

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Enterprise Development Holdings Limited.



ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

- (1) VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL IN (AND SHAREHOLDER'S LOAN TO) TECHNO WING LIMITED INVOLVING THE ISSUE OF CONVERTIBLE PREFERENCE SHARES;**
(2) PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL; AND
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Financial adviser to Enterprise Development Holdings Limited



THE ACQUISITION AGREEMENT

On 27 February 2014 (after trading hours), the Vendor, the Purchaser, the Warrantor (as the Vendor's warrantor) and the Company (as the Purchaser's warrantor) entered into the Acquisition Agreement. Pursuant to the Acquisition Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares and the Sale Debts at initially the Acquisition Price of RMB1,155 million (equivalent to approximately HK\$1,470.3 million) (subject to adjustment). The Acquisition Price will be settled by the issue of up to 1,670,454,545 Preference Shares by the Company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners (including the Warrantor) is an Independent Third Party as at the date of the Acquisition Agreement.

The Target Group is principally engaged in the research and development, manufacturing, sales, distribution and marketing of condoms, currently under the brand name of "Safedom" in PRC.

PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL AND PROPOSED AMENDMENTS TO THE ARTICLES

For the purpose of the proposed issue of the Preference Shares to settle the Acquisition Price under the Acquisition Agreement, the Board proposes to increase the authorised share capital of the Company from HK\$30,000,000 (which is currently divided into 3,000,000,000 ordinary shares of HK\$0.01 each) to HK\$70,000,000 divided into (i) 5,329,545,455 ordinary shares of HK\$0.01 each; and (ii) 1,670,454,545 Preference Shares which will have a par value of HK\$0.01 each. In addition, pursuant to Rule 13.51(1) of the Listing Rules, the Company would also announce its plan to amend the Articles to incorporate the Constitutive Document Amendments in connection with the proposed issue of the Preference Shares.

IMPLICATIONS UNDER THE LISTING RULES

As all applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company and is subject to approval by Shareholders at the EGM pursuant to Chapter 14 of the Listing Rules.

The Constitutive Document Amendments are subject to, and shall take effect upon, the passing of a special resolution by the Shareholders at the EGM. The proposed increase of the authorised share capital of the Company is subject to, and shall take effect upon, the passing of an ordinary resolution by the Shareholders at the EGM.

The EGM will be convened and held for Shareholders to consider and, if thought fit, to approve the Acquisition Agreement and the transactions contemplated thereby (including but not limited to the creation of the Preference Shares, the allotment and issue of the Preference Shares and the allotment and issue of Conversion Shares upon conversion of the Preference Shares), the proposed increase of the authorised share capital of the Company and the proposed amendments to the Articles to incorporate the Constitutive Document Amendments. As no Shareholders have any material interest in the Acquisition (including but not limited to the creation of the Preference Shares, the allotment and issue of the Preference Shares, the allotment and issue of Conversion Shares upon conversion of the Preference Shares under specific mandate), the proposed increase of the authorised share capital of the Company and the proposed amendments to the Articles to incorporate the Constitutive Document Amendments, no Shareholders are required to abstain from voting at the EGM on the resolutions to approve the above matters.

GENERAL

In connection with the EGM, the Company will prepare the Circular which will contain, among other things, (i) further details of the Acquisition Agreement and the transactions contemplated thereby (including but not limited to the creation of the Preference Shares, the allotment and issue of the Preference Shares and the allotment and issue of Conversion Shares upon conversion of the Preference Shares); (ii) further details of the proposed increase of the authorised share capital of the Company and the Constitutive Document Amendments; (iii) financial information of the Group; (iv) financial information of the Target Group; (v) pro forma financial information of the enlarged Group upon Completion; and (vi) a notice convening the EGM. The Circular is expected to be despatched to the Shareholders on or before 15 May 2014, since it is expected that further time is required to finalise the contents and the financial information to be included in the Circular.

As Completion is conditional upon satisfaction (or, if applicable, waiver) of the Closing Conditions as set out under the section headed “Closing Conditions” in this announcement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Reference is made to the Company’s announcements dated 16 May 2013, 22 August 2013, 6 and 18 February 2014 respectively in relation to the proposed acquisition of the entire issued share capital in the Target Company. The Board is pleased to announce that on 27 February 2014 (after trading hours), the Vendor, the Purchaser, the Warrantor (as the Vendor’s warrantor) and the Company (as the Purchaser’s warrantor) entered into the Acquisition Agreement. The principal terms of the Acquisition Agreement are set out below:

THE ACQUISITION AGREEMENT

Date 27 February 2014 (after trading hours)

Parties

- (A) Vendor Safedom Technologies Holding Group Ltd.
- (B) Purchaser Cosmic Honour Limited, a wholly-owned subsidiary of the Company
- (C) Warrantor Mr. Lee Sien
- (D) Purchaser’s warrantor the Company

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owners (including the Warrantor) is an Independent Third Party as at the date of the Acquisition Agreement.

The Vendor and Dehao (a direct shareholder of the Vendor) have issued warrants and notes (the “**Warrants and Notes**”) to certain investors (the “**Investors**”). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, such Investors are also Independent Third Parties as at the date of the Acquisition Agreement.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase (i) the Sale Shares, representing all the issued share capital of the Target Company as at Completion, and (ii) the entirety of the Sale Debts, being the face value of the loans outstanding as at Completion made by the Vendor to the Target Company.

As disclosed in the Audited Accounts of the Target Group, as at 30 June 2013, the audited amount of the outstanding loan made by or on behalf of the Vendor to the Target Group was approximately RMB349.0 million (equivalent to approximately HK\$444.3 million). As at the date of this announcement, the outstanding loan made by or on behalf of the Vendor to the Target Group amounted to approximately RMB379.0 million (equivalent to approximately HK\$482.5 million). It is intended that such loans will be assigned and aggregated so that immediately prior to Completion, such loans shall become the Sale Debts to be owing by the Target Company to the Vendor.

Acquisition Price

- (A) The aggregate Acquisition Price (including the acquisition price of the Sale Shares and the acquisition price of the Sale Debts) of RMB1,155 million (equivalent to approximately HK\$1,470.3 million) is determined in accordance with the below formula with the Audited 2013 Profit (as defined below) being RMB110 million (rounded to the nearest million), and is subject to further adjustment as mentioned below:

$$\text{Acquisition Price} = \{A \times B\}$$

where:

$$A = \text{Price Earnings Ratio} = 10.5$$

$$B = \text{Audited 2013 Profit} = \text{the audited After-tax Profit of the Target Group for the financial year ended 30 June 2013, rounded to the nearest million}$$

In such connection:

$$\text{Acquisition price of the Sale Shares} = \{A \times B\} - C$$

where:

$$\begin{aligned} C &= \text{Acquisition price of the Sale Debts} \\ &= \text{Face value of the Sale Debts as at the Completion Date} \end{aligned}$$

- (B) Under the Acquisition Agreement, each of the Vendor and the Warrantor has unconditionally and irrevocably guaranteed to the Purchaser and the Company that the audited After-tax Profit of the Target Group (the “**2014 Actual Profit**”) for the financial year ending 30 June 2014 (“**FY2014**”), as determined based on the accounting principles applied in the preparation of the Audited Accounts of the Target Group, will not be less than RMB110 million (the “**2014 Target Profit**”).
- (a) If the 2014 Actual Profit is equal to or no less than the 2014 Target Profit, the Company shall release and the Purchaser shall procure the Company to release certificates of 835,227,273 Preference Shares (representing approximately 50% of the Acquisition Price) to the Vendor within 5 Business Days after the date of issue of the Audited Accounts for FY2014.
- (b) If the 2014 Actual Profit is less than the 2014 Target Profit, the formula as provided in paragraph (A) above shall apply as if the 2014 Actual Profit were to be used for the item of “Audited 2013 Profit” in such formula for determining the Acquisition Price. In such connection, where the 2014 Actual Profit is:
- (i) equal to or more than RMB55 million, subject to the applicable laws, regulations, rules and codes being complied with, such amount of the Preference Shares as equal to the amount of such shortfall of the Acquisition Price shall be cancelled and the Company shall release and the Purchaser shall procure the Company to release the certificates of the remaining Preference Shares within 5 Business Days after the date of issue of the Audited Accounts for FY2014; or

- (ii) less than RMB55 million, subject to the applicable laws, regulations, rules and codes being complied with, all remaining Preference Shares for which certificates have not been released to the Vendor at Completion shall be cancelled, and the Vendor shall, within 5 Business Days after the date of issue of the Audited Accounts for FY2014, surrender to the Purchaser such amount of the Preference Shares as equal to the amount of shortfall of 50% of the Acquisition Price for cancellation, or alternatively, pay to the Purchaser such amount as equal to such shortfall by way of a cashier's order or cheque, or a combination of both means.

Where the Acquisition Price as determined under paragraph (A) above and that as determined under paragraph (B) above are different, the lower amount shall prevail. For the avoidance of doubt, if the 2014 Actual Profit is more than RMB110 million, the Acquisition Price shall not be subject to any upward adjustment. The maximum downward adjustment to the initial Acquisition Price is equal to (i) the initial Acquisition Price less (ii) the acquisition price of the Sale Debts (which is the face value of the Sale Debts as at the Completion Date).

The Acquisition Price shall, subject to the provisions of the Acquisition Agreement, be satisfied by way of the Company's issue of up to 1,670,454,545 Preference Shares to the Vendor (or its nominee(s)) at Completion, provided that the certificates in respect of 835,227,273 Preference Shares (representing 50% of the Acquisition Price (rounded down to the nearest integral number)) (or, as the case may be, certificates representing such number of Preference Shares in issue, if any, after the cancellation made pursuant to paragraph (B)(b) above) shall only be released to the Vendor pursuant to paragraph (B) above.

The Acquisition Price will be apportioned between the equity interest and the loan interest according to the following arrangement: (a) the acquisition price of the Sale Debts will be equal to the face value of the Sale Debts as at the Completion Date; and (b) the acquisition price of the Sale Shares shall be an amount equal to the difference between the Acquisition Price and the acquisition price of the Sale Debts.

Basis of determination of the Acquisition Price

The Acquisition Price (including the acquisition price of the Sale Shares and the acquisition price of the Sale Debts) was arrived at after arm's length negotiations between the Group and the Vendor with reference to (i) historical After-tax Profit of the Target Group for the financial year ended 30 June 2013; (ii) the price-earnings ratios of certain listed companies which are engaged in the manufacturing and distribution of condoms; (iii) the future prospects of the Business; and (iv) the availability of the adjustment mechanism of the initial Acquisition Price.

The Directors consider that the issue of the Preference Shares is a preferred means to settle the Acquisition Price because (i) it allows flexibility for the satisfaction for the Acquisition Price without exhausting the existing financial resources of the Group; (ii) it would not result in significant increase in gearing of the Group when compared to other means, such as by internal resources or external borrowings; and (iii) it would not result in immediate dilution effects to existing Shareholders. The issue of the Preference Shares is also mutually agreed by the Group and the Vendor for the purpose of settling the Acquisition Price after arm's length negotiations between the Group and the Vendor. Based on the foregoing, the Directors are of the view that the issue of the Preference Shares to settle the Acquisition Price is beneficial to the Company and Shareholders as a whole.

Based on the factors mentioned above, the Directors consider that the terms of the Acquisition and the Acquisition Price are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders taken as a whole.

Under the Acquisition Agreement, the Vendor represents and warrants to the Purchaser that as at the Completion Date:

- (1) other than those incurred in the ordinary course of business, there shall be no other borrowings, obligations or liabilities (whether actual or contingent) of the Target Group owing to any other party (whether the Vendor or its associates or otherwise), otherwise than those as shown in the Management Accounts (or the Audited Accounts as set out in the Circular) (if applicable) in respect of the Target Group, provided that the Vendor shall notify the Purchaser in writing for any borrowings, obligations or liabilities of the Target Group to be incurred in the ordinary course of business; and
- (2) (otherwise than those as shown in the Audited Accounts or the Management Accounts or disclosed (in the manner as specified in the Acquisition Agreement) to and agreed by the Purchaser in advance) there are no guarantees given by any Target Group Company.

If there occurs any breach of the warranties mentioned in paragraph (1) or (2) above and reflected in the Completion Accounts, the Acquisition Price shall be reduced by an amount equal to the aggregate amount of such additional liabilities. In the event of such reduction of the Acquisition Price, the Purchaser shall, within 15 Business Days after the date of its receipt of the Completion Accounts, issue and deliver to the Vendor a written request for reduction of the Acquisition Price, and the Vendor shall within 15 Business Days of the Purchaser's written request, (subject to the applicable laws, regulations, rules and codes being complied with) surrender to the Purchaser such amount of the Preference Shares as equal to the amount of such additional liabilities for cancellation, or alternatively, pay to the Purchaser such amount as equal to the additional liabilities by way of a cashier's order or cheque, or a combination of both means.

Closing Conditions

Completion of the Acquisition Agreement in accordance with the Acquisition Agreement is subject to the following Closing Conditions being fulfilled and remaining satisfied as at Completion (or, where applicable, waived pursuant to the terms of the Acquisition Agreement):

- (a) receipt by the Purchaser from the Vendor of a legal opinion on PRC laws (in such form and substance to the Purchaser's reasonable satisfaction) covering the following major issues:
 - (i) each of the PRC Subsidiaries having been duly established and validly subsisting;
 - (ii) each of the PRC Subsidiaries having obtained all relevant permits required at the time of its establishment and such permits remaining valid;
 - (iii) the legality of the operation and business of the PRC Subsidiaries in all material respects;
 - (iv) each of the PRC Subsidiaries having obtained the permits for the Business and all such permits being in full force and effect;
 - (v) (where applicable) each of the PRC Subsidiaries having obtained the rights to use and occupy the properties owned or leased to or by the Target Group;

(vi) (if required) all necessary approval, authorisation, consent, registration and filings required having been obtained and effected by the PRC Subsidiaries and other Target Group Companies (where applicable) in relation to the Acquisition Agreement and the transactions contemplated thereunder,

and such other aspects of PRC law as the Purchaser may reasonably consider appropriate or relevant to the transactions contemplated by the Acquisition Agreement;

- (b) (if required) the relevant governmental and/or regulatory authorities of the Cayman Islands granting their permission to the issue of the Preference Shares and the allotment and the issue of the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Preference Shares;
- (c) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Conversion Shares which may be issued upon the exercise of the conversion rights attaching to the Preference Shares;
- (d) the approval by the Shareholders (or, as the case may be, the independent Shareholders) at the EGM of the Acquisition Agreement and the transactions contemplated thereby (including but not limited to the Constitutive Document Amendments, the proposed increase in the authorised share capital of the Company, the creation of the Preference Shares, the allotment and issue of the Preference Shares upon the Completion, and the allotment and issue of the Conversion Shares upon conversion of the Preference Shares) and all other consents and acts required under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (e) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities or other relevant third parties in connection with the transactions contemplated by the Acquisition Agreement having been obtained;
- (f) all requisite approvals, consents, registration and filing procedures relating to any members of the Target Group and the Business in connection with the transactions contemplated by the Acquisition Agreement having been obtained/completed;
- (g) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether legal, accounting, financial, operational, sufficiency of technology and/or machineries and equipment for carrying on the Business, or other aspects that the Purchaser considers relevant) on the Target Group, the Business and their related business assets, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think necessary and appropriate to conduct;
- (h) the Purchaser being satisfied, from the date of the Acquisition Agreement and at any time before the Completion, that the Warranties given by the Vendor and the Warrantor under the Acquisition Agreement remain true and accurate in all material respects, not misleading or in breach in any material respect and that no events have suggested that there were any breach of any Warranties given by the Vendor and the Warrantor or other provisions of the Acquisition Agreement by any of the Vendor and/or the Warrantor;

- (i) the Purchaser being satisfied that, from the date of the Acquisition Agreement to Completion, there has not been any material adverse change in respect of any member of the Target Group;
- (j) all outstanding shareholder loans owing by the Target Group to the Vendor and/or Vendor's associates having been assigned to the Vendor on or before the Completion and all necessary approvals, consents, authorisations and licences in relation thereto having been obtained from the relevant governmental authorities or parties concerned;
- (k) the Vendor being satisfied, from the date of the Acquisition Agreement and at any time before the Completion, that the Warranties given by the Purchaser and the Company under the Acquisition Agreement remain true and accurate in all material respects, not misleading or in breach in any material respect and that no events have suggested that there were any breach of any Warranties given by the Purchaser and the Company or other provisions of the Acquisition Agreement by any of the Purchaser and/or the Company; and
- (l) the entering into of a settlement agreement between the Vendor, the Warrantor and the Investors whereby the Vendor, the Warrantor and such Investors agree to settle and release (i) the obligations and liabilities of the Vendor and the Warrantor under the contracts, among others, entered into between (among other parties) the Vendor, Warrantor and the Investors and (ii) the charges and Encumbrances created thereunder in consideration of the transfer of certain Preference Shares by the Vendor to such Investors upon such terms and conditions as may be acceptable to the Vendor.

The Vendor and the Warrantor have agreed to use all reasonable endeavours to satisfy the Closing Conditions (other than the Closing Conditions as referred to in sub-paragraphs (b), (c), (d) and (k) above) on or before the Long Stop Date (including without limitation by making all necessary applications as soon as practicable after the signing of the Acquisition Agreement and the timely supply of information to the Stock Exchange). Each of the Vendor and the Warrantor shall and undertakes to procure the Target Group Companies to provide all such information and documents and execute all such applications, documents and other things as may be reasonably required by the Stock Exchange or any other regulatory authority.

The Purchaser and the Company shall use all reasonable endeavours to satisfy the Closing Conditions as referred to in sub-paragraphs (b), (c), (d), (e) (so far as pertinent to the Purchaser and/or the Company) and (k) above on or before the Long Stop Date (including without limitation by making all necessary applications as soon as practicable after the signing of the Acquisition Agreement and the timely supply of information to the Stock Exchange).

The Purchaser may at its absolute discretion at any time waive in writing any of the Closing Conditions referred to in sub-paragraphs (a), (e), (f), (g), (h), (i), (j) and (l) above (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Purchaser. The Vendor may at its absolute discretion at any time waive in writing the Closing Condition referred to in sub-paragraphs (e), (k) and/or (l) above (to the extent it is capable of being waived).

In the event that the Vendor fails to satisfy any of the Closing Conditions, the Purchaser would only consider to grant waiver for the satisfaction on and subject to such terms and conditions as are determined by the Purchaser which are in the best interest of the Company and the Shareholders as a whole, and such terms and conditions may include, for instance, the non-satisfaction does not relate to a matter of material nature and/or the giving of appropriate indemnity by the Vendor and the Warrantor in favour of the Group should the failure to satisfy such Closing Condition(s) have caused or may cause any loss to the Group. In any event, the Company would not proceed with the Completion if the waiver for the satisfaction of any of the Closing Conditions and/or the terms and conditions to which such waiver is subject is not, in the view of the Directors, in the best interest of the Company and the Shareholders as a whole.

If the Closing Conditions are not fulfilled or waived on or before the Long Stop Date, the Acquisition Agreement shall lapse and be of no further effect except certain clauses of the Acquisition Agreement, and no party to the Acquisition Agreement shall have any claim against or liability to the other parties, save in respect of any antecedent breaches of the Acquisition Agreement.

Undertakings by the Vendor and the Warrantor

Under the Acquisition Agreement, the Vendor undertakes that, from the date of the Acquisition Agreement and up to Completion, it shall procure that the business of the Target Group will be operated in a normal and prudent basis and in the ordinary course of business and that each of the Vendor and the Warrantor will not do or omit to do (or allow to be done or to be omitted to be done) any act or thing (in either case whether or not in the ordinary course of business) which is material in the context of the Target Group taken as a whole.

Each of the Vendor and the Warrantor further undertakes with the Purchaser that from the date of the Acquisition Agreement and up to the Completion Date, it shall procure that, save as provided in the Acquisition Agreement or such loans arising in the ordinary course of its business on normal commercial terms, provided that the Vendor shall as soon as reasonably practicable notify the Purchaser in writing for any borrowings, obligations or liabilities of the Group to be incurred in the ordinary course of business:

- (a) no Target Group Company will borrow or raise money without having first obtained from the Purchaser its prior written consent; and
- (b) no Target Group Company will borrow or raise money by using any existing facility or any loan of a revolving nature, the repayment or performance obligation under or of which is secured by corporate guarantee(s) given by the Target Company and/or any Target Group Company in favour of the creditor(s) granting such existing facility or loan, without having first obtained from the Purchaser its prior written consent.

Under the Acquisition Agreement, the Vendor is obliged to perform (prior to the Completion Date) the obligations to pay or make, without recourse to any member of the Target Group, the capital contribution in full to the registered capital of the PRC Subsidiaries and other payment in connection with the subsistence and/or operation of any members of the Target Group prior to the Completion Date including but not limited to (i) all outstanding tax liabilities of the Target Group up to the Completion Date; (ii) repayment of all principal amount and interests accrued on loans or borrowings of the Target Group from banks and/or financial institutions, which due date falls on or before the Completion Date; and (iii) all outstanding liabilities concerning social insurance of the Target Group up to the Completion Date, whether the time prescribed for such full contribution or payment falls before or after the Completion Date.

Further, under the Acquisition Agreement, the Vendor and the Warrantor further unconditionally and irrevocably undertake on a joint and several basis with the Purchaser and the Company:

- (a) to fully implement and execute and/or to arrange for the absolute release and discharge of liabilities of the Target Group on or before the Completion Date, from all litigations, claims, legal proceedings, arbitrations as at the date of the Acquisition Agreement and/or those subsisting as at the Completion Date involving any member of the Target Group; and
- (b) that the legal and beneficial ownership, title, right, benefit and interest to and in the assets and/or properties of the Target Group shall be absolutely and fully vested in the Target Group free from all Encumbrances on or before the Completion Date.

Under the Acquisition Agreement, each of the Vendor and the Warrantor also jointly and severally indemnifies and keeps fully indemnified the Purchaser (for itself and as trustee for benefit of the Company) and each member of the Target Group from and against all losses, costs, expenses and liabilities which the Purchaser and/or any member of the Target Group may suffer or incur as a result of or in connection with any use of such intellectual property rights by any member of the Target Group which have not been registered by the Target Group and which cause or may cause infringement of the intellectual property rights of third party.

Completion

Subject to satisfaction of all the Closing Conditions in full (save for any Closing Condition the full compliance with or satisfaction of which may have been waived by the Purchaser or the Vendor, as the case may be) and the Purchaser's and the Vendor's right under the Acquisition Agreement, Completion shall take place at 11:00 a.m. (Hong Kong time) on the Completion Date. Upon Completion, the Target Group Companies will become wholly-owned subsidiaries of the Company.

The Company currently has no intention to appoint any directors or senior management of the Target Company as the Directors. The Vendor and its ultimate beneficial owners currently have no intention to nominate any new Directors to the Board upon Completion.

PREFERENCE SHARES

Upon Completion, the Company will issue to the Vendor (or its nominee(s)) 1,670,454,545 Preference Shares as settlement of the Acquisition Price for the Acquisition.

The principal terms of the Preference Shares are as follows:

Issuer:	The Company
Par value:	HK\$0.01 each
Principal amount:	100% of the aggregate principal amount of the Preference Shares, being not more than HK\$1,470,000,000 (or equivalent to 1,670,454,545 Preference Shares at the initial conversion price of HK\$0.88 per Preference Share).
Dividend:	The Preference Shares do not carry any right to dividend or distribution.

- Conversion price: Initially, the Preference Shares of the value of an amount equivalent to HK\$0.88 for each Preference Share shall be convertible into one Share (subject to adjustment as elaborated below). The initial conversion price of HK\$0.88 represents:
- (i) a discount of approximately 27.27% to the closing price of HK\$1.21 per Share as quoted on the Stock Exchange on 27 February 2014, being the date of the Acquisition Agreement;
 - (ii) a discount of approximately 26.91% to the average of the closing prices of approximately HK\$1.2040 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to and including the date of the Acquisition Agreement;
 - (iii) a discount of approximately 21.99% to the average of the closing prices of approximately HK\$1.1280 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to and including the date of the Acquisition Agreement; and
 - (iv) a premium of approximately 810.88% over the unaudited net assets value per Share attributable to the Shareholders as at 30 June 2013 of approximately HK\$0.097.

The initial conversion price is subject to adjustments upon the occurrence of subdivision or consolidation or reclassification of Shares, capitalisation issues, capital distribution, rights issues, or grant of options and warrants at an exercise price which is less than 90% of the then market price of the Shares, issue of certain Shares at an issue price which is less than 90% of the then market price of the Shares, or convertible or exchangeable securities at a conversion price which is less than 90% of the then market price of the Shares or repurchase of such Shares or securities or issue of Shares for acquisition of asset at consideration per Share which is less than 90% of the then market price of the Shares.

Conversion rights: The Preference Shares are convertible at the option of the holder at any time after the expiry of six (6) months after the date on which the Preference Shares are allotted and issued.

No conversion right attaching to the Preference Shares may be exercised, to the extent that following such exercise, the relevant holder(s) of Preference Shares and parties acting in concert with it, taken together, will directly or indirectly, trigger mandatory general offer under Rule 26 of the Takeovers Code; or control or be interested in 30% or more of the entire issued Shares (or in such lower percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer (the “**Maximum Limit**”).

No holder(s) of Preference Shares shall exercise the conversion right attached to any Preference Shares held by such holder(s) of Preference Shares if immediately after such conversion, the public float of the Shares falls below the minimum public float requirements stipulated under the Listing Rules or as required by the Stock Exchange.

Conversion restriction: No conversion rights attaching to the Preference Shares may be exercised by any holders of Preference Shares who is a restricted holder, i.e. a holder of the Preference Shares who is a resident or national of any jurisdiction other than Hong Kong under the laws and regulations of which an exercise of conversion rights by such holder of the Preference Shares or the performance by the Company of the obligations expressed to be assumed by it under the Articles or the allotment and issue and holding of the Conversion Shares cannot be carried out lawfully or cannot be carried out lawfully without the Company first having to take certain actions in such jurisdiction.

Transferability: The Preference Shares are freely transferable to Independent Third Parties. However, where any Preference Share is intended to be transferred to a connected person of the Company (other than the associates of the transferring holder of the Preference Shares), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any).

Redemption:

- (a) Holder of the Preference Shares shall have no right to redeem; and
- (b) The Company shall have right to redeem at a price to be negotiated with holder of the Preference Shares.

Ranking: The Preference Shares rank in priority to the Shares and any other shares of the Company as to return of capital.

Return of Capital: On winding up of the Company, the Preference Shares shall confer on their holders the right to be paid, in priority, an amount equal to the aggregate of the nominal amount paid up or credited as paid up on all the outstanding Preference Shares (pro rata to the aggregate of the nominal amounts of the Preference Shares held by each such holder).

Voting right: Holders of the Preference Shares (in their capacity as such) will not be permitted to attend or vote at meetings of the Company, unless a resolution is proposed to vary the rights of holders of the Preference Shares or a resolution is proposed for the winding up of the Company.

Listing: The Preference Shares are not listed on any stock exchange.

The terms (including the mechanism for adjustment to the conversion price) of the Preference Shares will be effective upon allotment and issue of the Preference Shares, which is subject to the approval by Shareholders at the EGM and subject further to Completion.

No application will be made for the listing of, or permission to deal in, the Preference Shares on the Stock Exchange or any other stock exchange.

Conversion of the Preference Shares

Upon full conversion of the Preference Shares at the initial conversion price (subject to adjustment), a total number of not more than 1,670,454,545 Conversion Shares will be issued by the Company, which represents:

- (a) approximately 113.8% of the total issued share capital of the Company as at the date of this announcement, and
- (b) approximately 53.2% of the enlarged issued share capital of the Company immediately after the issue and allotment of such 1,670,454,545 Conversion Shares upon full conversion of the Preference Shares at the initial conversion price (subject to adjustment).

The Conversion Shares are to be issued pursuant to the specific mandate to be sought in the EGM. The Conversion Shares shall rank pari passu in all respects with the Shares. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

EFFECT ON SHAREHOLDING STRUCTURE

The following chart sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) for illustrative purpose, immediately upon Completion and Distribution (as defined below) assuming full conversion of the Preference Shares:–

	As at the date of this announcement		Immediately upon Completion and Distribution assuming full conversion of the Preference Shares (for illustrative purpose) (Note 2)	
	Number of Shares	Approximate percentage shareholding	Number of Shares	Approximate percentage shareholding
Affluent Start (Note 1)	604,355,000	41.19%	604,355,000	19.26%
The Vendor (Note 2)	–	–	613,018,075	19.54%
Investors (Note 2)				
Cheer All International Limited	–	–	549,086,662	17.50%
Prosperity Investment (China) Limited	–	–	48,044,582	1.53%
Chambray Resources Limited	–	–	28,826,749	0.92%
Giant Profit Enterprises Limited	–	–	43,240,123	1.38%
Kubera Holdings	–	–	4,469,981	0.14%
Regal Concept Investments Limited	–	–	13,409,942	0.43%
Well Precise Holdings Limited	–	–	44,699,806	1.42%
Manto Investments Limited	–	–	26,819,884	0.85%
Chance Cove Group Limited	–	–	35,759,845	1.14%
Golden Mining International Limited	–	–	67,049,710	2.14%
Golden Pond Development Limited	–	–	116,219,497	3.70%
Stone Capital Asia Limited	–	–	79,809,689	2.55%
Public Shareholders	863,034,600	58.81%	863,034,600	27.50%
Total	1,467,389,600	100%	3,137,844,145	100%

Notes:

1. Affluent Start Holdings Investment Limited (“**Affluent Start**”) is a company incorporated in BVI with limited liability which is wholly and beneficially owned by Mr. King Pak Fu, a former executive Director who resigned on 24 January 2014, who by virtue of the SFO is in turn deemed to be interested in such 604,355,000 Shares held by Affluent Start.
2. The Vendor and Dehao (a direct shareholder of the Vendor) have issued certain Warrants and Notes to the Investors. The Vendor (for itself and on behalf of Dehao) and the Investors have verbally agreed in-principle that, upon Completion, the Vendor (for itself and on behalf of Dehao) will distribute the relevant number of the Preference Shares so received under the Acquisition Agreement to the Investors (the “**Distribution**”) to fully settle the issued Warrants and Notes. Such number of Preference Shares will be determined by the Vendor, Dehao and the Investors in a formal agreement in connection with the Distribution and/or otherwise settlement of the obligations under the investment agreements (“**Investment Agreements**”) in connection with the issue of the Warrants and Notes, which is expected to be entered into between the said parties before the Completion. The above table illustrates the shareholding structure of the Company upon Completion and Distribution assuming full conversion of such Preference Shares.

Such scenarios are theoretical in nature and it is a term of the Preference Shares that no conversion shall be made (i) if upon conversion, all the Shares (including the Conversion Shares to be issued) held by the holder(s) of the Preference Shares and persons acting in concert (as defined under the Takeovers Code) with them on the relevant date of conversion will trigger mandatory general offer under Rule 26 of the Takeovers Code or reach the Maximum Limit; or (ii) if there will not be sufficient public float of the Shares as required under the Listing Rules or as required by the Stock Exchange.

PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL AND CONSTITUTIVE DOCUMENT AMENDMENTS

For the purpose of the proposed issue of the Preference Shares to settle the Acquisition Price under the Acquisition Agreement, the Board proposes to increase the authorised share capital of the Company from HK\$30,000,000 (which is currently divided into 3,000,000,000 ordinary shares of HK\$0.01 each) to HK\$70,000,000 divided into (i) 5,329,545,455 ordinary shares of HK\$0.01 each; and (ii) 1,670,454,545 Preference Shares which will have a par value of HK\$0.01 each. In addition, pursuant to Rule 13.51(1) of the Listing Rules, the Company would also announce its plan to amend the Articles to incorporate the Constitutive Document Amendments in connection with the proposed issue of the Preference Shares.

The Constitutive Document Amendments are subject to, and shall take effect upon, the passing of a special resolution by the Shareholders at the EGM. The proposed increase of the authorised share capital of the Company is subject to, and shall take effect upon, the passing of an ordinary resolution by the Shareholders at the EGM.

Further details of the Constitutive Document Amendments and the proposed increase of the authorised share capital of the Company will be set out in the Circular to be despatched to the Shareholders.

INFORMATION OF THE GROUP

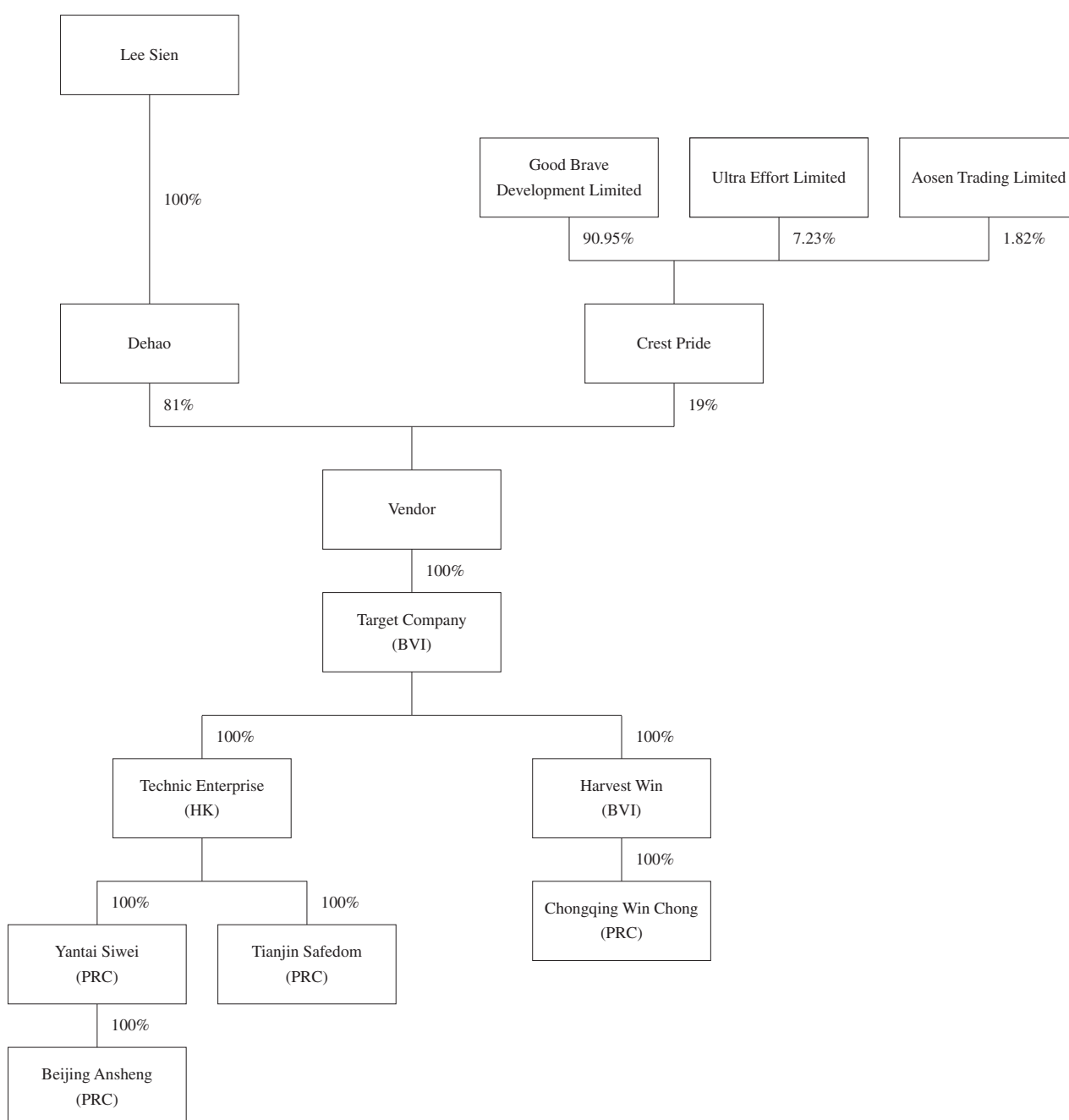
The Group is principally engaged in the provision of integrated business software solutions and trading of listed securities. The Company engaged in the provision of integrated business software solutions business since September 2010. The turnover from the provision of integrated business software solutions business (excluding turnover from sale of software products and others) was approximately RMB36.7 million, RMB125.0 million and RMB136.5 million for the years ended 31 December 2010, 2011 and 2012 respectively. As at the date of this announcement, the Company does not have any intention to change, dispose, terminate and/or downsize the existing business and/or major assets of the Group following the completion of the Acquisition. Upon completion of the Acquisition, the Group will also become engaged in the Business currently engaged by the Target Group.

INFORMATION OF THE TARGET GROUP

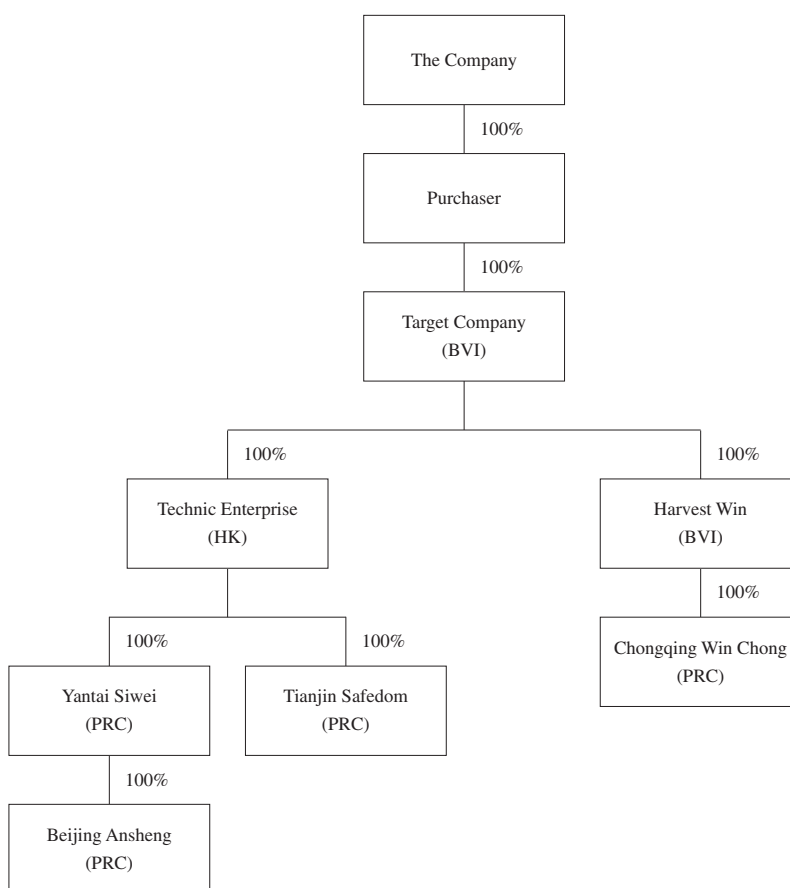
The Target Company is an investment holding company incorporated in BVI with limited liability on 9 December 2009. As at the date of this announcement, the Target Company is wholly owned by the Vendor. The Target Group is principally engaged in the research and development, manufacturing, sales, distribution and marketing of condoms, currently under the brand name of “Safedom” in PRC.

In addition to the purpose of contraception, the products of the Target Group are characterised as highly effective in resistance of bacteria and viruses, including Hepatitis B virus, HIV, Staphylococcus, Gonorrhea, Candida Albicans and other kinds of bacteria and viruses. Chongqing Win Chong, a member of the Target Group, is the registered holder of an utility model patent of a condom product registered in PRC. The production plant of the Target Group is located in Yantai City of Shandong Province, PRC. As at the date of this announcement, the Target Group had approximately 110 employees based on its internal records.

The shareholding structure of the Target Group as at the date of this announcement is as follows:



The shareholding structure of the Target Group immediately after Completion is as follows:–



FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the consolidated financial information of the Target Group as extracted from the audited consolidated financial statements of the Target Group for each of the financial years ended 30 June 2012 and 2013 prepared based on the HKFRS:

	For the year ended 30 June	
	2012	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Turnover	281,453	286,908
Net profit before taxation	99,235	161,814
Net profit after taxation	<u>58,129</u>	<u>110,005</u>

As at 30 June 2013, the audited consolidated net asset value of the Target Group amounted to approximately RMB144.5 million.

INFORMATION OF THE VENDOR

The Vendor is an investment holding company which is owned as to approximately 81% and 19% by Dehao and Crest Pride. Dehao is wholly owned by Mr. Lee Sien, the Warrantor. Crest Pride is owned as to approximately 90.95%, 7.23% and 1.82% by Good Brave Development Limited (a company incorporated in BVI with limited liability), Ultra Effort Limited (a company incorporated in BVI with limited liability) and Aosen Trading Limited (a company incorporated in Belize with limited liability) respectively.

The Vendor and Dehao (a direct shareholder of the Vendor) have issued certain Warrants and Notes to the Investors, which principal terms are as follows:

	Series A Notes and Warrants	Series B Notes and Warrants	Series C Notes and Warrants	Series D Notes and Warrants
Issue date of notes/warrants:	1 September 2010 19 November 2010 (amended and restated on 16 June 2011)	16 June 2011	16 June 2011	23 August 2011
Issuer of notes/warrants:	Dehao	Dehao	Vendor	Dehao
Investor(s)/noteholder(s)/warrantholder(s):	–Cheer All International Limited (“ Cheer All ”) –Voice Chosen Group Limited (<i>Note 1</i>)	Cheer All	–Cheer All –Wei Jun Investments Limited (<i>Note 2</i>) –Golden Mining International Limited –Golden Pond Development Ltd.	Stone Capital Asia Limited
Principal amount of notes:	US\$25,000,000	US\$6,000,000	US\$37,000,000	US\$10,000,000
Interest:	15% per annum	8% per annum	8% per annum	8% per annum
Rights under warrants:	To purchase from the issuer shares in the Vendor during the exercise period at the aggregate exercise price of US\$25,000,000	To purchase from the issuer shares in the Vendor during the exercise period at the aggregate exercise price of US\$6,000,000	To subscribe for shares of the issuer during the exercise period at the aggregate exercise price of US\$37,000,000	To purchase from the issuer shares in the Vendor during the exercise period at the aggregate exercise price of US\$10,000,000
Exercise price per share (subject to adjustment):	US\$1,035.20	US\$2,388.92	US\$2,388.92	US\$2,758.82
Redemption of warrants:	Warrantholders shall have right during the exercise period of 4 years from the date of issue or upon occurrence of an event of default request the issuer to redeem the warrants	Warrantholders shall have right during the exercise period of 2 years from the date of issue or (subject to the warrantholder’s election for extension) 3 years from the date of issue or upon occurrence of an event of default request the issuer to redeem the warrants		

	Series A Notes and Warrants	Series B Notes and Warrants	Series C Notes and Warrants	Series D Notes and Warrants
Transfer of shares of the Vendor between Dehao and the warrant holder(s):	Based on the audited before-tax profit of the Vendor and its subsidiaries for the two financial years ended 31 December 2011, Dehao and the warrant holders shall transfer to each other shares of the Vendor, subject to a lower and upper cap of shares of the Vendor which may be held by the warrant holders collectively	Based on the audited after-tax profit of the Vendor and its subsidiaries for the financial year ended 31 December 2011, Dehao and the warrant holders shall transfer to each other shares of the Vendor, subject to a lower and upper cap of shares of the Vendor which may be held by the warrant holders collectively		
Redemption of notes:	Subject to early redemption by the issuer, the issuer must redeem the notes by repaying the outstanding principal amount of the notes and all accrued and outstanding interest (including default interest) and an amount equal to an internal rate of return of 25% per annum on the outstanding principal amount of the notes on the redemption date.		Subject to early redemption by the issuer, the issuer must redeem the notes by repaying the full outstanding principal amount of and all accrued but unpaid interest on the notes on the maturity date.	
Common terms of the Warrants and Notes:				
Term of notes:	24 months from the issue date. By deeds entered into in September 2012, November 2012 and June 2013 respectively, the term of all series of notes (except Series D) has been extended to 19 November 2013.			
Transferability of Warrants and Notes	Subject to the respective terms and conditions of the Warrants and Notes, the Warrants and Notes are transferable simultaneously by the noteholders/warrant holders without consent of the issuer.			
Collateral/guarantee:	The Warrants and Notes were (i) guaranteed by, among other parties, Lee Sien, Dehao, the Vendor, the Target Company and Technic Enterprise and (ii) secured by, among other charges, charges over shares in each of Dehao, the Vendor (being 81% of the shares of the Vendor held by Dehao), the Target Company, Technic Enterprise, Yantai Siwei and Tianjin Safedom.			

Notes:

1. On 30 March 2012, all Warrants and Notes held by Voice Chosen Group Limited were transferred to Prosperity Investment (China) Limited and Chambray Resources Limited. On 31 March 2012, a portion of the Warrants and Notes held by Chambray Resources Limited were transferred to Giant Profit Enterprises Limited.
2. On 30 March 2012, all the Warrants and Notes held by Wei Jun Investments Limited were transferred to Precious Gold Group Limited, Well Precise Holdings Limited, Manto Investments Limited, Chance Cove Group Limited and Roundhill Asia Limited. On 10 October 2012, all the Warrants and Notes held by Precious Gold Group Limited were transferred to Kubera Holdings. On 24 October 2012, a portion of the Warrants and Notes held by Kubera Holdings were transferred to Regal Concept Investments Limited. On 1 December 2012, all the Warrants and Notes held by Roundhill Asia Limited were transferred to Regal Concept Investments Limited.

The Vendor (for itself and on behalf of Dehao) and the Investors have verbally agreed in-principle that, upon Completion, the Vendor (for itself and on behalf of Dehao) will distribute the relevant number of the Preference Shares so received under the Acquisition Agreement to the Investors to fully settle the issued Warrants and Notes. Such number of Preference Shares will be determined by the Vendor, Dehao and the Investors in a formal agreement in connection with the Distribution and/or otherwise settlement of the obligations under the Investment Agreements, which is expected to be entered into between the said parties before the Completion. Please refer to the paragraph headed “Effect on shareholding structure” for, as illustrative purpose only, further details on the shareholding structure of the Company upon the Distribution assuming the conversion of such Preference Shares in full.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries and as confirmed by the Vendor, (i) each of the Investors and their respective ultimate beneficial owners is a third party independent from the Vendor, Dehao and the Warrantor immediately before the entering into of the respective Investment Agreements for the issue of the Warrants and Notes between the Investors and the Vendor and Dehao; (ii) save for the issue of the Warrants and Notes by the Vendor and Dehao and the investment thereof by the Investors as disclosed above, each of the Investors and their respective ultimate beneficial owners has no other relationship with the Vendor, Dehao and the Warrantor as at the date of this announcement; and (iii) save for Golden Pond development Limited and Stone Capital Asia Limited being under control of the same holding company, and Voice Chosen Group Limited, Cheer All and Wei Jun Investments Limited being under control of the same holding company, each of the Investors are third parties independent from each other.

REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of integrated business software solutions and trading of listed securities.

As part of its business plan, the Group has been identifying and exploring suitable projects and/or investments with good profit potential for acquisition so as to diversify the Group’s business and bring return to the Shareholders. In light of, among others, the profitable track record and prospect of the Target Group, the Board considers that the Acquisition is in line with the Group’s business plan and would allow the Group to diversify into a new line of business with growth potential and solid asset base and to broaden its source of income. The Board is of the view that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company and is subject to approval by the Shareholders at the EGM pursuant to Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Acquisition Agreement and the transactions contemplated thereby (including but not limited to the creation of the Preference Shares, the allotment and issue of the Preference Shares and the allotment and issue of Conversion Shares upon conversion of the Preference Shares), the proposed increase of the authorised share capital of the Company and the proposed amendments to the Articles to incorporate the Constitutive Document Amendments. As no Shareholders have any material interest in the Acquisition (including but not limited to the creation of the Preference Shares, the allotment and issue of the Preference Shares, the allotment and issue of Conversion Shares upon conversion of the Preference Shares under specific mandate), the proposed increase of the authorised share capital of the Company and the proposed amendments to the Articles to incorporate the Constitutive Document Amendments, no Shareholders are required to abstain from voting at the EGM on the resolutions to approve the above matters.

GENERAL

In connection with the EGM, the Company will prepare the Circular which will contain, among other things, (i) further details of the Acquisition Agreement and the transactions contemplated thereby (including but not limited to the creation of the Preference Shares, the allotment and issue of the Preference Shares and the allotment and issue of Conversion Shares upon conversion of the Preference Shares); (ii) further details of the proposed increase of the authorised share capital of the Company and the Constitutive Document Amendments; (iii) financial information of the Group; (iv) financial information of the Target Group; (v) pro forma financial information of the enlarged Group upon Completion; and (vi) a notice convening the EGM. The Circular is expected to be despatched to the Shareholders on or before 15 May 2014, since it is expected that further time is required to finalise the contents and the financial information to be included in the Circular.

As Completion is conditional upon satisfaction (or, if applicable, waiver) of the Closing Conditions as set out under the section headed “Closing Conditions” in this announcement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

This announcement is made by the order of the Board and the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the proposed purchase of the Sale Shares and the Sale Debts by the Purchaser from the Vendor, subject to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 27 February 2014 and entered into among the Vendor, the Purchaser, the Warrantor (as the Vendor’s warrantor) and the Company (as the Purchaser’s warrantor) in relation to the Acquisition

“Acquisition Price”	initially, RMB1,155 million (equivalent to approximately HK\$1,470.3 million), being the consideration for the Acquisition (including the acquisition price of the Sale Shares and the acquisition price of the Sale Debts) payable by the Purchaser to the Vendor, subject to the adjustment, pursuant to the terms of the Acquisition Agreement
“After-tax Profit”	in respect of any entity or group of companies, the audited net profit (or, as the case may be, combined or consolidated net profit) from ordinary activities after tax and minority interests (and without taking into account any extraordinary or exceptional items)
“Articles” or “Articles of Association”	the articles of association of the Company as amended from time to time
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Audited Accounts”	in respect of any particular financial year or years (or, as the case may be, period(s)), the audited consolidated audited profit and loss accounts of the Target Group for the year ending the closing date of the relevant financial year or years (or, as the case may be, period(s)) and the audited consolidated balance sheet of the Target Group as at the closing date of relevant financial year or years (or, as the case may be, period(s)), together with all notes thereto which profit and loss accounts and balance sheet shall be prepared in accordance with the HKFRS and audited in accordance with the auditing standards and guidelines issued from time to time by the Hong Kong Institute of Certified Public Accountants
“Board”	the board of Directors
“Beijing Ansheng”	北京安聖科技有限公司 (Beijing Ansheng Science and Technology Co., Ltd.*), a company established in PRC and a wholly-owned subsidiary of Yantai Siwei
“Business”	the research and development, manufacturing, sales, distribution and marketing of condoms, currently under the brand name of “Safedom” in PRC
“Business Day(s)”	a day (other than Saturdays, Sundays and such other days where a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above is in force in Hong Kong), on which licensed banks in Hong Kong are open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Chongqing Win Chong”	重慶勝創商務信息諮詢有限公司 (Chong Qing Win Chong Business Consultancy Limited*), a company established in PRC and a wholly-owned subsidiary of Harvest Win

“Circular”	the circular to be issued by the Company and despatched to its Shareholders, which will contain (among other matters) further details of the Acquisition and the notice of EGM
“Closing Conditions”	the conditions precedent to Completion, further details of which are set out in the section headed “Closing Conditions” of this announcement
“Company”	Enterprise Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition Agreement with performance by the Vendor and the Purchaser of their respective obligations pursuant thereto
“Completion Accounts”	the consolidated profit and loss account of the Target Group for the period commencing (i) the day immediately falling the year-end (or, as the case may be, period-end) date of the track record period as set out in the accountants’ report on the Target Group to be contained in the Circular, and (ii) ending on the Completion Date, and the consolidated balance sheet of the Target Group as at the Completion Date
“Completion Date”	the fifth Business Day after the fulfillment (or waiver) of the last of the Closing Conditions or such other date as the parties to the Acquisition Agreement shall agree in writing as the date on which Completion shall take place in accordance with the terms of the Acquisition Agreement, provided that such date on which the Completion occurs shall be no later than the date falling five Business Days after the Long Stop Date
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Constitutive Document Amendments”	such amendments to the Articles for the purpose of authorising the creation of the Preference Shares, the issue of the Preference Shares, and the incorporation of the terms of the Preference Shares
“Conversion Shares”	up to 1,670,454,545 new Shares (subject to adjustment), which may be issued by the Company upon exercise by the holder(s) of the Preference Shares of the conversion rights attached to the Preference Shares at the initial conversion price of HK\$0.88 per Conversion Share (subject to adjustment)
“Crest Pride”	Crest Pride Limited, a company incorporated in BVI with limited liability and owned as to approximately 90.95% by Good Brave Development Limited, a company incorporated in BVI with limited liability, as to approximately 7.23% by Ultra Effort Limited, a company incorporated in BVI with limited liability and as to approximately 1.82% by Aosen Trading Limited, a company incorporated in Belize with limited liability
“Dehao”	Dehao Limited, a company incorporated in BVI with limited liability and wholly owned by Mr. Lee Sien

“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the purpose of, among other things, approving the Acquisition Agreement and the transactions contemplated thereby (including but not limited to the creation of the Preference Shares, the allotment and issue of the Preference Shares, the allotment and issue of Conversion Shares upon conversion of the Preference Shares), the proposed increase of the authorised share capital of the Company and the proposed amendments to the Articles to incorporate the Constitutive Document Amendments
“Encumbrance”	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation, equities, adverse claims, or other encumbrances, priority or security interest, deferred purchase, title retention, leasing, sale-and-purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of same and “Encumber” shall be construed accordingly
“Group”	the Company and its subsidiaries
“Harvest Win”	Harvest Win Development Limited (豪勝發展有限公司), a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Target Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the Company, any of the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Listing Committee”	has the same meaning ascribed to it in the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	5:00 p.m. on 30 November 2014 or such later date as the Vendor and the Purchaser may agree in writing
“Management Accounts”	the unaudited consolidated management accounts comprising the Target Group’s consolidated balance sheet as at 30 November 2013 and the Target Group’s consolidated income statement for the period from 1 July 2013 to 30 November 2013

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Subsidiaries”	collectively, Tianjin Safedom, Yantai Siwei, Beijing Ansheng and Chongqing Win Chong
“Preference Share(s)”	up to 1,670,454,545 non-voting convertible preference share(s) of HK\$0.01 each in the capital of the Company, the issue price of which is HK\$0.88 per Preference Share and which will be issued as consideration for the Acquisition
“Purchaser”	Cosmic Honour Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale Debts”	such amount as equals the entirety of the face value of the loans outstanding as at Completion made by the Vendor to the Target Company, subject to such adjustment as set out in the Acquisition Agreement
“Sale Share(s)”	50,000 ordinary shares of US\$1.00 each or such number of the shares of the Target Company as shall represent the entire issued share capital in the Target Company immediately before Completion, which will immediately prior to Completion be legally and beneficially owned by the Vendor and to be bought and sold on the terms of the Acquisition Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the existing ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Target Company”	Techno Wing Limited, a company incorporated in BVI with limited liability and wholly owned by the Vendor as at the date of this announcement
“Target Group”	the group of companies consisting of the Target Company, Technic Enterprise, Harvest Win, the PRC Subsidiaries and the expressions “member of the Target Group” and “Target Group Company” shall be construed accordingly
“Technic Enterprise”	Technic Enterprise Limited (德域企業有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company

“Tianjin Safedom”	塞呖盾 (天津) 生化科技有限公司 (Safedom (Tian Jin) Biochemistry Technology Company Ltd.*), a company established in PRC and a wholly-owned subsidiary of Technic Enterprise
“Vendor”	Safedom Technologies Holding Group Ltd., a company incorporated in the Cayman Islands with limited liability and is owned as to approximately 81% by Dehao and approximately 19% by Crest Pride as at the date of this announcement
“Warranties”	the warranties, representations and undertakings given by the Vendor and Warrantor, or the Purchaser and the Company, as the case may be, under the Acquisition Agreement
“Warrantor”	Mr. Lee Sien
“Yantai Siwei”	煙台四維高科生化有限公司 (Yantai Siwei High-Tech Biochemistry Co., Ltd.*), a company established in PRC and a wholly-owned subsidiary of Technic Enterprise
“%”	per cent.

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

Hong Kong, 27 February 2014

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

** The English transliteration of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

Unless the content states otherwise, conversion of RMB into HK\$ is made for illustrative purpose only, at the rate of RMB1.00 = HK\$1.273 in this announcement.

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.