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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF THE 28% OF ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF PROMISSORY NOTES

THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 9 May 2016 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares at the Consideration of HK\$71,706,600, which has been satisfied as to (i) HK\$21,706,600 in cash; and (ii) HK\$50,000,000 by the issue of the Promissory Notes to the Vendor. Completion of the Acquisition has taken place simultaneously upon signing of the Acquisition Agreement. Upon Completion, the Target Company has become an associated company of the Company.

Pursuant to the Acquisition Agreement, upon Completion, the Target Company, the Vendor and the Purchaser have entered into the Shareholders' Agreement to regulate the respective rights and obligations of the shareholders of the Target Company and the arrangements between them and the Target Company and amongst themselves with respect to the ownership, management and operations of the Target Company. The material terms of the Shareholders' Agreement are summarised in the paragraph headed "Shareholders' Agreement" below.

LISTING RULES IMPLICATIONS

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 9 May 2016 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares at the Consideration of HK\$71,706,600, which has been satisfied as to (i) HK\$21,706,600 in cash; and (ii) HK\$50,000,000 by issue of the Promissory Notes to the Vendor. Upon Completion, the Target Company has become an associated company of the Company.

THE ACQUISITION AGREEMENT

Date

9 May 2016 (after trading hours)

Parties

- (i) Purchaser: Fine Time Global Limited
- (ii) Vendor: Wisdom Master Investments Limited

Information of the Vendor

The Vendor is an investment holding company. The Vendor is a limited liability company incorporated in the British Virgin Islands. The Vendor held 100 shares of the Target Company which represents the entire issued share capital of the Target Company immediately before Completion.

To the best knowledge, information and belief of the Directors after having made all reasonable inquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has agreed to acquire the Sale Shares, representing 28% of the issued share capital of the Target Company. Immediately before Completion, the Vendor is the legal and beneficial owner of the Sale Shares.

Consideration

Pursuant to the terms of the Acquisition Agreement, the Consideration of HK\$71,706,600 for the Sale Shares has been satisfied by the Purchaser to the Vendor at Completion:

- (a) HK\$21,706,600 shall be paid in cash to the Vendor; and
- (b) the remaining balance of HK\$50,000,000 has been satisfied by the Promissory Notes.

Further details of the Promissory Notes are set out in the section headed “Promissory Notes”.

Basis of the Consideration

The Consideration was arrived at based on normal commercial terms after arm’s length negotiations between the Purchaser and the Vendor and was determined after taking into account the following factors:

- (a) the valuation on 100% equity interest in the Target Group (the “**Valuation**”) of approximately HK\$271 million as at 31 March 2016 prepared by an independent professional valuer, Colliers International (Hong Kong) Limited;
- (b) the business development and future prospects of the Target Group; and
- (c) the reasons and benefits of the Acquisition as stated under the section headed “Reasons for and benefits of the Acquisition” in this announcement.

Based on the Valuation, market value of 28% equity interest of the Target Group as at 31 March 2016 is approximately HK\$75.9 million. The Consideration represents a discount of approximately 5.5% to the market value of 28% equity interest of the Target Group.

In view of the above, the Board (including the independent non-executive Directors) considers that the terms and conditions (including the Consideration) of the Acquisition Agreement are fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Completion

Completion has taken place simultaneously upon the signing of the Acquisition Agreement.

Upon Completion, the Company holds 28% equity interest in the Target Company and the Target Company has become an associated company of the Company. The financial results of the Target Group will not be consolidated into the accounts of the Group.

There is no provision in the Acquisition Agreement which grants any right to the Vendor to nominate its nominee to be appointed as Director.

SHAREHOLDERS' AGREEMENT

Pursuant to the Acquisition Agreement, upon Completion, the Target Company, the Vendor and the Purchaser have entered into the Shareholders' Agreement to regulate the respective rights and obligations of the shareholders of the Target Company and the arrangements between them and the Target Company and amongst themselves with respect to the ownership, management and operations of the Target Company. The material terms of the Shareholders' Agreement are summarised below.

Date:

9 May 2016

Parties:

- (i) The Purchaser;
- (ii) The Vendor; and
- (iii) The Target Company

Business

Unless the shareholders of the Target Company agree in writing to change the same, the Target Group is and shall continue to be principally engaged in the businesses of (i) making and editing song library into karaoke music and managing and licensing copyrights thereof in the PRC; and (ii) provision of information system service and karaoke content management service, in respect of karaoke music products in the PRC, to karaoke venues in the PRC.

Each shareholder of the Target Company shall use reasonable endeavours to promote the businesses of the Target Group. The businesses of the Target Group shall be conducted in the best interests of the Target Group on sound commercial profit making principles so as lawfully to generate the maximum maintainable profits available for distribution.

Board of directors:

The board of directors of the Target Company shall consist of not more than four directors, of which three directors shall be nominated by the Vendor and one director shall be nominated by Purchaser.

The chairman of the board of directors of the Target Company shall be a director nominated by the Vendor and shall have a casting vote.

Raising of Additional Capital

The board of directors of the Target Company may resolve to raise additional capital from the shareholders of the Target Company by allotting new shares in the capital of the Target Company to its shareholders, such new shares in the Target Company shall be offered to all shareholders of the Target Company on a pro-rata basis as nearly as practicable to their respective shareholding percentage in the Target Company. In the event any of the shareholders of the Target Company choose not to subscribe for any new shares in the capital of the Target Company, the other shareholders of the Target Company may elect to subscribe for such unsubscribed new shares.

Disposal of shares and pre-emptive rights

Each of the shareholders of the Target Company agrees with and undertakes to each other that it will not without the prior written consent of all other shareholders of the Target Company sell, transfer, or otherwise dispose or encumber any of its shares in the Target Company.

If any shareholder of the Target Company wishes to transfer its shares in the Target Company, it shall first offer all (but not some only) of its shares in the Target Company to the other shareholders of the Target Company in accordance with the provisions of the Shareholders' Agreement.

Anti-Dilution

The issue of any shares in the Target Company shall before issuance be offered for subscription in the first instance to the shareholders of the Target Company in proportion as nearly as practicable to their respective shareholding percentage.

PROMISSORY NOTES

The terms of the Promissory Notes have been negotiated on an arm's length basis and the principal terms of which are as follows:

Issuer:	The Company
Aggregate principal amount:	HK\$50,000,000
Issue date:	9 May 2016
Maturity date:	third anniversary of the date of the Promissory Notes or such other date as the Company and the Vendor (the "Noteholder") may agree in writing
Interest:	The Promissory Notes bear interest at the rate of 6% per annum. The Company shall pay to the Noteholder interest on the principal amount or such part thereof for the time being outstanding on the anniversary date of the date of the Promissory Notes. Interest shall accrue from day to day, shall be calculated on the basis of the actual number of days elapsed and a 365 day year.
Transferability:	The Noteholder may assign or transfer the Promissory Notes or any part thereof to any third party by endorsement with the prior written consent of the Company. Noteholder may not assign the Promissory Notes either in part or in whole to any connected persons (as defined in the Listing Rules) of the Company or any of their associates (as defined in the Listing Rules).
Early redemption by the Company:	The Company may give one (1) clear Banking Day prior written notice in advance for early redemption on any Banking Day.
Application for listing:	No application will be made for the listing of the Promissory Notes on any stock exchange.

The terms of the Promissory Notes are determined after arm's length commercial negotiation between the Purchaser and the Vendor with reference to the prevailing market condition and the financial position of the Group. In view of the above, the Directors consider the terms of the Promissory Notes are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

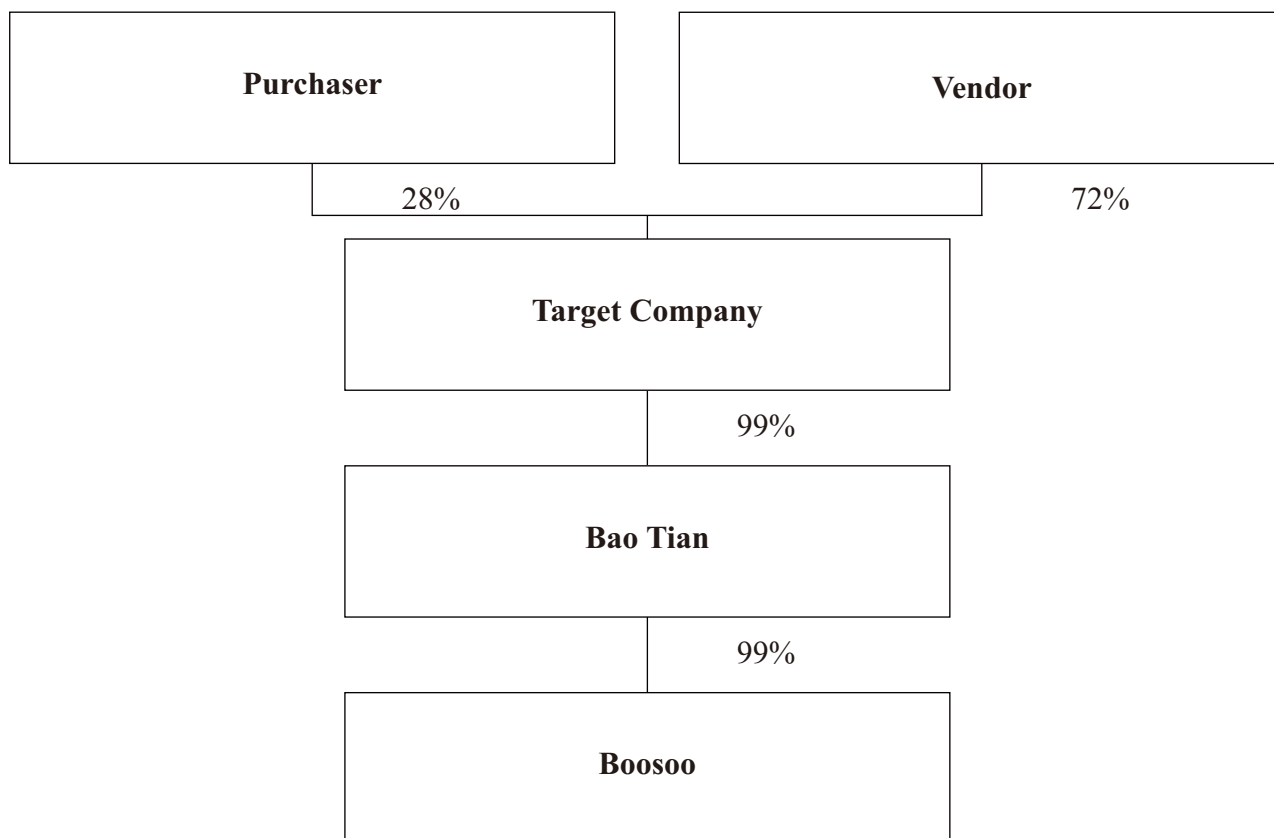
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group (i) immediately before Completion; and (ii) immediately after Completion:

Shareholding structure of the Target Group immediately before Completion



Shareholding structure of the Target Group immediately after Completion



INFORMATION ON THE TARGET GROUP

Target Company

The Target Company is an investment holding company incorporated in Hong Kong on 16 December 2010 with limited liability which is wholly owned by the Vendor.

To the best knowledge, information and belief of the Directors after having made all reasonable inquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owners are Independent Third Parties.

The sole asset of the Target Company is its 99% shareholding interest in Bao Tian.

Bao Tian

Bao Tian is a Sino-foreign equity joint venture established under the laws of the PRC on 14 May 2013. It is principally engaged in investment holding. Bao Tian is owned as to 99% by the Target Company and as to 1% by a company incorporated in PRC who is an Independent Third Party.

The sole asset of Bao Tian is its 99% shareholding interest in Boosoo.

Boosoo

Boosoo is an enterprise established under the laws of the PRC on 16 November 2012, the principal operating subsidiary of the Target Group. It is principally engaged in the businesses of (i) making and editing song library into karaoke music and managing and licensing copyrights thereof in the PRC; and (ii) provision of information system service and karaoke content management service, in respect of karaoke music products in the PRC, to karaoke venues in the PRC. Boosoo is owned as to 99% by the Bao Tian and as to 1% by an individual who is an Independent Third Party.

Financial information of the Target Group

Set below is the audited consolidated financial information of the Target Group as prepared in accordance with International Financial Reporting Standards for the financial years ended 31 December 2014 and 2015 respectively:

	Year ended 31 December	
	2014	2015
	(Audited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	3,243	8,758
Net (loss) profit before taxation	(722)	3,936
Net (loss) profit after taxation	<u>(722)</u>	<u>3,020</u>

The audited consolidated net assets of the Target Group as at 31 December 2015 was approximately RMB1,416,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Target Group is principally engaged in (i) making and editing song library into karaoke music and managing and licensing copyrights thereof in the PRC and (ii) provision of information system service and karaoke content management service, in respect of karaoke music products in the PRC, to karaoke venues in the PRC. The services provided by the Target Group can increase the efficiency for the operators of the karaoke venues in managing their music system as well as providing the latest song lists to their customers. The Target Group is entitled to collect fees for (i) making and editing song library into karaoke music and managing and licensing copyrights thereof in the PRC and (ii) providing karaoke content management service to karaoke operators.

In view of the growing demand for entertainment activities in the PRC, where karaoke plays an important role in the entertainment market in the PRC, it shall drive the demand for services of the Target Group. As such, the Directors consider that the prospect of the Target Group will be promising.

The Group has been actively searching for other suitable business opportunities with growth potential so as to maximum the return of the Shareholders. The Directors consider the Acquisition is in line with the Group’s business diversification strategy and represents an attractive investment opportunity for the Group to further expand and diversify its business portfolio and tap into the entertainment industry with growth potential.

The Directors consider that the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares pursuant to the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 9 May 2016 entered into between the Purchaser and the Vendor in respect of the Acquisition, as amended or supplemented from time to time
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Banking Day”	any day on which banks in Hong Kong generally are open for clearing and settlement business, except a Saturday
“Bao Tian”	廣州寶添信息科技有限公司# (for identification purpose, Guangzhou Bao Tian Information Technology Company Limited), a sino-foreign equity joint venture established under the laws of the PRC, a 99% owned subsidiary of the Target Company
“Board”	the board of Directors
“Boosoo”	廣州寶聲信息科技有限公司# (for identification purpose, Boosoo Information Technology Company Limited), an enterprise established under the laws of the PRC, a 99% owned subsidiary of Bao Tian
“Business Day”	any day (other than a Saturday and a Sunday and a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“BVI”	the British Virgin Islands
“Company”	Enterprise Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Acquisition Agreement
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$71,706,600 payable by the Purchaser for the acquisition of the Sale Shares under the Acquisition Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	the parties of the Acquisition Agreement and “Party” means any of them
“PRC”	the People’s Republic of China which, for the purpose of the Acquisition Agreement and this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Subsidiaries”	collectively, Boosoo and Bao Tian
“Promissory Notes”	the series of 10 promissory notes with denomination of HK\$5,000,000 each issued by the Company pursuant to the Acquisition Agreement in favour of the Vendor in the aggregate principal amount of HK\$50,000,000

“Purchaser”	Fine Time Global Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	28 ordinary shares of HK\$1.00 each in the Target Company, representing 28% of the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) in the Company of HK\$0.01 each
“Shareholders”	holders of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement entered into among the Target Company, the Vendor and the Purchaser upon Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	All Treasure International Industrial Limited 寶添國際實業有限公司, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and the PRC Subsidiaries and each a “member of the Target Group”
“Vendor”	Wisdom Master Investments Limited, a limited liability company incorporated in the BVI, which owned 100% issued share capital of the Target Company immediately before Completion
“%”	per cent

For ease of reference, the names of companies and entities established in the PRC have been included in this announcement in both Chinese and English languages and the English names of these companies and entities are either English translation of their respective official Chinese names or English tradenames used by them. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.

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

Hong Kong, 9 May 2016

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