Gravitas Group Limited from Mr. Chu Wai Kit (to the extent of 20%) and Gloss Rise Limited (to the extent of 80%). Part of the promissory notes in the principal amount of HK\$110,000,000 was repaid on 17 June 2015.

On 28 May 2015, the Company entered into a placing agreement with China Rise Securities Asset Management Company Limited (the “Placing Agent”), pursuant to which the Placing Agent has conditionally agreed to procure not less than six placees who are independent third parties to subscribe for up to 483,700,000 ordinary shares (the “First Placing Shares”) at the placing price of HK\$0.250 per Placing Share (the “First Placing”). The First Placing was completed on 17 June 2015 and an aggregate of 483,700,000 First Placing Shares were successfully placed to not less than six placees. The net price per First Placing Share was approximately HK\$0.242. The First Placing provided a good opportunity to raise additional funds to meet the Company’s funding needs. The net proceeds from the First Placing has been used as to (i) approximately HK\$110,600,000 for early redemption of promissory notes together with accrued interest thereupon; (ii) approximately HK\$4,900,000 had been utilized for general working capital of the Group including (a) HK\$1,700,000 for staff salaries and Directors’ fees; (b) HK\$1,700,000 for rental and operating expenses; and (c) HK\$1,500,000 for legal and professional fees; and (iii) the remaining balance of approximately HK\$1,700,000 is intended to be used for general working capital of the Group (including trading of securities).

On 6 August 2015, the Company passed an ordinary resolution to increase its authorised share capital from HK\$30,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.01 each to HK\$1,000,000,000 divided into 100,000,000,000 shares of HK\$0.01 each by the creation of an additional 97,000,000,000 unissued ordinary shares.

On 15 December 2015, the Company entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, on a best efforts basis, to place 580,450,000 new shares (the “Second Placing Shares”) to not fewer than six placees who are independent third parties at a price of HK\$0.098 per Second Placing Share (the “Second Placing”). The Second Placing was completed on 5 January 2016 and an aggregate of 580,450,000 Second Placing Shares were successfully placed to not less than six placees. The net price per Second Placing Share was approximately HK\$0.095. The Second Placing provided a good opportunity to raise additional funds to meet the Company’s funding needs. The net proceeds from the Second Placing has been used as to (i) approximately HK\$41,500,000 for early redemption of promissory notes together with accrued interest thereupon; (ii) the remaining balance of approximately HK\$13,400,000 for general working capital of the Group.

Significant Investment

The Group has not made any significant investment for the year ended 31 December 2015.

Material Acquisition and Disposal of Subsidiaries or Associated Companies

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 agreed 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 was completed on 14 May 2015.

Save as disclosed above, the Group has not made any material acquisition or disposal of subsidiaries or associated companies for the year ended 31 December 2015.

Subsequent Event

The Second Placing was completed on 5 January 2016 and an aggregate of 580,450,000 Second Placing Shares were successfully placed to not less than six places. The net price per Second Placing Share was approximately HK\$0.095. The net proceeds from the Second Placing were approximately HK\$54,900,000.

Employees and Remuneration Policies

As at 31 December 2015, the Group employed 141 full time employees (2014: 129). The remuneration package of employees is determined by reference to their performance, experience, positions, duties and responsibilities in the Group and the prevailing market conditions. The Group continued to provide retirement, medical, employment injury, 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 2015, there was no significant contingent liability (2014: Nil).

Final Dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

BUSINESS REVIEW

The Group recorded a turnover of approximately RMB419,706,000 for the year ended 31 December 2015 (2014: RMB333,385,000) 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. The newly acquired mobile marketing business has contributed approximately RMB12,407,000 for the current year. Moreover, the net realised and unrealised gain on trading securities for the current year was approximately RMB43,219,000 (2014: RMB18,444,000).

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 acquired a mobile marketing business (the "Acquisition") on 14 May 2015. 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.

On 12 October 2015, the Group obtained the money lenders licence. The Directors consider it will be beneficial to the Group to explore new opportunities in the money lending business to broaden its source of income and expand the business operations in order to generate profits and return for the Company and the 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 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.

As disclosed in the Company's announcement dated 25 November 2015, the Group entered into a memorandum of understanding (the "MOU") regarding the possible acquisition of a target company which has certain business operation of intellectual property right in relation to song/music within the PRC (the "Possible Acquisition"). The MOU has an exclusive period of six months. The Possible Acquisition is still in the preliminary stage, further announcement(s) in respect of the Possible Acquisition will be made by the Company as and when appropriate.

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 Wednesday, 18 May 2016 ("2016 AGM"), the register of members of the Company will be closed from Tuesday, 17 May 2016 to Wednesday, 18 May 2016, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 May 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2015, 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 to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2015.

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 2015, the Company was in compliance with all the relevant code provisions set out in the CG Code except for the deviations from code provisions A.4.1, D.1.4 and E.1.2 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. Lam Kai Tai, Mr. Wong Ho Sing and Mr. Kwok Ho On Anthony, executive Directors of the Company, and Ms. Hu Gin Ing, an independent non-executive Director. However, Mr. Lam Kai Tai, Mr. Wong Ho Sing and Mr. Kwok Ho On Anthony are subject to retirement and re-election at the next following annual general meeting of the Company after their appointment and thereafter, together with Ms. Hu Gin Ing, 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.

Code provision E.1.2 of the CG Code requires that the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination committee and any other committees (as appropriate) to attend. Mr. Jia Bowei, the former Chairman, did not attend the 2015 AGM due to his other business engagement.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code during the year ended 31 December 2015.

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 terms of reference of the Audit Committee has been revised on 29 December 2015 to be in line with the revised CG Code effective for the financial year started from 1 January 2016. The primary duties of the Audit Committee are to review and supervise the financial reporting process, and to review the risk management and internal control systems 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 2015.

By order of the Board
Enterprise Development Holdings Limited
Lam Kai Tai
Chairman

Hong Kong, 31 March 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lam Kai Tai (Chairman), Mr. Kwok Ho On Anthony, Mr. Wang Jun and Mr. Wong Ho Sing, and three independent non-executive Directors, namely Mr. Yau Yan Ming Raymond, Ms. Hu Gin Ing and Mr. Liu Kam Lung.