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## **ENTERPRISE DEVELOPMENT HOLDINGS LIMITED**

### **企展控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 1808)**

### **DISCLOSEABLE TRANSACTION**

### **PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF HO FUNG SHARES INVESTMENT LIMITED**

The Board is pleased to announce that on 16 May 2017 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Sellers entered into the Share Purchase Agreement, pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Sale Shares, representing the entire issued share capital in the Target Company.

#### **LISTING RULE IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed(s) 5% but are less than 25%, the transactions contemplated under the Share Purchase Agreement together constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 6 January 2017 in respect of the entering into of a memorandum of understanding in relation to the proposed acquisition of the Target Company.

The Board is pleased to announce that on 16 May 2017 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Sellers entered into the Share Purchase Agreement, pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Sale Shares.

## A. PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

**Date:** 16 May 2017 (after trading hours)

**Parties:** (1) the Sellers; and  
(2) the Purchaser.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Sellers are third parties independent of the Company, its connected persons and their respective associates.

**Nature of the transaction and assets to be acquired:**

Pursuant to the Share Purchase Agreement, the Purchaser has agreed to acquire, and the Sellers have agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company.

Upon Completion, the Target Company would be owned as to 100% by the Purchaser, and accounted for as a subsidiary of the Company.

**Consideration**

The Consideration shall be paid in the following manner:

- (a) an initial deposit amounting to HK\$1,500,000 was paid by the Purchaser to the Sellers upon the signing of the memorandum of understanding referred to in the announcement of the Company dated 6 January 2017;
- (b) a further deposit amounting to HK\$3,000,000 was paid by the Purchaser to the Sellers upon the signing of the Share Purchase Agreement on 16 May 2017; and
- (c) the balance of the Consideration, namely the cash amounts of HK\$10,500,000 together with the NAV computed based on the Completion Accounts, shall be paid by the Purchaser to the Sellers upon Completion. In the event that the NAV computed based on the Completion Accounts is a negative amount (“**Net Liabilities**”), the balance of the Consideration payable by the Purchaser pursuant to this provision shall be an amount equal to HK\$10,500,000 subtracted by the Net Liabilities.

Pursuant to the Share Purchase Agreement, the Consideration is subject to adjustments, as summarised as follows:

- (a) Within 1 month following Completion, the Purchaser shall deliver the Post Completion Accounts to the Sellers, by reference to which adjustment shall be made to the Consideration. In the event that:
  - (i) the NAV computed based on the Post Completion Accounts is greater than the NAV computed based on the Completion Accounts, the Purchaser shall pay the difference to the Sellers; or

(ii) the NAV computed based on the Completion Accounts is greater than the NAV computed based on the Post Completion Accounts, the Sellers shall pay an amount equal to the difference to the Purchaser,

and the abovesaid adjustments shall be paid within 5 Business Days following the date on which the Post Completion Accounts are verified and agreed to by the Sellers.

(b) Based on the Post Completion Accounts:

(i) If the amount of Sellers Income is greater than the amount of Sellers Expenses, the Purchaser shall pay an amount equal to the difference to the Sellers; or

(ii) If the amount of Sellers Expenses is greater than the amount of Sellers Income, the Sellers shall pay an amount equal to the difference to the Purchaser,

and the abovesaid adjustments shall be paid within 5 Business Days following the date on which the Post Completion Accounts are verified and agreed to by the Sellers.

**Basis for the Consideration:**

The Consideration was determined on the basis of normal commercial terms, following arms' length negotiations between the parties to the Share Purchase Agreement and with reference to, among other things, (i) the net asset value of the Target Company based on the unaudited pro forma management accounts of the Target Company as at 31 March 2017; and (ii) the revenue and prospects of the Target Company.

The consideration for the Proposed Acquisition is intended to be funded by the Group's internal resources.

**Conditions precedent:**

Completion of the Proposed Acquisition is conditional upon the following conditions being satisfied or waived:

(a) the Purchaser receiving confirmation from the SFC in terms reasonably satisfactory to them that the Purchaser has been approved to become a substantial shareholder of the Target Company;

(b) the Target Company having paid all the debts, obligations and liabilities owed by it which are due on or before the Completion Date in accordance with the terms and conditions of the Share Purchase Agreement;

- (c) the Sellers having procured the repayment of all bank borrowings of the Target Company and the release of all security provided in relation to such borrowings or otherwise provided by or on behalf of the Target Company as evidenced by the appropriate written documentation, including but not limited to deeds of release and written confirmations, to the satisfaction of the Purchaser;
- (d) the Sellers having procured the execution of tenancy agreements at certain of the Target Company's business addresses, in a form approved by the Purchaser;
- (e) the Sellers having procured the execution of employment contracts between certain of the existing employees of the Target Company and the Target Company, in a form approved by the Purchaser;
- (f) the absence of any material adverse change in business, result of operations, condition (financial or otherwise) or prospects of the Target Company save for any change in market conditions before the Completion Date;
- (g) each of the warranties provided by the Sellers remaining true, accurate and complete as of the Completion Date;
- (h) due diligence by the Purchaser on the Target Company being reasonably satisfactory to the Purchaser;
- (i) without limiting any of the provisions set out under the Share Purchase Agreement, all necessary licenses, consents and approvals to allow the Target Company to carry on its business, including approvals from the SFC, having been obtained and evidenced in writing; and
- (j) all necessary consents and approvals from any relevant third party with respect to the transactions contemplated under the Share Purchase Agreement having been obtained.

The Purchaser may, by written notice to the Sellers, waive all or any of the conditions under sub-paragraphs (b), (d), (e), (f) or (g) in whole or in part at any time on or before the Completion Date.

The Purchaser and the Sellers shall use all reasonable endeavours to procure the satisfaction of the conditions precedent under sub-paragraphs (a) and (b) above as soon as possible. If the conditions precedent under sub-paragraphs (a) and (b) above cannot be satisfied by the Long Stop Date, the parties hereto may:

- (1) by writing, agree to further extend the Long Stop Date; or

- (2) terminate the Share Purchase Agreement through exercise of their respective rights (as applicable), in accordance with its terms.

**Completion:** Completion shall take place on the Completion Date, being the date which falls 14 Business Days after the satisfaction or waiver (as applicable) of the conditions precedent under the Share Purchase Agreement, or such other date as the parties may agree.

## **B. INFORMATION ABOUT THE COMPANY**

The principal activity of the Company is investment holding, and the principal activities of the Group are engaged in the provision of integrated business software solutions, trading of listed securities and mobile marketing business.

## **C. INFORMATION ABOUT THE SELLERS**

The Sellers are Mr. Chan Hing Tuen, Ms. Cheung Wai Han and Mr. Ng Chi Man. Mr. Chan Hing Tuen is one of the responsible officers of the Target Company, while Ms. Cheung Wai Han and Mr. Ng Chi Man are licensed officers of the Target Company. Each of the Sellers are Hong Kong residents and are, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, independent third parties to the Company, its connected persons and their respective associates.

## **D. INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in Hong Kong with limited liability, which is principally engaged in the business of securities broking and holds a license for Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Based on the unaudited pro forma management accounts of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards, the total assets and net assets of the Target Company as at 31 March 2017 were HK\$31,606,826 and HK\$17,488,826 respectively, and the net (loss)/profit before and after taxation of the Target Company based on the said unaudited management accounts of the Target Company for the year ended 31 March 2017, and the audited financial statements of the Target Company for the year ended 31 March 2016, were as follows:

	<b>For the year ended 31 March</b>	
	<b>2017 (unaudited)</b>	<b>2016 (audited)</b>
<b>Net (loss)/profit before taxation</b>	HK\$(1,610,823)	HK\$822,135
<b>Net (loss)/profit after taxation</b>	HK\$(1,610,823)	HK\$822,135

All information relating to the Target Company, including information relating to its business and its financial information, as disclosed in this announcement have been provided by the Sellers and has not been independently verified by the Company.

## **E. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Group is currently engaged in the provision of integrated business software solutions, trading of listed securities and mobile marketing business.

In view of the existing business segments of the Group, the Directors consider that it would be beneficial for the Group to seek suitable investment opportunities to diversify its existing business portfolio and to broaden the Group's source of income. In addition, the Board will take strategic steps to seek suitable investment opportunities to achieve a diversified business portfolio on top of its existing business stream to enhance and create long-term benefit for the Company and the Shareholders as a whole.

According to the Stock Exchange Monthly Market Highlights-April 2017 published by the Stock Exchange, the average daily turnover for the first four months of 2017 was HK\$74.3 billion, an increase of 5 per cent when compared with HK\$70.8 billion for the same period last year. In addition, the Shenzhen-Hong Kong Stock Connect was launched in December 2016 and thereby providing a mutual access for the investors to trade certain securities listed on the Shenzhen Stock Exchange and the Stock Exchange and encourage more capital to flow into the securities market of Hong Kong.

In view of (i) the recent development and business potential of the Hong Kong securities market; and (ii) the duration and cost to obtain the licenses to carry out the regulated activities in Hong Kong, set up the entities to commence operations and build up the client base, the Directors consider that the Proposed Acquisition provides a prime opportunity for the Group to speedily tap into the financial services industry in Hong Kong.

The Directors also believe that the collaboration with the Target Company would create synergies through the integration and cross transfer of the skills, knowledge and expertise.

In view of the above, the Directors are of the view that the terms of the Share Purchase Agreement are fair and reasonable and is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **F. LISTING RULE IMPLICATIONS**

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceed(s) 5% but are less than 25%, the transactions contemplated under the Share Purchase Agreement together constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## G. DEFINITIONS

“Board”	the board of Directors
“Business Day”	any weekday that the banks in Hong Kong are generally open for business except Saturday
“Company”	Enterprise Development Holdings Limited 企展控股有限公司, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Proposed Acquisition in accordance with the terms and conditions of the Share Purchase Agreement
“Completion Accounts”	means the management accounts for the Company for the period beginning on 1 April 2017 and ending on 30 September 2017, or such other date as the parties may agree
“Completion Date”	the date on which Completion takes place, being the date falling 14 Business Days after the satisfaction (or waiver, as applicable) of the conditions precedent under the Share Purchase Agreement or such other place or time as the Purchaser and the Sellers may agree
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Sellers for the Proposed Acquisition pursuant to the Share Purchase Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling six months after the date of the Share Purchase Agreement, namely 16 November 2017
“NAV”	the net asset value of the Target Company, computed based on the relevant set of management accounts of the Target Company referred to in the context in which this definition is used, and in accordance with the terms and conditions of the Share Purchase Agreement

“Post Completion Accounts”	the balance sheet of the Target Company as at the Completion Date and the income and expenses statement of the Target Company for the period beginning on the first day of the month in which Completion takes place and ending on the Completion Date, prepared in accordance with the Share Purchase Agreement
“Proposed Acquisition”	the proposed acquisition by the Purchaser of the entire issued share capital of the Target Company
“Purchaser”	Magic Stars Investments Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Sale Shares”	the 18,000,000 issued and fully-paid ordinary shares in the capital of the Target Company owned by the Sellers, representing 100% of the total issued and paid-up share capital of the Target Company
“Sellers”	Mr. Chan Hing Tuen, Ms. Cheung Wai Han and Mr. Ng Chi Man, three individuals who are the legal and beneficial owners of the entire issued share capital of the Target Company, each of which being a third party independent of and not connected with the Company, its connected persons and their respective associates
“Sellers Income”	the amount of income generated by the Target Company from the date falling on the first day of the month in which Completion has taken place to the Completion Date
“Sellers Expenses”	the amount of expenses incurred by the Target Company from the date falling on the first day of the month in which Completion has taken place to the Completion Date
“SFC”	The Securities and Futures Commission
“Share Purchase Agreement”	the share purchase agreement dated 16 May 2017 entered into between the Purchaser as purchaser and Sellers as vendors, pursuant to which the Purchaser agreed to acquire, and the Sellers agreed to sell, the Sale Shares
“Shares”	the ordinary share(s) in the share capital of the Company which have a par value of HK\$0.1 each
“Shareholders”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Ho Fung Shares Investment Limited, a company incorporated in Hong Kong with limited liability which is licensed to carry out Type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

**Shareholders should note that Completion is subject to the fulfilment and/or waiver (as applicable) of the conditions precedent under the Share Purchase Agreement. Accordingly, there is no assurance that Completion will occur. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 16 May 2017

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Lam Kai Tai (Chairman), Mr. Li Jiang Nan and Ms. Fan Carol and three independent non-executive Directors, namely Ms. Hu Gin Ing, Mr. Liu Jian and Mr. Li Wai Kwan*