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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)

MEMORANDUM OF UNDERSTANDING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that on 16 May 2013 (after trading hours), a non-legally binding MOU was entered into between the Potential Purchaser, a direct wholly-owned subsidiary of the Company, and the Potential Vendor in relation to the Proposed Acquisition.

The entering into the MOU does not constitute any legally binding commitment between the parties and the Proposed Acquisition is subject to the execution of the Formal Agreement to be entered into by the parties.

Shareholders of the Company and potential investors should note that the Proposed Acquisition may or may not materialise. The Proposed Acquisition, if materialise, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and the Company shall comply with the relevant disclosure and/or shareholders' approval requirements under the Listing Rules where appropriate. **Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.**

This announcement is made by Enterprise Development Holdings Limited (the "Company", together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO").

MEMORANDUM OF UNDERSTANDING

The board (the "Board") of directors (the "Directors") of the Company is pleased to announce that on 16 May 2013 (after trading hours), a non-legally binding memorandum of understanding (the "MOU") was entered into between Cosmic Honour Limited (the "Potential Purchaser"), a direct wholly-owned subsidiary of the Company, and Safedom Technologies Holding Group Limited (the "Potential Vendor"), in relation to the proposed acquisition (the "Proposed Acquisition") of the entire issued share capital in Techno Wing Limited (the "Target Company", together with its subsidiaries, the "Target Group"). The Target Group is principally engaged in the manufacturing, sales and marketing of virus-proof condoms and investment in the patents in the People's Republic of China.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Potential Vendor is a third party independent of the Company and its connected persons (as defined under the Listing Rules). The Potential Vendor is the owner of 100% of the total issued share capital of the Target Company and is desirous of disposing its 100% of the total issued share capital of the Target Company to the Potential Purchaser.

The Potential Vendor and the Potential Purchaser intend to proceed their negotiations further in good faith on the Proposed Acquisition based on the following guiding terms and conditions as set out in the MOU:

1. the Potential Vendor agrees that it shall not, and will cause the employees, agents and representatives and the officers of the Target Group not to, at any time during the three (3) months period (the “Exclusivity Period”) commencing on the date hereof initiate or continue negotiations or discussions with or enter into any agreement or letter of intent or memorandum of understanding with any person or entity with respect to the sale of the equity interest in or business of any of the members of the Target Group other than the Potential Purchaser and/or the Group;
2. the Potential Vendor agrees that the Potential Purchaser and the Potential Purchaser’s professional advisors will be given full and free access to the Target Group’s personnel, properties, contracts, books and records, and other documents and data, in each case during normal business hours, on a reasonable number of occasions, upon reasonable notice and in a manner calculated to minimise disruption of the businesses of the Target Group, for the purpose of conducting due diligence review on the affairs and titles of the Target Group. The Potential Purchaser shall bear its own costs and expenses in relation to the due diligence review;
3. the purchase price for the Proposed Acquisition shall be subject to negotiation and agreement between the parties after the Potential Purchaser has finished the due diligence review;
4. subject to and depending on the result of the due diligence review on the affairs and titles of the Target Group, the parties intend to enter into a formal agreement for the Proposed Acquisition (the “Formal Agreement”) within the Exclusivity Period. The parties anticipate that the Formal Agreement shall include representations and warranties from each of the Potential Vendor typical of similar transactions and shall subject to the following conditions precedent:
 - (i) that the Potential Purchaser is satisfied with the result of the due diligence review on the affairs and titles of the Target Group;
 - (ii) that all necessary approval and consent required on the part of the Potential Vendor and the Potential Purchaser in respect of the transaction contemplated under the Formal Agreement are being obtained;
 - (iii) that all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the transaction contemplated under the Formal Agreement are being obtained;
 - (iv) that a PRC legal opinion in form and contents satisfactory to the Potential Purchaser relating to the transactions contemplated under the Formal Agreement is being obtained;
 - (v) that an audited consolidated financial statements in form and contents satisfactory to the Potential Purchaser relating to the Target Group is being obtained and the profit after tax for the Target Group for the year ended 31 March 2013 is not less than RMB120 million; and

- (vi) that a valuation report in form and contents satisfactory to the Potential Purchaser relating to the Target Company is being obtained and the valuation of the Target Group is not less than HK\$1 billion.
5. each of the parties to the MOU agrees to maintain confidentiality on all the negotiations relating to the transactions contemplated under the MOU and not to disclose the same unless with the prior written approval of the other party, save and except that nothing under the MOU shall prevent the Potential Purchaser and the Company from making any announcements relating to the negotiations with the Potential Vendor relating to the transactions contemplated by the MOU in compliance with the requirements of the Listing Rules or any other competent regulatory bodies (“Confidentiality and Non-disclosure”);
 6. neither party may assign its rights under the MOU to any other party without the prior written consent of the other party save and except that the Potential Purchaser is entitled to assign the benefit and obligations under the MOU to its wholly-owned subsidiary or another wholly-owned subsidiary of its parent company (“Assignment”); and
 7. the parties understand and agree that, save and except for the clauses relating to the Exclusivity Period, Confidentiality and Non-disclosure and Assignment which shall be binding and enforceable upon signing of the MOU, the MOU is not legally binding nor enforceable, does not constitute an offer, a counter-offer, an acceptance and/or a commitment to enter into any transaction, and that any binding commitment shall be subject to the execution and delivery of definitive documentation mutually acceptable to the Potential Purchaser and the Potential Vendor.

REASONS FOR THE PROPOSED ACQUISITION

The Group is principally engaged in provision of integrated business software solutions.

As part of its business plan, the Group has been identifying and exploring suitable projects and/or investments with good profit potential for acquisition. The Board considers that the Proposed Acquisition is a good potential investment for the Group and is in line with the Group’s business plan.

GENERAL

Shareholders of the Company and potential investors should note that the Proposed Acquisition may or may not materialise. The Proposed Acquisition, if materialise, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and the Company shall comply with the relevant disclosure and/or shareholders’ approval requirements under the Listing Rules where appropriate. **Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company (the “Shares”).**

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

Hong Kong, 16 May 2013

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. King Pak Fu, and three independent non-executive Directors, namely Mr. Lam Ting Lok, Ms. Hu Gin Ing and Mr. Zhang Xiaoman.