THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ENTERPRISE DEVELOPMENT HOLDINGS LIMITED (the "**Company**"), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities in the Company.

ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

MAJOR TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE AND THE ISSUE OF PROMISSORY NOTES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company

AKRON
Corporate Finance Limited
亞貝隆資本有限公司

A notice convening the EGM to be held at 3:00 p.m. on Tuesday, 12 May 2015 at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

24 April 2015

CONTENTS

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

"Acquisition"	the proposed acquisition of the Sale Shares pursuant to the Acquisition Agreement
"Acquisition Agreement"	the sale and purchase agreement dated 16 February 2015 entered into among the Company, the Purchaser, the Vendors and the Target Company in respect of the Acquisition
"Amaze"	Amaze Mobile Media Limited, a company incorporated in Hong Kong with limited liability
"AMUSE"	AMUSE Mobile Asia Limited, a company incorporated in Hong Kong with limited liability
"Announcement"	the announcement of the Company dated 16 February 2015 relating to, among other things, the Acquisition
"associate(s)"	the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Business Day"	means a day (other than Saturday) on which banks in Hong Kong are open to conduct business generally throughout their normal business hours and Business Days shall be construed accordingly
"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
"Company's Warranties"	the representations, warranties, undertakings and covenants in respect of the Group given pursuant to the Acquisition Agreement
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement

"Completion Accounts"	consolidated profit and loss account and balance sheet of the Target Company for the period from 1 January 2015 to the last calendar day of preceding month prior to Completion Date to be furnished by the Vendors to the Purchaser no later than two Business Days prior to Completion
"Completion Date"	the third Business Days following the date on which the last of the conditions precedent referred to in the Acquisition Agreement has been fulfilled or such other date as the Parties may agree in writing on which the Acquisition Agreement shall be completed
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of HK$200,000,000 payable by the Purchaser for the acquisition of the Sale Shares under the Acquisition Agreement
"Consideration Shares"	307,692,307 new Shares to be allotted and issued upon Completion to Vendor 2 at the Issue Price as the consideration for the Second Sale Shares
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other matters, the Acquisition and the transactions contemplated under the Acquisition Agreement
"Enlarged Group"	the Group as enlarged upon Completion together with the Target Group
"Euro"	the euro, the lawful currency of the euro zone
"First Sale Shares"	4,000 Sale Shares which have been fully paid-up and legally and beneficially owned by Vendor 1 immediately prior to Completion

"General Mandate"	the general mandate refreshed and granted to the Directors by the Shareholders at the extraordinary general meeting held on 12 December 2014, among other things, to allot, issue and deal with up to 352,173,504 Shares, being 20% of the then issued share capital of the Company as at the date of the extraordinary general meeting
"GRAVITAS"	GRAVITAS LIMITED, a company incorporated in Hong Kong with limited liability
"Group"	the Company and its subsidiaries from time to time immediately prior to Completion
"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)
"Issue Price"	the issue price of HK$0.13 per Consideration Share
"Latest Practicable Date"	21 April 2015, being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Nominee(s)"	any person(s) who may be nominated by (i) Vendor 1 to be the registered holder of any of the Promissory Notes; or (ii) Vendor 2 to be the registered holder of any of the Consideration Shares, being Independent Third Party(ies) and deemed a party or parties acting in concert with such respective Vendor within the meaning of the Takeovers Code
"Parties"	the parties of the Acquisition Agreement and "Party" means any of them
"PRC"	the People's Republic of China

"Promissory Notes"	the promissory notes to be issued by the Company pursuant to the Acquisition Agreement in favour of Vendor 1 (and/or their Nominee(s))in the aggregate principal amounts of HK$160,000,000
"Purchaser"	APEX CENTER LIMITED, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the First Sale Shares and the Second Sale Shares, being the total of 5,000 ordinary shares of US$1.00 each in the Target Company, representing the entire issued share capital of the Target Company
"Second Sale Shares"	1,000 Sale Shares which have been fully paid-up and legally and beneficially owned by Vendor 2 immediately prior to Completion
"SFC"	The Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the Company of HK$0.01 each
"Shareholders"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC as amended from time to time
"Target Company"	Gravitas Group Limited, a company incorporated in BVI with limited liability
"Target Group"	the Target Company and the Target Subsidiaries and each a "member of the Target Group"
"Target Subsidiaries"	wholly-owned subsidiaries of the Target Company, namely GRAVITAS, Amaze and AMUSE
"United States"	the United States of America

"US$"	United States dollar, the lawful currency of the United States
"Valuation Report"	the valuation report on 100% equity interest of the Target Group prepared by Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, as set out in Appendix IV hereto
"Vendor 1"	GLOSS RISE LIMITED, a company incorporated in the BVI with limited liability
"Vendor 2" or "Mr. WK Chu"	Mr. CHU Wai Kit
"Vendors"	together, Vendor 1 and Vendor 2
"Vendors' Warranties"	the representations, warranties, undertakings and covenants on the part of each of the Vendors given pursuant to the Acquisition Agreement
"%"	per cent

For the purpose of this circular, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rates of RMB0.7913 to HK$1.

Those exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts Hong Kong dollars, RMB have been, could have been or may be converted at such or any other rates or at all.

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.

Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

Executive Directors:
Mr. Jia Bowei *(Chairman)*
Mr. Lam Kwan Sing *(Chief Executive Offer)*
Mr. Wang Jun

Independent Non-executive Directors:
Mr. Yau Yan Ming Raymond
Ms. Hu Gin Ing
Mr. Liu Kam Lung

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Suite 904-5, 9/F
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

24 April 2015

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING THE ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE AND THE ISSUE OF PROMISSORY NOTES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Acquisition.

The Board announced that on 16 February 2015 (after trading hours), the Company, the Purchaser, the Vendors and the Target Company entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares at the Consideration of HK$200,000,000, which will be satisfied as to (i) HK$160,000,000 by the issue of the Promissory Notes by the Company to Vendor 1 for the First Sale Shares; and (ii) HK$40,000,000 by the issue of 307,692,307 Consideration Shares at the Issue Price of HK$0.13 per Share by the Company to Vendor 2 for the Second Sale Shares. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The purpose of this circular is to provide the Shareholders, among other things, (i) further information of the Acquisition; (ii) accountants' report of the Target Group; (iii) pro forma financial information on the Enlarged Group; (iv) valuation report on the Target Group; (v) the letters from the financial adviser of the Company and the reporting accountant of the Company in respect of the valuation of the Target Group; and (vi) notice of the EGM.

THE ACQUISITION AGREEMENT

Date

16 February 2015 (after trading hours)

Parties

(i) Purchaser: APEX CENTER LIMITED

(ii) Vendors:
- (a) Vendor 1
- (b) Vendor 2

(iii) The Company; and

(iv) The Target Company

Information of the Vendors

Vendor 1 is an investment holding company and the sole business activity is holding shares in the Target Company. Vendor 1 is owned as to 85% by ACTION HERO INVESTMENTS LIMITED, a company incorporated in the BVI with limited liability and as to 15% by JADE BLISS LIMITED, a company incorporated in the BVI with limited liability. Both ACTION HERO INVESTMENTS LIMITED and JADE BLISS LIMITED are wholly owned by Mr. NG Chun Sang, a director of the Target Company. Vendor 2 is the chief executive officer and the founder of the Target Group, an entrepreneur and has been engaged in the information technology, telecommunication and media industry with over 18 years of experience.

To the best knowledge, information and belief of the Directors after having made all reasonable inquiries, as at the Latest Practicable Date, each of Vendor 1 and its ultimate beneficial owners and Vendor 2 are Independent Third Parties.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to acquire the Sale Shares, representing the entire issued share capital of the Target Company. As at the Latest Practicable Date, the Vendors are the legal and beneficial owners of the Sale Shares, details of which are set out as follows:

Name of Vendors	Number of Sale Shares held	Percentage of Sale Shares
Vendor 1	4,000	80%
Vendor 2	1,000	20%
Total:	5,000	100%

Consideration

Pursuant to the terms of the Acquisition Agreement, upon Completion, the Consideration of HK$200,000,000 for the Sale Shares shall be satisfied by the Purchaser to the Vendors in the following manner:

(a) HK$160,000,000 shall be paid to Vendor 1 or their Nominee(s) and satisfied by procuring the Company to issue the Promissory Notes to Vendor 1 and/or their Nominee(s) on the Completion Date; and

(b) HK$40,000,000 shall be paid to Vendor 2 and satisfied by procuring the Company to issue and allot the Consideration Shares to Vendor 2 and/or his Nominee(s) on the Completion Date.

Further details of the Promissory Notes and Consideration Shares are set out in the section headed "Promissory Notes" and "Consideration Shares" below respectively.

Basis of the Consideration

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

(a) the preliminary valuation on 100% equity interest of the Target Group (the "**Preliminary Valuation**") of approximately HK$223,000,000 as at 31 December 2014 prepared by an independent professional valuer, Cushman & Wakefield Valuation Advisory Services (HK) Limited ("**Valuer**"), adopting income approach using discounted cash flow method;

(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 circular.

The Consideration represents (i) a discount of approximately 10.3% to the Preliminary Valuation; and (ii) a discount of approximately 5.7% to the Valuation (as defined below).

The Board is given to understand that the parent group of the Valuer is a global real estate services firm, with over 16,000 employees in 256 offices, operating from 60 countries and six continents as of April 2015. The Valuer has provided valuation and advisory services to various clients in Asian markets. The valuations and valuation reports are prepared by chartered financial analysts and financial risk manager, who are supervised by senior and experienced professionals. The Valuer rigorously follows guidance notes and rules laid down by the International Valuation Standards (IVS), Hong Kong Accounting Standards (HKAS), and/or Hong Kong Financial Reporting Standards (HKFRS).

The Valuer has experience in valuation of a company engaging in digital advertising business acquired by a company listed on the main board of the Stock Exchange.

According to the Valuation Report, the market value of 100% equity interest of the Target Group was approximately HK$212,000,000 as at 31 December 2014 (the "**Valuation**"). The Valuation Report adopted income approach using discounted cash flow method in arriving at the Valuation which involved projections of profits, earnings and cash flows. Hence, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. In determining the Valuation, the following principal assumptions have been adopted:

General assumptions

– there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Group;

– the conditions in which the business is being operated and which are material to revenue and costs of businesses will remain unchanged;

– the information have been prepared on a reasonable basis after due and careful consideration by management of the Target Company;

– competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Group;

– all licenses and permits that is essential for the operation of the Target Group can be obtained and are renewable upon expiry;

– there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value;

Major assumptions adopted in the financial projection of the Target Group

– the year-on-year revenue growth rate is expected to be 57%, 25%, 25%, 22% and 20% in 2015, 2016, 2017, 2018 and 2019 respectively;

– the terminal growth rate of free cash flow is assumed to be 3.0% per annum, taking reference to long-term inflation rate in Hong Kong; and

– profit tax rate is assumed to be 16.5%, which takes reference to the profit tax rate in Hong Kong.

The Valuer has taken reference to three new contracts signed in 2015 with contract sum amounted to RMB6 million in aggregate as provided by the Target Group (the "**New Contracts**"). Apart from the New Contracts, it is assumed the year-on-year growth rates of 30% in 2015 and hence the effective year-on-year growth rates in 2015 is assumed to be 57%. The year-on-year growth rates is assumed to be 25% in 2016 and 2017 and it is assumed to slow down gradually to 22% in 2018 and 20% in 2019, as suggested by the management of the Target Group based on their estimation and taking reference to general outlook of mobile internet advertising segment.

In assessing the Valuation, the Directors have reviewed the Valuation Report prepared by the Valuer and discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared.

In view of (i) the Valuer's work performed, factors considered and bases and assumptions adopted by Valuer in arriving at the Valuation (details are set out in the Valuation Report in Appendix IV of this circular); (ii) the Valuation was determined using generally accepted valuation approaches in accordance with the professional standard governing valuation; (iii) the future prospect and its income producing capability of the Target Group according to the analysis of its management after taking into account of its proposed business strategies as set out in the section headed "Information on the Target Group"; (iv) historical growth in business performance of the Target Group; and (v) the Consideration represents a discount of approximately 10.3% to the Preliminary Valuation, the Directors consider the Consideration to be fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Valuation Report is set out in Appendix IV to this circular. The letter from Akron Corporate Finance Limited, financial adviser to the Company, on the Valuation Report is set out in Appendix V to this circular. The letter from HLB Hodgson Impey Cheng Limited, reporting accountants of the Company, on the Valuation Report is set out in Appendix VI to this circular.

In view of the above, among other considerations, 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.

Conditions Precedent

Completion of the Acquisition Agreement is subject to the following conditions being fulfilled or waived (as the case may be):–

(i) The Company:

   (a) having obtained the approval by the Shareholders of the Acquisition Agreement, the transactions contemplated thereunder (including but not limited to (i) the purchase of the Sale Shares, (ii) the issuance of the Promissory Notes to Vendor 1 (and/or their Nominee(s)), and (iii) the allotment and issue of the Consideration Shares to Vendor 2 (and/or his Nominee(s));

   (b) having delivered evidence to the Vendors to their reasonable satisfaction that it has complied to the satisfaction of the Stock Exchange and where applicable, the SFC with all requirements under the Listing Rules and, where applicable, the Takeovers Code in relation to the issue and allotment of the Consideration Shares and other transactions contemplated under the Acquisition Agreement; and

   (c) the Shares remaining listed and traded on the Main Board of the Stock Exchange at all times from the date of the Acquisition Agreement up to and including the Completion Date, save for any temporary suspension not exceeding twelve consecutive business days (as defined in the Listing Rules), or such longer period as may be required by the SFC or the Stock Exchange in connection with the review and approval of the documents relating to the Acquisition Agreement by the SFC or the Stock Exchange prior to their release or publication, and no indication being received prior to Completion from the SFC or the Stock Exchange to the effect that the listing of the Shares on the Main Board of the Stock Exchange shall or may be withdrawn or objected to.

(ii) The Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares (either unconditionally or subject only to conditions which the Vendors have no reasonable objection), and not having withdrawn or revoked such permission;

(iii) Vendor 1 and Vendor 2 having delivered to the Company an original certificate of incumbency in relation to the Target Company issued by its registered agent dated no earlier than 7 days before the Completion Date;

(iv) Vendor 1 and Vendor 2 having delivered to the Company an original certificate of good standing in relation to the Target Company issued by the Registrar of Corporate Affairs of the BVI dated no earlier than 7 days before the Completion Date;

(v) the Company having obtained an official valuation report in a form and substance acceptable to the Company prepared and issued by a firm of independent valuers nominated by the Company showing the value of the Target Group being not less than HK$210,000,000;

(vi) all the Vendors' Warranties being true and correct in all material respects as at Completion by reference to the facts and circumstances subsisting at that date;

(vii) all the Company's Warranties being true and correct in all material respects as at Completion by reference to the facts and circumstances subsisting at that date;

(viii) the Purchaser being satisfied with the results of its legal and financial due diligence in respect of the Target Group by notifying the Vendors in writing;

(ix) the Vendors having delivered the Completion Accounts showing no material adverse change to the Target Group since 1 January 2015 to the satisfaction of the Purchaser; and

(x) Vendor 2 having delivered an employment agreement duly signed and executed by Vendor 2 in the form and substance acceptable to the Purchaser.

The Parties shall use their respective best endeavours to procure that the conditions set out in above be fulfilled on or before 30 June 2015 or such other date as may be agreed by the Parties in writing (the "**Cut Off Date**"), except that the condition (ix) be fulfilled no later than two Business Days prior to Completion and conditions (vi), (vii) and (viii) be fulfilled on the Completion Date.

If (a) the Completion Accounts have not been provided to the Purchaser no later than two Business Days prior to Completion; or (b) any of the conditions (i) to (v) and (x) have not been fulfilled on or before the Cut Off Date; or (c) any of the conditions (vi), (vii) and (viii) above have not been fulfilled on the Completion Date, the Acquisition Agreement shall be terminated subject to the following:

(i) if the Completion Accounts have not been provided to the Purchaser no later than two Business Day prior to Completion, the Purchaser may, at its option by written notice to the other Parties:

 (a) waive any of such condition and proceed to Completion; or

 (b) terminate the Acquisition Agreement and all rights and obligations of the Parties shall cease immediately upon termination.

Notwithstanding any provision stipulated under the Acquisition Agreement to the contrary, if any of the conditions precedent set out in the above has not been fulfilled or waived pursuant to the terms of the Acquisition Agreement and the Acquisition Agreement is terminated accordingly, none of the Parties shall be under any liability under the Acquisition Agreement and none of them may make any claim whatsoever against any of the other Parties whether for the non-fulfilment of any of such conditions or any breach of any warranties or otherwise in respect of such matters.

As at the Latest Practicable Date, no condition precedent has been fulfilled or waived.

Vendors' Undertaking

Vendor 2 has unconditionally and irrevocably undertaken to the Purchaser and the Target Company that he shall remain as a director of the Target Company and each of the Target Subsidiaries for a period of 1 year commencing from Completion Date to oversee the day-to-day operations of the Target Group. A nominee of Vendor 1 and Vendor 2 are directors of the Target Company and each of Vendor 1 and Vendor 2 has respectively unconditionally and irrevocably undertaken to the Purchaser and the Target Company that (i) Vendor 1 will not and will procure that its nominee holding the office of a director of the Target Company will not; and (ii) Vendor 2 will not, compete with the Target Group during the term of directorship within the Target Group and until 1 year after ceasing to hold such offices.

Completion

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent to Completion pursuant to Acquisition Agreement, Completion shall take place at or before 5:00 p.m. (or such other time as the Parties may agree not less than three Business Days prior to Completion Date in writing) on the Completion Date.

Completion of the sale and purchase of each batch of the First Sale Shares and the Second Sale Shares shall be completed simultaneously at Completion and the Purchaser is not required to complete the transactions contemplated under the Acquisition Agreement in the event that any of the Vendors fail to fulfil any of its obligations at Completion.

Each Party shall perform all (but not part or some) of its respective obligations at Completion as set out in the Acquisition Agreement.

Immediately after Completion, the Target Company and its subsidiaries will become indirect wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the accounts of the Group.

There is no provision in the Acquisition Agreement which grants any right to any of the Vendors to nominate their nominees to be appointed as Director.

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
Principal amount:	HK$160,000,000
Issue date:	Completion Date
Maturity date:	third anniversary of the date of initial issue of the Promissory Notes.
Interest:	The Promissory Notes bear interest at the rate of 6% per annum and calculated on a 365-days/year basis over the principal amount at such sum as may be outstanding from time to time.
Transferability:	The Promissory Notes and the interest and rights of the noteholder shall be assignable by endorsement without Company's prior written consent but with written notice 7 days in advance of such assignment.
Early redemption by the Company:	The Company shall give written notice 7 days in advance for early redemption.
Application for listing:	No application will be made for the listing of the Promissory Notes on any stock exchange.

The interest rate of 6% per annum was determined after arm's length commercial negotiation between the parties with reference to prevailing market condition, financial position of the Group taking into consideration the Company's usual financial costs and has made reference to the range of interest rates of recent issues of promissory notes by companies listed on the main board and Growth Enterprise Market of the Stock Exchange for acquisition. 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.

CONSIDERATION SHARES

The Consideration Shares will be allotted and issued at the Issue Price of HK$0.13 each, which represents:

(i) a discount of approximately 15.03% to the closing price of HK$0.153 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement;

(ii) a discount of approximately 13.56% to the average closing price of approximately HK$0.1504 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares up to and including the date of the Acquisition Agreement; and

(iii) a discount of approximately 61.76% to the closing price of HK$0.34 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Issue Price was determined after arm's length negotiation between the Company and Vendor 2 with reference to the prevailing market price of the Shares and current market conditions. The Directors consider that the Issue Price is fair and reasonable and the issue of the Consideration Shares at the Issue Price is in the interests of the Group and the Shareholders as a whole.

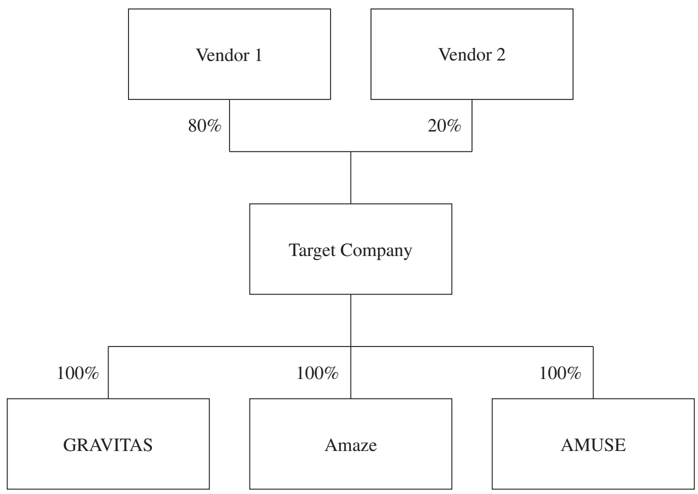
The Consideration Shares represent approximately 14.58% of the existing issued share capital of the Company as at the Latest Practicable Date and represent approximately 12.72% of the Company's issued share capital as enlarged by the allotment and issue of Consideration Shares. Based on the aforesaid, the Consideration Shares will be issued pursuant to the General Mandate, which has not been used as at the Latest Practicable Date since granted. The General Mandate will be utilised as to approximately 87.37% upon issue of the Consideration Shares.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank *pari passu* in all respects with the existing Shares in issue.

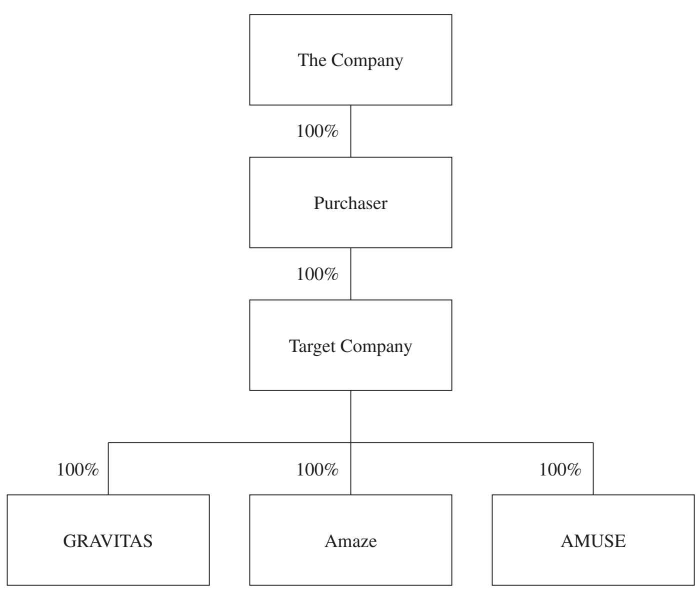
SHAREHOLDING STRUCTURE OF THE TARGET GROUP

Set out below is the shareholding structure of the Target Group (i) as at the Latest Practicable Date; and (ii) immediately after Completion:

Shareholding structure of the Target Group as at the Latest Practicable Date



Shareholding structure of the Target Group immediately after Completion



INFORMATION ON THE TARGET GROUP

The Target Group is a mobile marketing group established in Hong Kong dedicated to provide mobile marketing services to clients in the socially-connected mobile world. The Target Group has served certain Fortune 500 companies, listed multinational corporations and renowned local setups. The client base of the Target Group is diverse and covers various sectors, such as media, cosmetics, fashion, banking and finance, insurance, catering, real estate and automobile. The Target Group has provided clients with marketing strategies through mobile and implemented campaigns in the past decade.

The Target Company is incorporated in BVI. Each operating subsidiaries of the Target Group is incorporated in Hong Kong but not incorporated in the PRC. In addition, none of them engaged in mobile advertising business in the PRC.

The Target Company

The Target Company is an investment holding company incorporated in the BVI on 24 December 2012 with limited liability. The Target Company is owned as to 80% and 20% by Vendor 1 and Vendor 2 respectively. The Target Company is the holding company of the Target Subsidiaries.

GRAVITAS

GRAVITAS is incorporated in Hong Kong on 2 August 2004 with limited liability. It is principally engaged in mobile marketing projects and professional consultation services, such as business model consultation, creative and design services and a range of production services on mobile platforms.

Amaze

Amaze is incorporated in Hong Kong on 17 November 2009 with limited liability. Amaze is a mobile advertising company in Hong Kong and has been providing mobile advertising service since 2009. In addition to mobile advertising placement service, Amaze also provides value-added services, including media planning, production, campaign tracking, reporting and post-campaign analytics, to agencies and advertisers to enhance the overall effectiveness of their clients' mobile advertising campaign.

AMUSE

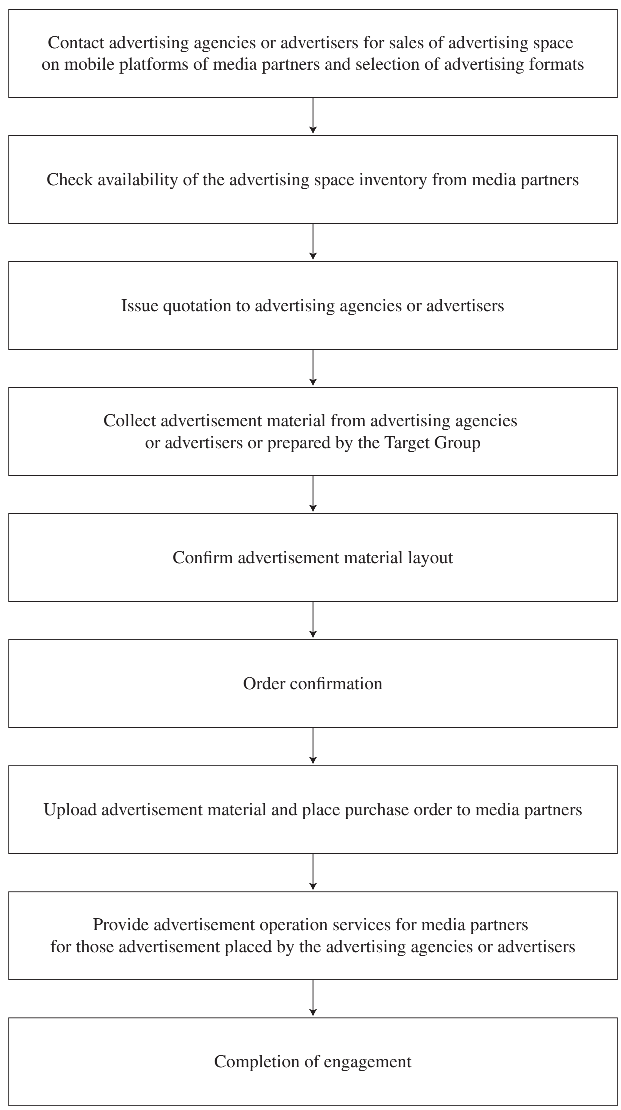
AMUSE is incorporated in Hong Kong on 21 November 2012 with limited liability. AMUSE is engaged in mobile games development and publishing business with focus in Asian market. AMUSE also supports the Target Group in gamification marketing (i.e. applying game mechanics and game design techniques to develop customised games for marketing and promotion).

Principal business activities and business model

The Target Group principally engages in provision of mobile marketing services which comprise (i) mobile advertisement placement services; (ii) consultation, creative and technology services; and (iii) mobile gaming.

(i) Mobile advertisement placement services

The Target Group, principally through Amaze, has been providing mobile advertising services since 2009 which involve procurement of advertising space on mobile platforms, selection of advertising formats and placement of advertising campaign. The following chart sets out the business and revenue model of mobile advertisement placement services illustrating the key stages of the business operation:



The relevant advertisement material may be produced by (i) the Target Group; (ii) advertising agencies; or (iii) advertisers. The Target Group also provides other valued-added services including but not limited to media planning, creative services for visual design of the advertisements and post-campaign tracking and analytics.

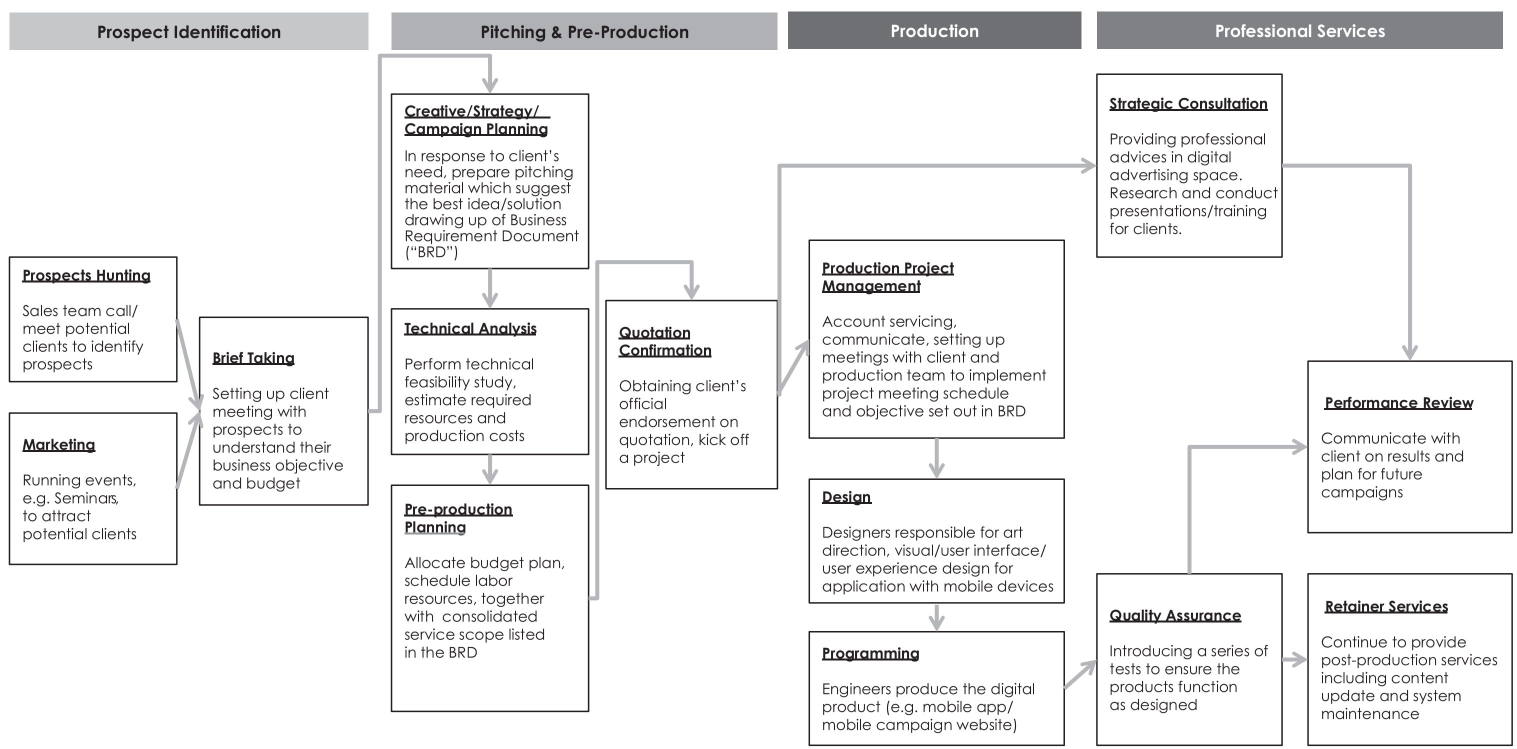
All services are charged based on the type of mobile platforms, the position of advertising space, the advertising formats, the duration of the advertising campaign and the manpower involved in providing creative ideas, production and other value-added services.

(ii) Consultation, creative and technology services

In addition to providing mobile advertising services, the Target Group principally through GRAVITAS also offers consultation, creative and technology services to customers.

The followings chart sets out the business and revenue model of consultation, creative and technology services, illustrating the key stages of the business operation:

Business and revenue model of consultation, creative and technology services



Consulting business involves the Target Group providing technical advice and knowledge sharing with customers on different mobile marketing projects with the aim to devise sound business model(s) and execution strategies to develop their business, to promote their products and to provide innovative services to enhance the overall business performance.

The Target Group's creative service may involve idea generation to campaign execution, design on users experience and user interface on mobile platforms according to specific customers requirements.

Technology service has been indispensible in executing all mobile marketing projects for customers which may involve the overall technical design and project management, mobile front-end and server-side programming, technical quality assurance, and deployment services on popular mobile platforms which the Target Group offers.

All services are charged based on manpower involved and other fees to any third parties on purchasing software licenses where necessary.

(iii) Mobile gaming

The Target Group has developed 2 mobile games in 2013 and 2 mobile games in 2014 and aims to continuously develop and publish mobile games based on the business model through which the games are free to download and play but the mobile users can choose to pay for in-app purchases.

In addition, the Target Group has developed and will continue to develop customized games for gamification marketing (i.e. applying game mechanics and game design techniques to develop customized games for marketing and promotion) within the budget of the customers on a project basis in accordance with customers' requirement.

Customers

The Target Group has a diversified client base which includes Fortune 500 companies, listed multinational corporations and renowned local groups in various sectors, such as media, cosmetics, fashion, banking and finance, insurance, catering, real estate and automobile.

Service fees are charged as a fixed sum determined on a case-by-case basis as set forth in the sales contracts entered into between the Target Group and its clients. The service fees charged will be determined with reference to a number of factors, such as (i) costs for carrying out the project after considering the number of employees and number of man-hours which will be involved, specifications and scale of the project and estimated time required; (ii) prevailing market prices for similar services offered in the market; (iii) size, reputation and industry of the clients; and (iv) future business opportunities with the clients. In determining the service fees to be charged, reference will also be made to the target gross profit margin to be achieved for (i) mobile advertisement placement services provided by Amaze; and (ii) consultation, creative and technology services provided by GRAVITAS.

Suppliers

Suppliers of the Target Group mainly include media partners, telecommunication operators and other third parties providing necessary software licenses and other professional services including but not limited to software programming, design and marketing services.

In order to provide advertising space on mobile, the Target Group works with media partners to maintain mobile advertising network covering (i) local media partners with mobile applications providing various contents such as news, finance information, soccer information, movie information and ticketing platform, etc; and (ii) telecommunication operator partners in Hong Kong.

Business plan and strategies

The Target Group has been providing mobile marketing consultancy, technical support and mobile advertising service which help target customers in utilizing mobile communication technologies in marketing activities to develop their corporate image, to promote their brand, products or services and to enhance their overall business performance. Given the nature of the business of the Target Group, no material capital expenditure is expected to be incurred for pursuing its business plan and strategies.

The business strategies of the Target Group are (i) using mobile technology to improve operational efficiency and explore business opportunity, (ii) broadening the client base by recruiting new customers and providing diversified products and services, and (iii) promoting the transformation of traditional advertising media to incorporate mobile marketing through platforms in the Online-to-Offline ("**O2O**") era. O2O is a use of technology to boost consumers' experience and drive sales along the consumers' path to purchase from online to offline, with payment transaction through online and actual consumption at offline premises

In order to broaden the scope of services of the Target Group, it intends to develop search engine marketing and other innovative ways of mobile advertising through cooperation arrangement with a mobile internet company in the PRC (the "**PRC Internet Company**") leveraging on the Ad Services Agreement (as defined below) which will facilitate the Target Group to provide search engine marketing services to all existing clients from time to time who intend to launch into the PRC market. The Target Group has entered into an agreement (the "**Ad Services Agreement**") with an authorized agent of the PRC Internet Company (the "**Authorized Agent**") in November 2014 for the procurement of online advertising services (the "**Ad Services**") provided by the PRC Internet Company on two websites. Pursuant to the Ad Services Agreement, the Authorized Agent will supply Ad Services to the Target Group whereas the Target Group will act as reseller of Ad Services to end users of Ad Services (the "**End Users**"). The

Target Group will be entitled to receive fee which will be determined based on pre-determined percentage of those amount charged by the PRC Internet Company to the End Users in respect of the Ad Services in a calendar month (the "**Monthly Ad Amount**"). The aforesaid pre-determined percentage will vary, ranging from 12% to 18% of the Monthly Ad Amount. Furthermore, the Authorized Agent appointed the Target Group as 2015 strategy partners and mobile cooperation partners in Hong Kong. The first stage sales and marketing activities for the Ad Services started in early 2015 with major clients whose demand on search engine products have been identified. A series of marketing promotion programs will commence in late April 2015. Management of the Target Group estimates that the Target Group will commence provision of the Ad Services business tentatively in the third quarter of 2015.

The Target Group also expects continuous growth in demand on mobile marketing by existing and potential clients in Hong Kong and other Asian countries. To fulfill such expected demand, the Target Group has been looking for opportunities to work with more media partners in Asia as well as continuously recruiting more talents in the team to support the business expansion in business model consultation, creative services and technology innovation.

Development of O2O services will be another development direction of the Target Group. In the coming year, the Target Group intends to achieve O2O business development in (i) being a mobile-commerce service provider through cooperation with local companies, including but not limited to media companies, telecommunication operators, shopping malls, brands and retailers; and (ii) being an advertising solution provider for development of O2O advertisement through cooperation with outdoor advertising companies which possess network of advertising spaces in the PRC.

In respect of the O2O business development, the Target Group will collaborate with a telecommunication operator in Hong Kong for the launch of an O2O online shopping platform in Hong Kong (the "**Online Mall**"), tentatively in late second quarter of 2015. It is intended that the Target Group will be running a sub-platform on the Online Mall adopting O2O business model. The Target Group has begun to introduce merchants to the new platform.

Furthermore, the Target Group aims to pursue a cross-border O2O platform (the "**Platform**") for business on e-commerce and advertising. Management of the Target Group targets to launch the Platform in late 2015.

Moreover, the Target Group will also provide cloud-based retail technology services (the "**Cloud Retail Services**") to tap into the small-medium enterprise market which demands cheaper mobile marketing services with more flexibility to promote their products or services, to maintain closer relationship with their customers and to enhance the operational efficiency of their businesses. The technical development of a Cloud Retail Service, namely mobile relationship management ("**MRM**"), is near completion and is expected to be trial-launched in around mid-

April 2015. MRM will be charged with an initial setup fee, a recurring monthly fee and an optional fee on customization. Management of the Target Group estimates that MRM service will commence in third quarter of 2015.

Management team

It is intended that the current key management of the Target Group will be retained after Completion and the Company will consider appointing additional suitable candidates to ensure efficient operation of the Target Group. Set out below are the key management of the Target Group and the Company intends to enter into service agreement with them to the effect that they will be retained in the Enlarged Group after Completion.

(1) Mr. WK Chu

Mr. WK Chu, aged 41, Chief Executive Officer of the Target Group, is responsible for general management, daily operation and overall strategic development of the Target Group. Mr. WK Chu graduated in Hong Kong Baptist University with a bachelor degree in Business Administration with major in Marketing and holds a Graduate Diploma in China Marketing & e-business jointly awarded by Hong Kong Institute of Marketing and The University of Hong Kong School of Professional and Continuing Education.

Mr. WK Chu is a veteran with over 18 years of experience in information technology ("**IT**"), telecommunications and media industry and held key sales and marketing positions in various industry leaders such as CLP Telecom and Hutchison Telecom before he founded the Target Company.

Mr. WK Chu is the winner of Mobile Solution Leadership Award 2015 awarded by MOB-EX Award HK 2015 which is Hong Kong's event celebrating mobile marketing excellence and recognising leadership in mobile marketing. Mobile Solution Leadership Award 2015 recognises a team leader, or agency head who has put in the best performance over the eligibility period along with his/her team.

Mr. WK Chu is the chairman of Hong Kong Retail Technology Industry Association (RTIA), the project manager of Office of Government Chief Information Officer Small and Medium-sized Enterprises Cloud Promotion Program, and the Vetting Committee Member of Retail Technology Adoption Assistance Scheme (ReTAAS) of the Hong Kong Government.

Mr. WK Chu maintains relations with client marketers, advertising agencies, media companies and telecommunication operators in the industry.

(2) Mr. Chu Wai Yin ("Mr. WY Chu")

Mr. WY Chu, aged 37, Chief Technology Officer of the Target Group, is responsible for overall management of technology development and operation of the Target Group. Mr. WY Chu has been the co-founder of the Target Company since 2004. He graduated from the University of Greenwich with a bachelor degree in Computing and held several professional IT qualifications such as certificates from Linux Professional Institute.

Mr. WY Chu has over 17 years of experience in IT industries regarding IT infrastructure and operations, system and software development and project management. He served multiple technical position in various industry participants such as Outblaze and Hong Kong International Terminal ("**HIT**") where he was involved in various IT projects such as "mail.com" project in Outblaze and "Productivity-Plus Programme" system in HIT.

He has led various system developments in the Target Company, including mobile relationship management system, mobile advertisement serving system and mobile game system since 2004.

(3) Mr. Lee King Fung ("**Mr. Lee**")

Mr. Lee, aged 32, Chief Marketing Officer of the Target Group. Mr. Lee joined the Target Group in 2008 and he has been responsible for leading the creative and project team to deliver marketing campaigns and mobile projects production for clients. Mr. Lee obtained a bachelor of engineering from Hong Kong University of Science and Technology, and a master of Fine Arts from City University Hong Kong.

Mr. Lee has over 10 years of experience in mobile and creative industry. Prior to joining the Target Group, Mr. Lee was a founder of a startup "TotoVision", working on creative web and mobile innovation projects during 2004 to 2008.

(4) Mr. Hung Ngai ("**Mr. Hung**")

Mr. Hung, aged 42, Chief Operating Officer of the Target Group. Mr. Hung joined the Target Group in 2013 and he is responsible for leading sales and business development team of the Target Group, as well as introducing new mobile advertising tactics and formats to boost revenue for the Target Group.

Mr. Hung has over 20 years of experience in IT and telecommunications industry. Mr. Hung had played important sales and business development roles in various telecommunications companies, including Hutchison Telecom and Smartone since the 1990s. Prior to joining the Target Group, from 2000 to 2013, Mr. Hung was a mobile solution manager in Smartone responsible for creating new solution business by providing enterprise solution, as well as delivering various new telecommunication services including internet broadband, Blackberry email solution, location-based messaging service and other mobile-connected solutions for enterprises to streamline the business process and create new business opportunity.

(5) Mr. Yip Tak Wing (“**Mr. Yip**”)

Mr. Yip, aged 38, Executive Producer of the Target Group. Mr. Yip joined the Target Group in 2011 and he is responsible for leading artistic direction of the Target Group, as well as leading mobile game design and production. Mr. Yip obtained a bachelor of Finance from the University of Hong Kong, and a master of Science from University of London. Mr. Yip has 15 years of experience in digital creative industry producing animations, online content and digital game.

Prior joining the Target Group, Mr. Yip was a team leader in Dream Cortex, a subsidiary of Outblaze, from 2000 to 2011 and was involved in many projects including various 3D animation projects and an online game project, Hello Kitty Online, which was distributed across countries including United States, Europe, Singapore, Malaysia, Philippines and Thailand.

INDUSTRY OVERVIEW

Advertising Industry

As disclosed in the Valuation Report, global media agency, global advertising spending (“**Adspend**”) is predicted to obtain a growth of 4.9% in 2015 and 5.6% in 2016. This is mainly attributes to the rise of mobile advertising and social media and the transition to programmatic buying of digital display.

The forecast suggests that mobile advertising is the main driver of global Adspend growth, and will account for 51% of all new advertising dollars between 2014 and 2017. Mobile advertising is predicted to grow by an average of 38% a year between 2014 and 2017, driven by the rapid spread of devices, innovations in advertisement technology and improvements in user experiences.

Mobile Marketing

Mobile devices such as smartphones and tablets are seeing rapid adoption rate globally. With consumers carrying the mobile devices along for the majority of the time, it has become the most efficient medium to reach larger number of consumers with advertisements and promotions. Mobile advertising platform and technology allow advertisers to use advance targeting technologies to reach the desired consumers of different characteristics and criteria.

As disclosed in the Valuation Report, the global mobile internet advertisement spending is expected to increase to US$94.91 billion in 2018, which is about a five-fold increase from US$17.96 billion in 2013.

As shown in the Valuation Report, as a whole, it is expected that mobile internet penetration will reach 55% in 2018, which will drive digital advertising to increase its share from 14% of total advertising revenue in 2009 to 33% by 2018. With internet advertising growing at a CAGR of 10.7% (compared to CAGR of 4.4% for total advertising), the industry is of a growing importance as compared to TV advertising and may be approaching a significant tipping point in 2018.

RISKS FACTORS IN RELATION TO THE TARGET GROUP'S BUSINESS AND THE ACQUISITION

Reliance on growth of smartphones and mobile apps

The Target Group's business relied on the continued growth of the smartphone and mobile apps. Although there is a general trend in the continued growth of smartphone and mobile apps in Hong Kong and the PRC, there is no assurance that advertising customers will increase their spending budget on advertising solutions based on mobile apps.

Ability in catching up with the latest technological and advertising trend and market demand

The advertising market based on smartphones and mobile apps are faced with rapidly changing technology, evolving business models and changing customer demands. The Target Group's future success will depend on its ability to adapt to such rapidly changing technology and advertising trends and to provide up-to-date solutions at low cost to gain an edge in the market. The failure of the Target Group to adapt to such changes would adversely affect the Target Group's operating results.

Failure to adequately protect the Target Group's brand, trademarks, copyrights and other intellectual property rights may have a material adverse impact on the business and results of operation

Other than the registration of "Mobile Friday", "Gravitas" and "AMAZE" trademarks by Mr. WK Chu on behalf of the Target Group in Hong Kong which are significant and critical for the business of the Target Group, the Target Group has not registered any other intellectual property rights in Hong Kong to protect its technologies and inventions. Any failure to protect the intellectual property rights of the Target Group could harm its business and competitive position. Any infringement by any third parties of the Target Group's intellectual property rights may require claims or enforcement by the Target Group. Consequently, the Target Group may become subject to legal proceedings which can be expensive and time consuming and the outcome is uncertain which may materially and adversely harm the Target Group's business and reputation.

Intellectual property rights infringement

The Target Group may use intellectual property rights to produce products and provide services to its customers or in its business operations. Furthermore, employees of the Target Group may install software which may violate the intellectual property rights of others and the Target Group may be vicariously liable to such behaviour of its employees. Any infringement of any third parties' intellectual property rights may raise a claim against the Target Group. Consequently, the Target Group may become subject to legal proceedings and claims which can be expensive and time consuming and the outcome is uncertain which may materially and adversely harm the Target Group's business and reputation.

Reliance on stable network infrastructure or information technology systems

Satisfactory performance, stability and compatibility of the network infrastructure and information systems are critical to the operation of the Target Group's business. Any defects or problems with the network infrastructure or information systems would materially affect the business operation of the Target Group. Since the Target Group relies on third-party service providers for certain key aspects of its network infrastructure and information systems, any disruptions or other problems with their services are beyond the control of the Target Group and may be difficult for the Target Group to remedy and in such event would adversely affect the Target Group's business and reputation.

Personal information and data protection

The Target Group receives, stores, analyzes and processes personal information and data received during the course of its business operations in order to facilitate the development of business strategies and enhance user experience. The receipt, storage and usage of personal information and data collected by the Target Group are subject to applicable local laws and regulations around the world. Any failure by the Target Group to comply with its own privacy policies or the applicable laws and regulations may result in governmental enforcement actions, litigations or public statements against the Target Group which could have an adverse effect on the business of the Target Group.

Reliance on key management

The Target Group's operation is dependent on the management, expertise and experience of its key management. If the Target Group is unable to retain these key personnel and key employees or if the Target Group is unable to find replacements of key personnel and key employees with comparable experience and expertise, the business operation of the Target Group may be adversely affected.

Reliance on the Hong Kong market for the business and operations of the Target Group

Hong Kong is the major market of the Target Group, therefore, the demand for the Target Group's services and products are sensitive to the changes in the general economic conditions in the Hong Kong. The Target Group's results of operation are expected to continue to be dependent to a significant extent on the overall growth of the domestic market in the Hong Kong. Should there be any significant adverse changes in the market conditions of the Hong Kong, it may adversely affect profitability and performance of the Target Group. In addition, given that the Target Group is operating in the Hong Kong, it will be subject to the economic, political and legal environment of the Hong Kong.

Changes in economic conditions

The demand for the Target Group's mobile marketing services and digital media network advertising services and related advertising spending by customers is sensitive to changes in general economic conditions in Hong Kong. Generally advertising spending will be reduced when there is decline in the economic conditions. A decrease in demand for advertising media in general and for the Target Group's advertising services would adversely affect the Target Group's results of operations.

Changes in economic, political and social conditions or government policies in the PRC could affect our business and prospects.

We expect to have much closer affiliation with the PRC market given the Target Group's expansion plan of its businesses into the PRC. Accordingly, financial condition and results of operations as well as the growth of the businesses of the Target Group will be affected to a significant extent by the economic, political and social conditions in the PRC.

Economic, political or social policies may be subject to reform measures which may be adjusted, modified or applied inconsistently from industry to industry or across different regions. Any changes in the PRC's economic, political and social conditions or laws, regulations and policies or any significant decline in the condition of the PRC economy or demand of the Target Group's services could have a material adverse effect on the businesses, financial condition and results of operations of the Target Group.

Competition in the mobile marketing industry and gamification advertising industry

Based on the Directors' knowledge, the mobile marketing segment is relatively new in Hong Kong and the Target Group is one of the early movers in this area. There has been growing presence in the use of mobile games for advertising. The use of mobile game for advertising is relatively new. Although the Target Group may enjoy the advantage of an early mover, there is no assurance that the Target Group will be able to compete against its competitors. If the Target Group is unable to compete effectively against the competitors by maintaining the Target Group's competitive advantages or to timely respond to a changing business environment, its results of operations may be adversely affected. In addition, any increase in competition may adversely affect the Target Group's market share. Any of these events could have a material adverse effect on the Target Group's financial condition, results of operations and future prospects.

Investment in new business sector for the Group

The Acquisition constitutes an investment in a new business sector, being mobile advertising and marketing services in Hong Kong, in which the Group has no previous involvement. The new business may pose significant challenges to the Company's administrative, financial and operational resources and expose the Group to a risk profile which may be different from that of its existing business. Since the Company does not have significant experience in the new business, the operation and future expansion will rely on the expertise of the existing staff of the Target Group. The Company intends to enter into service agreement with the existing key management of the Target Group to ensure the operation of the Target Group will not be affected significantly after Completion.

FINANCIAL INFORMATION OF THE TARGET GROUP

According to the accountants' report of the Target Group as set out in Appendix II to this circular, set below is the audited consolidated financial information of the Target Group as prepared in accordance with International Accounting Standards for the financial years ended 31 December 2013 and 2014 respectively:

	Year ended 31 December			
	2013		**2014**	
	(Equivalent to)	(Audited)	(Equivalent to)	(Audited)
	HK$000	*RMB'000*	*HK$000*	*RMB'000*
Turnover	25,257	19,986	27,514	21,772
Net profit before taxation	2,316	1,833	9,281	7,344
Net profit after taxation	1,815	1,436	7,855	6,216

The audited consolidated net assets of the Target Group as at 31 December 2014 was approximately RMB4.8 million (equivalent to approximately HK$6.1 million).

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

Smartphone usage in terms of number of users continues to rise and mobile devices are being used in various context in various aspects in daily lives, such as at work and at rest for leisure and entertainment. Mobile advertising and applications are one of the most important channels for marketers to utilize nowadays. In addition, consumers are moving beyond traditional media, advergaming is a new advertising media that is being used by many companies to brand and market their products. The power of advergaming is the delivery of a key message in an engaging and effective method that consumers would want to interact with. As such, mobile marketing and mobile apps are playing an increasingly significant role in business marketing strategy.

In view of the rapid growing internet penetration and the expansion of smartphone market, the Directors consider that there will be a growing popularity of mobile marketing together with the surge in demand of various mobile applications. Having considered that the Target Group is equipped with experience in the industry with diversified clientele and being specialized in providing mobile advertising solutions and creating mobile entertainment contents by mobile games, applications and networking on mobile platforms, the Directors believe that the prospect of the Target Group will be promising.

Apart from the existing software business, the Group has been actively searching for other suitable business opportunities so as to diversify the Group's business into a new line of business with growth potential and to broaden its source of income that can bring return to the Shareholders. The Directors consider the Acquisition is in line with the Group's business diversification strategy above and represents an attractive investment opportunity for the Group to further expand and diversify its business portfolio and tap into the mobile marketing industry with growth potential so as to generate diversified income and additional cashflow.

Upon Completion, the Group will continue to develop its existing businesses.

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.

EFFECT ON THE SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company (a) as at the Latest Practicable Date, and (b) immediately after Completion (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than the issue of the Consideration Shares):

	As at the Latest Practicable Date		**Immediately after Completion**	
	No. of Shares	*approximate %*	*No. of Shares*	*approximate %*
Vendors:				
Vendor 1	–	–	–	–
Vendor 2	–	–	307,692,307	12.72
Substantial Shareholder:				
Affluent Start Holdings Investment Limited *(Note)*	604,355,000	28.63	604,355,000	24.99
Public Shareholders:				
Other Public Shareholders	1,506,512,520	71.37	1,506,512,520	62.29
	2,110,867,520	100.00	2,418,559,827	100.00

Note: Affluent Start Holdings Investment Limited is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. King Pak Fu.

The Acquisition will not result in a change of control of the Company.

FINANCIAL IMPACT OF THE ACQUISITION

Based on the pro forma financial information of the Enlarged Group set out in Appendix III to this circular and the bases and assumptions taken into account in preparing such pro forma financial information, the Group's total assets and total liabilities would be increased by approximately RMB165.8 million and approximately RMB136.0 million respectively as a result of the Acquisition. The details of the financial effect of the Acquisition on the financial position and results of the Group together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information are set out, for illustration purpose only, in Appendix III to this circular.

Upon Completion, the entities comprising Target Group will become subsidiaries of the Company and results of the Target Group will be consolidated into the Enlarged Group's results. According to the annual report of the Group for the year ended 31 December 2014, the Group recorded an audited consolidated profit attributable to shareholders of the Company of approximately RMB11.5 million for the year ended 31 December 2014. According to the accountants' report of the Target Group as set out in Appendix II to this circular, the Target Group recorded an audited consolidated profit attributable to shareholders of the Target Company of approximately RMB6.1 million for the year ended 31 December 2014. The Directors consider that the Acquisition will bring positive contribution to the earnings of the Enlarged Group but the quantification of such contribution will depend on the future performance of the Target Group.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

The Accountants' Report of the Target Group for the years ended 31 December 2012, 2013 and 2014 was set out in Appendix II to this circular. Set out below is the management discussion and analysis of the Target Group for the corresponding period:

Review of business

The Target Company is principally engaged in investment holdings and the Target Group is principally engaged in providing mobile marketing services to clients in the socially-connected mobile world, including mobile marketing projects, consultation, creative and technological services, mobile advertising services and creation of mobile games.

Prospect and outlook

The Target Company will continue to hold the Target Subsidiaries and will become a wholly-owned subsidiary of the Company upon Completion. The Target Group will continue to operate as a mobile marketing group. Details of the business plan and strategies of the Target Group as set out in the section headed "Information on the Target Group – Business plan and strategies".

Financial revenue

The Target Group had revenue for the three financial years ended 31 December 2012, 2013 and 2014 of approximately RMB19,365,000, RMB19,986,000 and RMB21,772,000 respectively, which represented the revenue generated from mobile advertisement placement services, consultation, creative and technology services, and mobile gaming.

The revenue increased by approximately 3.2% for the year ended 31 December 2013, as compared to the year ended 31 December 2012. The increase was mainly due to the increase in the revenue generated from consultation, creative and technology services.

The revenue increased by approximately 8.9% for the year ended 31 December 2014, as compared to the year ended 31 December 2013. The increase was mainly due to the increase in the number of new customers.

The gross profit margin for the year ended 31 December 2013 increased to 28.6% from approximately 15.4% for the corresponding period in 2012 and the gross profit margin for the year ended 31 December 2014 increased to 51.6% from approximately 28.6% for the corresponding period in 2013. The increases for both years were mainly due to the decrease in staff costs as the number of employees decreased and the increase in the revenue for two financial years ended 31 December 2013 and 2014.

Other revenue

The Target Group had recorded other revenue for the three financial years ended 31 December 2012, 2013 and 2014 of approximately RMB88,000, RMB239,000 and RMB165,000 respectively which mainly comprised of management fee income.

Administrative expenses

The Target Group had recorded administrative expenses of approximately RMB2,341,000, RMB2,114,000 and RMB1,819,000 for the three financial years ended 31 December 2012, 2013 and 2014 respectively, which mainly comprised of rental expenses.

The administrative expenses decreased by approximately 9.7% for the year ended 31 December 2013, as compared to the year ended 31 December 2012. The decrease was mainly due to the decrease in director's quarter expenses.

The administrative expenses decreased by approximately 14.0% for the year ended 31 December 2014, as compared to the year ended 31 December 2013. The decrease was mainly due to the decrease in marketing expenses.

Other operating expenses

The Target Group had recorded other operating expenses of approximately RMB473,000, RMB666,000 and RMB582,000 for the three financial years ended 31 December 2012, 2013 and 2014 respectively, which mainly comprised of depreciation expenses.

The other operating expenses increased by approximately 40.8% for the year ended 31 December 2013, as compared to the year ended 31 December 2012. The increase was mainly due to the increase in depreciation caused by the purchase of a motor vehicle.

The other operating expenses decreased by approximately 12.6% for the year ended 31 December 2014, as compared to the year ended 31 December 2013. The decrease was mainly due to the decrease in depreciation following disposal of a motor vehicle at the end of the year 2013.

Finance costs

The Target Group recorded finance costs of approximately RMB138,000, RMB104,000 and RMB170,000 for the three financial years ended 31 December 2012, 2013 and 2014 respectively which were incurred representing the interest expenses for the outstanding bank borrowings and finance lease obligations.

The finance costs decreased by approximately 24.6% for the year ended 31 December 2013 , as compared to the year ended 31 December 2012. The decrease was mainly due to the decrease in finance lease for a motor car vehicle has been fully repaid during the year 2013.

The finance costs increased by approximately 63.5% for the year ended 31 December 2014, as compared to the year ended 31 December 2013. The increase was mainly due to the increase in bank borrowings.

Profit/loss for the year

The Target Group recorded net loss of approximately RMB1,351,000 for the year ended 31 December 2012. During the two financial years ended 31 December 2013 and 2014, the Target Group recorded net profit of approximately RMB1,436,000 and RMB6,216,000 respectively. The increase in the profit for the years ended 31 December 2013 and 2014 were due to the decrease in staff costs.

Liquidity and financial resources

As at 31 December 2012 and 2013, the Target Group had net current liabilities of approximately RMB4,299,000 and RMB2,386,000 respectively. Net current assets of the Target Group as at 31 December 2014 was approximately RMB4,187,000. The current ratio (being current assets over current liabilities) as at 31 December 2012, 2013 and 2014 were approximately 0.55 times, 0.68 times and 1.34 times respectively. The increases in current ratio for the year ended 31 December 2013 and 2014 were mainly due to the improvement in business performance of the Target Group achieved an increase in gross profit during the years 2013 and 2014.

As at 31 December 2012 and 2013, the Target Group had net liabilities of approximately RMB2,935,000 and RMB1,427,000 respectively. The Target Group had net asset of approximately RMB4,801,000 as at 31 December 2014. The debt ratio (being total liabilities over total assets) as at 31 December 2012, 2013 and 2014 were approximately 1.40 times, 1.21 times and 0.72 times respectively. The decrease in the debt ratio for the year ended 31 December 2013 was mainly due to the decrease in amount due to directors and bank borrowings. The decrease in the debt ratio for the year ended 31 December 2014 was mainly due to the increase in bank balances and cash, and trade receivable.

As at 31 December 2012, 2013 and 2014, the cash and bank balances of the Target Group amounted to approximately RMB183,000, RMB9,000 and RMB8,973,000 respectively, which were mainly denominated in Hong Kong dollars.

As at 31 December 2012, 2013 and 2014, the Target Group had outstanding bank borrowings amounted to approximately RMB1,070,000, RMB612,000 and RMB1,781,000 respectively and were guaranteed by a director of the Target Group. The average effective interest rate on unsecured and guaranteed bank loans was approximately 6%, 5% and 5% per annum at 31 December 2012, 2013 and 2014 respectively.

	As at 31 December		
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
Bank borrowing			
– on demand or within 1 year	994,000	242,000	749,000
– more than 1 year but not exceeding 2 years	76,000	185,000	810,000
– more than 2 years but not exceeding 5 years	–	185,000	222,000
Total	1,070,000	612,000	1,781,000

As at 31 December 2012, 2013 and 2014, the Target Group leased certain of its photocopier and motor vehicles under finance leases amounted to approximately RMB944,000, RMB471,000 and RMB334,000 respectively, which the lease term are 5 years as at 31 December 2012, 2013 and 2014 and the interest rates underlying all obligations under finance leases are fixed at respective contract dates of 2% per annum as at 31 December 2012, 2013 and 2014. Finance lease obligations are denominated in Hong Kong dollars.

	As at 31 December		
	2012	**2013**	**2014**
	RMB	*RMB*	*RMB*
Finance lease obligations			
– within 1 year	209,000	139,000	145,000
– more than 1 year but not exceeding 5 years	735,000	332,000	189,000
Total	944,000	471,000	334,000

The Target Group had amounts due to directors of approximately RMB2,041,000, RMB93,000 and RMB4,008,000 respectively as at 31 December 2012, 2013 and 2014. All of these amounts were unsecured, non-interest bearing and had no fixed term of repayment.

As at 31 December 2012, 2013 and 2014, bank overdrafts with carrying amount of approximately RMB601,000, RMB148,000 and RMB86,000 respectively carried interest of market rate of 3% per annum, and were unsecured. The bank overdrafts was denominated in Hong Kong dollars.

Capital structure

As at 31 December 2012 and 2013, the Target Company had the same total number of issued shares of 1,000 shares and share capital of US$1,000. On 23 December 2014, the Target Company had allotted and issued 4,000 shares at US$1 each to Vendor 1.

For each of the three financial years ended 31 December 2012, 2013 and 2014, the Target Group did not declare or pay any dividend.

Treasury policies

During the three financial years ended 31 December 2012, 2013 and 2014, the Target Group usually financed its working capital through internal funds and bank loans. To manage liquidity risk, the management of the Target Group closely monitors the liquidity position to ensure that the liquidity structure of the Target Group's assets, liabilities and commitments can meet its funding requirements.

Gearing ratio

As at 31 December 2012, 2013 and 2014, the gearing ratios of the Target Group which were calculated by dividing net debt (being total borrowings of the Target Group less cash and bank balances of the Target Group) by total equity attributable to holders of the Target Group were not applicable.

Capital expenditures

For the years ended 31 December 2012 and 2013, capital expenditure of approximately RMB1,542,000 and RMB549,000 were incurred respectively representing the additions to property, plant and equipment. No capital expenditure was incurred for the year ended 31 December 2014. Decrease in capital expenditures is due to operation started to be mature.

Significant investments and material acquisitions and disposals

On 31 October 2013, the Target Company acquired 100% interest in AMUSE from GRAVITAS at a consideration of HK$100.

On 5 December 2013, the Target Company acquired (i) 100% interest in GRAVITAS from Mr. WK Chu, Mr. WY Chu and Ms. LAM Sim Yin Ada at a total consideration of HK$100; and (ii) 95% interest in Amaze from GRAVITAS at a consideration of HK$95.

On 22 December 2014, the Target Company acquired the remainder 5% interest in Amaze from Mr. Lee at a consideration of HK$5.

Save as disclosed above, the Target Group did not have any significant investment or material acquisitions and disposal for each of the three financial years ended 31 December 2012, 2013 and 2014.

Employees and remuneration policies

As at 31 December 2012, 2013 and 2014, the total number of employees of the Target Group were 44, 37 and 30 respectively. The staff costs the three financial years ended 31 December 2012, 2013 and 2014 were approximately RMB7,995,000, RMB4,795,000 and RMB4,065,000 respectively recorded under cost of sales. Decrease in number of employees and staff costs were due to the increased effectiveness of the operation and reduced staff costs. Apart from the Mandatory Provident Fund scheme and in-house training programmes, medical insurance scheme and discretionary bonuses may also be awarded to employees according to the assessment of individual performances. Remuneration for employees is determined in accordance with performance, professional experiences and the prevailing market conditions. Management of the Target Group reviews the Target Group's employee remuneration policy and arrangement from time to time.

Foreign exchange exposure

The cash and bank balances of the Target Group were mainly denominated in Hong Kong dollars. The business operation of the Target Group had been primarily conducted in Hong Kong dollars, United Stated dollars and Euros. During each of the three financial years ended 31 December 2012, 2013 and 2014, the impact of fluctuations in foreign currency on the Target Group were generally minimal and the Target Group did not have any foreign currency hedging policy. The Target Group does not use financial instruments for hedging purpose. No foreign currency net investments are hedged by currency borrowings or other hedging instruments. However, the management of the Target Group monitors foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As at 31 December 2012, 2013 and 2014, the Target Group did not have any contingent liabilities.

Commitments

Except for the operating leases commitments, the Target Group did not have other commitment as at 31 December 2012, 2013 and 2014.

Pledge of assets

As at 31 December 2012, 2013 and 2014, no assets were pledged.

Future plans for material investment and capital assets and new business

As at the Last Practicable Date, the Target Group had no future plan for material investment and capital assets and new business.

LISTING RULES IMPLICATION

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but below 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has an interest in the Acquisition Agreement which is materially different from the other Shareholders. Therefore no Shareholder is required to abstain from voting on the resolution to be proposed at the EGM. If the Vendors and their respective associates hold any Shares on the date of the EGM, they will be required to abstain from voting on the resolutions to be proposed at the EGM.

THE EGM

The EGM will be convened and held at 3:00 p.m. on Tuesday, 12 May 2015 at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the Shareholders to consider, and if thought fit, to approve, among other things, the Acquisition and the transactions contemplated under the Acquisition Agreement by way of poll.

The notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in an event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Directors consider 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. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolution to be proposed at the EGM to approve the Acquisition Agreement.

Yours faithfully,
By Order of the Board
ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
Jia Bowei
Chairman

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 December 2012, the year 31 December 2013 and the year ended 31 December 2014 are disclosed on pages 36-110 of the 2012 annual report published on 16 April 2013, pages 33-96 of the 2013 annual report published on 9 April 2014 and pages 35-98 of the 2014 annual report published on 9 April 2015 respectively, which are published on both the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.1808.com.hk). Please refer to the hyperlinks as stated below:

2012 annual report:
http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0416/LTN20130416263.pdf

2013 annual report:
http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0409/LTN20140409558.pdf

2014 annual report:
http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0409/LTN20150409739.pdf

2. INDEBTEDNESS STATEMENT

At the close of business on 28 February 2015, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Enlarged Group was as follow:

(i) Bank borrowings

(a) Bank borrowings of the Group of approximately RMB10,000,000 in aggregate were guaranteed by a PRC subsidiary of the Company.

As at 28 February 2015, the Group has unutilized banking facilities of approximately RMB2,000,000.

(b) Bank borrowings of the Target Group of approximately RMB946,000 in aggregate were guaranteed by the directors, Mr. WK Chu and Mr. WY Chu, of the Target Company.

(c) Bank borrowings of the Target Group of approximately RMB720,000 in aggregate were guaranteed by the directors, Mr. WK Chu and Mr. WY Chu, and a former shareholder, Ms. LAM Sim Yin Ada, of the Target Company.

(ii) Other borrowings

Loan from an independent third party of the Group of approximately RMB1,325,000 in aggregate were unsecured and unguaranteed.

(iii) Amounts due to directors

Amounts due to directors of the Target Group of approximately RMB3,434,000 in aggregate were unsecured and unguaranteed.

(iv) Obligations under finance leases

Obligations under finance leases of the Target Group of approximately RMB310,000 in aggregate were secured by the lessors' title to the leases assets and guaranteed by a director, Mr. WK Chu.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 28 February 2015.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Enlarged Group since 28 February 2015 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and also the effect of the Acquisition, the Enlarged Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

According to the annual report of the Group for the year ended 31 December 2014, the Group recorded a turnover of approximately RMB333.4 million for the year ended 31 December 2014 (2013: RMB181.3 million) due to the continuing growing business in the provision of upgrade and maintenance services for Oracle's database products distributed in the PRC. The Group also provides customised development of applications as a value-added service to customers, and sells self-developed firewall and other software products in the PRC. Moreover, the increase in the profit for the year was due to the realised gain on trading securities. The realised gain on trading securities for year 2014 was approximately RMB16.9 million. The Group has a large client base in the PRC who use Oracle's databases and an experienced technical team which can provide prompt and effective services and develop services.

In view of the rapid growing internet penetration and the expansion of smartphone market, the Directors consider that there will be a growing popularity of mobile marketing together with the surge in demand of various mobile applications.

Upon Completion, each of the companies comprising the Target Group will become subsidiaries of the Company and the financial information of the Target Group will be consolidated into the consolidated financial statements of the Group. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, net assets recorded by the Group as at 31 December 2014 was approximately RMB329.9 million, the unaudited pro forma net assets of the Enlarged Group will be approximately RMB359.7 million after Completion.

In coming year, after Completion, the Enlarged Group will continue to develop its existing businesses. Business development of the Enlarged Group will continue to be monitored by the management of the Enlarged Group where periodic business performance review will be conducted. Based on the results of the business review, the Enlarged Group will allocate appropriate resources to different business segments of the Enlarged Group depending on the then business environment and performance of each segment with the view of improving its business performance.

Concurrently, the Enlarged Group will continue its business growth strategy in exploring suitable investment opportunities from time to time for diversifying and expanding the business scope of the Group for enhancing its earnings and maximizing its Shareholders' value.

The Directors consider that the Acquisition will diversify the source of income and will result in an enlarged business portfolio of the Enlarge Group. Upon Completion, the Acquisition will enable the Enlarged Group to broaden its business offering by tapping into mobile marketing sector. In view of growing internet penetration and the expansion of smartphone market, the Directors consider that there will be a growing popularity of mobile marketing together with the surge in demand of various mobile applications. Having considered the Target Group is equipped with experience in the industry with competent technology and being specialized in providing mobile advertising solutions and creating mobile entertainment contents by social mobile games, applications and networking in mobile platform, the Directors are of the view that the Acquisition will enhance the operation base and future income base of Enlarged Group.

Furthermore, given the financial performance of the Target Group which recorded growth in profits, the Directors expect that the Acquisition represents an opportunity for the Group to diversify from its existing business to a broader business base which will meet the Group's business development objectives and bring contributions to the Group for achieving improved return for the Enlarged Group.

In view of the foregoing, the Directors believe that the Acquisition is in the interest of the Group and the Shareholders as a whole.

The following is the text of a report received from the reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

24 April 2015

The Directors
ENTERPRISE DEVELOPMENT HOLDINGS LIMITED

Dear Sirs,

We set out below our report on the financial information (the ''Financial Information'') regarding Gravitas Group Limited (the ''Target Company'') and its subsidiaries (hereinafter collectively referred to as the ''Target Group'') for the years ended 31 December 2012, 2013 and 2014 (the ''Relevant Periods''), for inclusion in a circular (the ''Circular'') to be issued by ENTERPRISE DEVELOPMENT HOLDINGS LIMITED (the ''Company'') to be dated 24 April 2015 in connection with, among others, the proposed acquisition of the entire issued share capital of the Target Company (the ''Acquisition'').

The Target Company was incorporated in the British Virgin Islands (''BVI'') as a limited liability company on 24 December 2012. Through a corporate reorganization as explained in Note 1 to the Section II, the Target Company has become the holding company of the Target Group. The principal activity of the Target Company is investment holding.

As at the date of this report, the Target Company has the following subsidiaries:

Name of subsidiaries	Legal form, date and place of incorporation/ operation	Issued and fully paid share capital	Proportion ownership interest held by the Target Company	Principal activities
GRAVITAS LIMITED (“GRAVITAS”)	Limited liability company incorporated on 2 August 2004, Hong Kong	100 ordinary shares of HK$1 each	100% (direct)	Mobile marketing projects and professional consultation services, such as business model consultation, creative and design services and a range of production services on mobile platforms
AMUSE Mobile Asia Limited (“AMUSE”)	Limited liability company incorporated on 21 November 2012, Hong Kong	100 ordinary shares of HK$1 each	100% (direct)	Mobile games development and publishing business with focus in Asian market. AMUSE also supports the Target Group in gamification marketing
Amaze Mobile Media Limited (“Amaze”)	Limited liability company incorporated on 17 November 2009, Hong Kong	100 ordinary shares of HK$1 each	2013: 95% (direct) 2014:100% (direct)	Providing mobile advertising service, mobile advertising placement service, value-added services, including media planning, production, campaign tracking, reporting and post-campaign analytics, to agencies and advertisers to enhance the overall effectiveness of mobile advertising campaign

The Target Group has adopted 31 December as their financial year end date.

No audited financial statements of the Target Company have been prepared since its date of incorporation as there is no statutory audit requirement in the country of its incorporation.

The statutory financial statements of GRAVITAS, AMUSE and Amaze for the years ended 31 December 2012 and 2013 prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) were audited by the following Hong Kong Certified Public Accountants in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Name of entity	Financial year	Auditors
GRAVITAS	For the year ended 31 December 2012	CCP C.P.A. Limited
	For the year ended 31 December 2013	Chan Ho Yin Certified Public Accountant (Practising)
AMUSE	For the period from 21 November 2012 (date of incorporation) to 31 December 2012	Chan Ho Yin Certified Public Accountant (Practising)
	For the year ended 31 December 2013	Chan Ho Yin Certified Public Accountant (Practising)
Amaze	For the year ended 31 December 2012	CCP C.P.A. Limited
	For the year ended 31 December 2013	Chan Ho Yin Certified Public Accountant (Practising)

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

We have undertaken an independent audit on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Target Group for the Relevant Periods set out in this report has been prepared based on the Underlying Financial Statements, and no adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Circular.

The Underlying Financial Statements are the responsibility of the directors of the Target Company who approved their respective issues. The Directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon gives, for the purpose of this report, a true and fair view of the consolidated state of affairs of the Target Group as at 31 December 2012, 2013 and 2014, and of the consolidated results and consolidated cash flows of the Target Group for the Relevant Periods.

I. FINANCIAL INFORMATION OF THE TARGET GROUP

Consolidated statements of profit or loss and other comprehensive income

		Year ended 31 December		
		2012	**2013**	**2014**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*5*	19,365	19,986	21,772
Cost of sales		(16,377)	(14,270)	(10,546)
Gross profit		2,988	5,716	11,226
Other income and net gains	*6*	88	239	165
Selling and distribution expenses		(1,621)	(1,238)	(1,476)
Administrative expenses		(2,341)	(2,114)	(1,819)
Other operating expenses		(473)	(666)	(582)
(Loss)/profit from operation		(1,359)	1,937	7,514
Finance costs	*7*	(138)	(104)	(170)
(Loss)/profit before tax		(1,497)	1,833	7,344
Income tax	*8*	146	(397)	(1,128)
(Loss)/profit for the year	*9*	(1,351)	1,436	6,216
Other comprehensive income/ (expense), net of income tax				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of financial statements of foreign operations		12	72	(13)
Other comprehensive income/ (expense) for the year, net of income tax		12	72	(13)
Total comprehensive (expense)/ income for the year		(1,339)	1,508	6,203

		Year ended 31 December		
		2012	**2013**	**2014**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
(Loss)/profit for the year attributable to:				
Owners of the Target Company		(1,321)	1,430	6,115
Non-controlling interests		(30)	6	101
		(1,351)	1,436	6,216
Total comprehensive (expense)/income for the year attributable to:				
Owners of the Target Company		(1,309)	1,499	6,102
Non-controlling interests		(30)	9	101
		(1,339)	1,508	6,203

Details of dividend are disclosed in Note 11 to the Financial Information.

Consolidated statements of financial position

		As at 31 December		
		2012	**2013**	**2014**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*12*	1,889	1,440	865
Deferred tax assets	*19*	210	–	–
		2,099	1,440	865
Current assets				
Trade and other receivables	*13*	5,079	4,632	7,447
Amounts due from directors	*16*	2	596	–
Amount due from a shareholder	*16*	1	1	–
Bank balances and cash	*14*	183	9	8,973
		5,265	5,238	16,420
Current liabilities				
Trade and other payables	*15*	4,596	6,177	4,613
Receipt in advance		1,047	415	346
Amounts due to directors	*16*	2,041	93	4,008
Borrowings	*17*	1,671	760	1,867
Obligations under finance leases	*18*	209	139	145
Current tax liabilities		–	40	1,254
		9,564	7,624	12,233
Net current (liabilities)/assets		(4,299)	(2,386)	4,187
Total assets less current liabilities		(2,200)	(946)	5,052

		As at 31 December		
		2012	2013	2014
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Capital and reserves				
Share capital	*20*	6	6	31
Reserves		(2,846)	(1,347)	4,770
Equity attributable to owners of the Target Company		(2,840)	(1,341)	4,801
Non-controlling interests		(95)	(86)	–
Total equity		(2,935)	(1,427)	4,801
Non-current liabilities				
Obligations under finance leases	*18*	735	332	189
Deferred tax liabilities	*19*	–	149	62
		735	481	251
		(2,200)	(946)	5,052

Consolidated statements of changes in equity

	Attributable to owners of the Target Company					
	Share capital *RMB'000* *(Note 20)*	**Foreign currency translation reserve** *RMB'000*	**(Accumulated losses)/ retained earnings** *RMB'000*	**Subtotal** *RMB'000*	**Attributable to non-controlling interests** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2012	–	–	(1,537)	(1,537)	(65)	(1,602)
Loss for the year	–	–	(1,321)	(1,321)	(30)	(1,351)
Other comprehensive income	–	12	–	12	–	12
Total comprehensive income/(expense) for the year	–	12	(1,321)	(1,309)	(30)	(1,339)
Issue of subscribers' shares upon incorporation	6	–	–	6	–	6
Balance at 31 December 2012 and 1 January 2013	6	12	(2,858)	(2,840)	(95)	(2,935)
Profit for the year	–	–	1,430	1,430	6	1,436
Other comprehensive income	–	69	–	69	3	72
Total comprehensive income for the year	–	69	1,430	1,499	9	1,508
Balance at 31 December 2013 and 1 January 2014	6	81	(1,428)	(1,341)	(86)	(1,427)
Profit for the year	–	–	6,115	6,115	101	6,216
Other comprehensive expense	–	(13)	–	(13)	–	(13)
Total comprehensive (expense)/income for the year	–	(13)	6,115	6,102	101	6,203
Issue of shares by allotment	25	–	–	25	–	25
Acquisition of additional interest in a subsidiary from non-controlling interests	–	–	15	15	(15)	–
Balance at 31 December 2014	31	68	4,702	4,801	–	4,801

Consolidated statements of cash flows

		Year ended 31 December		
		2012	**2013**	**2014**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from operating activities				
(Loss)/profit before tax		(1,497)	1,833	7,344
Adjustments for:				
Finance costs		138	104	170
Depreciation of property, plant and equipment		473	665	582
Impairment losses of trade receivables		–	–	48
Gain on disposal of property, plant and equipment		(73)	–	–
		(959)	2,602	8,144
Movement in working capital				
(Increase)/decrease in trade and other receivables		(1,618)	296	(2,846)
(Increase)/decrease in amounts due from directors		(2)	(601)	599
Increase in amount due from a shareholder		(1)	–	–
Increase/(decrease) in trade and other payables		1,583	1,744	(1,620)
Decrease in receipt in advance		(547)	(609)	(71)
Increase/(decrease) in amounts due to directors		860	(1,911)	3,920
Net cash (used in)/generated by operating activities		(684)	1,521	8,126
Cash flows from investing activities				
Purchases of property, plant and equipment		(466)	(549)	–
Sale proceeds of property, plant and equipment		358	279	–
Net cash used in investing activities		(108)	(270)	–

		Year ended 31 December		
		2012	**2013**	**2014**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Proceed from issue of equity shares	*20*	6	–	25
Repayment of obligations under finance leases		(583)	(450)	(139)
Proceeds from borrowings		1,381	559	1,752
Repayment of borrowings		(312)	(989)	(565)
Interest paid		(138)	(104)	(163)
Net cash generated from/(used in) financing activities		354	(984)	910
Net (decrease)/increase in cash and cash equivalents		(438)	267	9,036
Cash and cash equivalents at the beginning of the year		21	(418)	(139)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1)	12	(10)
Cash and cash equivalents at the end of the year		(418)	(139)	8,887
Analysis of the balances of cash and cash equivalents				
Bank balances and cash	*14*	183	9	8,973
Bank overdrafts	*17*	(601)	(148)	(86)
		(418)	(139)	8,887

II NOTES TO THE FINANCIAL INFORMATION OF THE TARGET GROUP

1 Corporate Reorganization

Prior to its proposed acquisition by the Company, Gravitas Group Limited (the "Target Company") underwent a corporate reorganization which included the following steps:

(a) On 24 December 2012, the Target Company was incorporated and controlled by Mr. WK Chu (the "Vendor 2") and his family members.

(b) On 31 October 2013, the Target Company acquired the entire equity interest of AMUSE Mobile Asia Limited ("AMUSE"), a company controlled by the Vendor 2 and his family members.

(c) On 5 December 2013, the Target Company acquired the entire equity interest and 95% equity interest of GRAVITAS LIMITED ("GRAVITAS") and Amaze Mobile Media Limited ("Amaze") respectively, companies controlled by the Vendor 2 and his family members.

Accordingly, for the purpose of the preparation of the Financial Information, the Target Company is considered as the holding company of the companies now together with it comprising the Target Group throughout the Relevant Periods. The Target Group comprising the Target Company and its subsidiaries resulting from the corporate reorganization is regarded as a continuing entity. The Target Group is under the control of the Vendor 2 and his family members prior to and after the corporate reorganization. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Target Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period. The consolidated statements of financial position as at 31 December 2012, 2013 and 2014 have been prepared to present the assets and liabilities of the companies comprising the Target Group as at the respective dates as if the current group structure had been in existence at those dates.

On 23 December 2014, GLOSS RISE LIMITED (the "Vendor 1") subscribed 4,000 shares in the Target Company, which represented 80% of equity interest in the Target Company. The Vendor 1 becomes a holding company of the Target Group.

At the date of this report, in the opinion of the directors of the Target Company, the Vendor 1, a company incorporated in the BVI, is the immediate holding company. ACTION HERO INVESTMENTS LIMITED, a company incorporated in the BVI, is ultimate holding company and Mr. NG Chun Sang, is the ultimate controlling party of the Target Company.

The address of the registered office of the Target Company is Akara Building, 24 De Castro Street, Wickhams Cay 1, Road Town, Tortola, BVI. The principal activity of the Target Company is engaged in investment holding.

2 Application of International Financial Reporting Standards ("IFRSs")

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Target Group has throughout the Relevant Periods consistently adopted International Accounting Standards ("IAS"), IFRSs, amendments and interpretations, which are effective for accounting period beginning on 1 January 2014 throughout the Relevant Periods.

At the date of this report, the International Accounting Standards Board ("IASB") has issued the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Target Company anticipate that the application of IFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Target Group performs a detailed review.

The directors of the Target Company anticipate that application of other new and revised IFRSs will have no material impact on the results and the financial position of the Target Group.

3 Significant Accounting Policies

Statement of compliance

The Financial Information have been prepared in accordance with IFRSs issued by the IASB. In addition, the Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of preparation

The functional currency of the Target Group is Hong Kong dollars ("HK$"). For the convenience of the Financial Information users, the results and financial position of the Target Group is presented in Renminbi ("RMB").

The Financial Information have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the Relevant Periods. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporate the financial statements of the Target Company and entity controlled by the Target Company. Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owner of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

Changes in the Target Group's ownership interests in existing subsidiaries

Changes in the Target Group's ownership interests in existing subsidiaries that do not result in the Target Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Target Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted through other reserve and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Target Company.

Merger accounting for common control combinations

The Financial Information incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The combined statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Business combinations

Except for the reorganization, acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets of liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Target Group entered into replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Target Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Target Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Target Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the Relevant Periods in which the combination occurs, the Target Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Service income is recognized when services are provided.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Target Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Target Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Target Group's foreign operations are translated into the presentation currency of the Target Company (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from "profit before tax" as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of each of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the Relevant Periods

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Provisions

Provisions are recognized when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each of the Relevant Periods, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified as "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from directors, amount due from a shareholder and bank balances and cash) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each of the Relevant Periods. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Target Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Target Company's own equity instruments.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to directors, obligations under finance leases and borrowings) are subsequently measured at amortized cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Derecognition

The Target Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Target Group allocates the previous carrying amount of the financial asset between the part it continues to recognize, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

The Target Group derecognizes financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity;

(iii) the entity and the Target Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

4 Key Sources of Estimation Uncertainty

In the application of the Target Group's accounting policies, which are described in Note 3, management of the Target Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key sources of estimation uncertainty at the end of the Relevant Periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Estimated useful lives of property, plant and equipment

Management of the Target Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management of the Target Group will increase the depreciation charges where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Estimated impairment of trade and other receivables

When there is objective evidence of impairment loss, the Target Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

5 Revenue and Segment Information

The directors of the Target Company review the Target Group's internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources. Operating segment is identified with reference to these.

The directors of the Target Company consider that the business of the Target Group is organized in one operating segment which is the mobile advertisement placement services, consultation, creative and technology services and mobile gaming. Additional disclosure in relation to segment information is not presented as the directors of the Target Company assess the performance of the sole operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the Relevant Periods as shown in the consolidated statements of profit or loss and other comprehensive income and the total segment non-current assets and total segment liabilities are equivalent to total non-current assets and total liabilities as shown in the consolidated statements of financial position.

Details of depreciation in relation to the sole operating segment are disclosed in Note 9.

The Target Company is domiciled in the BVI with the Target Group's major operations in Hong Kong. All external revenues of the Target Group during the Relevant Periods are attributable to customers located in Hong Kong. Substantially all the assets of the Target Group are located in Hong Kong.

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Mobile advertisement placement services	14,384	13,935	9,877
Consultation, creative and technology services	4,981	6,051	11,835
Mobile gaming	–	–	60
	19,365	19,986	21,772

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Target Group are as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	–	2,476	3,632
Customer B	–	–	2,852
Customer C	–	2,131	–
	–	4,607	6,484

6 Other Income and Net Gains

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Net exchange gains	8	–	–
Gain on disposal of property, plant and equipment	73	–	–
Management fee income	–	239	165
Sundry income	7	–	–
	88	239	165

7 Finance Costs

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Interest on:			
Bank borrowings – wholly repayable within five years	74	77	155
Finance leases	59	27	15
Bank overdrafts	5	–	–
	138	104	170

8 Income Tax

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
– Hong Kong	–	40	1,215
Deferred tax: *(Note 19)*	(146)	357	(87)
Total income tax recognized in profit and loss	(146)	397	1,128

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the Relevant Periods. No provision for Hong Kong profits tax has been made as there were no assessable profits for the year ended 2012.

Pursuant to the rules and regulations of the BVI, the Target Company is not subject to any income tax in the BVI.

The tax charge for the Relevant Periods can be reconciled to (loss)/profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before tax	(1,497)	1,833	7,344
Tax at domestic tax rates applicable to profits of taxable entities	(247)	303	1,212
Tax effect of expense not deductible for tax purpose	101	124	20
Utilization of tax losses previously not recognized	–	(15)	(88)
Utilization of deductible temporary differences previously not recognized	–	(7)	–
Tax concessions	–	(8)	(16)
Income tax for the Relevant Periods	(146)	397	1,128

9 (Loss)/Profit for the Relevant Periods

(Loss)/profit for the Relevant Periods have been arrived at after charging:

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation of property, plant and equipment			
– for owned assets	268	381	354
– for leased assets	205	284	228
Auditors' remuneration	24	32	–
Operating lease rentals in respect of rented premises	541	570	644
Impairment losses of trade receivables	–	–	48

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Directors' and chief executive's emoluments *(Note 10)*	716	497	430
Other employees' salaries and benefits	7,995	4,795	4,065
Contributions to retirement benefits schemes, excluding those of Directors	360	315	299
Total employee benefits expense	9,071	5,607	4,794

Other employees' salaries and benefits of approximately RMB7,995,000, RMB4,795,000 and RMB4,065,000 has been expensed in cost of sales for the years ended 31 December 2012, 2013 and 2014 respectively.

10 Directors', Chief Executive's Emoluments and Employees' Emoluments

Directors' emoluments

The emoluments of the directors of the Target Company for the Relevant Periods are set out below:

	Fee	Salaries, allowances and other benefits in kind	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Period from 24 December 2012 (date of incorporation) to 31 December 2012				
Mr. WY Chu (appointed on 24 December 2012)	–	429	11	440
Mr. WK Chu (appointed on 24 December 2012)	–	276	–	276
	–	705	11	716
Year ended 31 December 2013				
Mr. WY Chu	–	421	12	433
Mr. WK Chu	–	64	–	64
	–	485	12	497
Year ended 31 December 2014				
Mr. WY Chu	–	417	13	430
Mr. WK Chu	–	–	–	–
	–	417	13	430

During the Relevant Periods, no chief executive of the Target Group has been appointed and no emolument was paid to the chief executive of the Target Group.

During the Relevant Periods, no emoluments were paid by the Target Group to the directors as an inducement to join or upon joining the Target Group or as compensation for loss of office.

Neither the chief executive nor any of the directors waived or agreed to waive any emoluments during the Relevant Periods.

Employees' emoluments

Of the five individuals with the highest emoluments in the Target Group, one is director, Mr. WY Chu. The aggregate of the emoluments of the other four individuals were as follows:

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	1,543	1,303	1,616
Contributions to retirement benefits schemes	43	50	52
Total emoluments	1,586	1,353	1,668

The emoluments of each of the above non-directors, highest paid individuals were below HK$1,000,000.

During the Relevant Periods, no emoluments were paid by the Target Group to the above highest paid individuals as (i) an inducement to join or upon joining the Target Group; or (ii) as compensation for loss of office as a director or management of any members of the Target Group. No such emoluments were agreed to be waived by the relevant individuals.

11 Dividend

No dividend has been declared by the Target Company during the Relevant Periods.

12 Property, Plant and Equipment

	Leasehold improvement *RMB'000*	Office equipment *RMB'000*	Computers *RMB'000*	Furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost						
Balance at 1 January 2012	209	192	579	150	536	1,666
Additions	–	49	283	169	1,041	1,542
Disposals	–	–	–	–	(532)	(532)
Effect of foreign currency exchange differences	(1)	(1)	(4)	(1)	(4)	(11)
Balance at 31 December 2012 and 1 January 2013	208	240	858	318	1,041	2,665
Additions	399	–	60	90	–	549
Disposals	(204)	–	–	–	(335)	(539)
Effect of foreign currency exchange differences	(9)	(8)	(28)	(11)	(28)	(84)
Balance at 31 December 2013 and 1 January 2014	394	232	890	397	678	2,591
Effect of foreign currency exchange differences	2	1	4	2	3	12
Balance at 31 December 2014	396	233	894	399	681	2,603
Accumulated depreciation						
Balance at 1 January 2012	110	61	208	56	120	555
Depreciation expense	57	39	140	40	197	473
Eliminated on disposal	–	–	–	–	(248)	(248)
Effect of foreign currency exchange differences	(1)	–	(2)	–	(1)	(4)
Balance at 31 December 2012 and 1 January 2013	166	100	346	96	68	776
Depreciation expense	107	44	169	69	276	665
Eliminated on disposal	(204)	–	–	–	(56)	(260)
Effect of foreign currency exchange differences	(4)	(4)	(13)	(4)	(5)	(30)
Balance at 31 December 2013 and 1 January 2014	65	140	502	161	283	1,151
Depreciation expense	132	30	125	67	228	582
Effect of foreign currency exchange differences	–	1	2	1	1	5
Balance at 31 December 2014	197	171	629	229	512	1,738
Carrying amounts						
Balance at 31 December 2012	42	140	512	222	973	1,889
Balance at 31 December 2013	329	92	388	236	395	1,440
Balance at 31 December 2014	199	62	265	170	169	865

The carrying amount of assets held under finance leases were approximately RMB981,000, RMB395,000 and RMB169,000 for the years ended 31 December 2012, 2013 and 2014 respectively.

Depreciation of property, plant and equipment of approximately RMB473,000, RMB665,000 and RMB582,000 have been expensed in other operating expenses for the years ended 31 December 2012, 2013 and 2014 respectively.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	33.3%
Office equipment	20%
Computers	20%
Furniture and fixtures	20%
Motor vehicles	33.3%

13 Trade and Other Receivables

	As at 31 December 2012	**As at 31 December 2013**	**As at 31 December 2014**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	4,799	4,143	7,057
Allowance for doubtful debts	–	–	(48)
	4,799	4,143	7,009
Other receivables and deposits	280	489	438
	5,079	4,632	7,447

Trade receivables are past due when a counterparty has failed to make a payment when contractually due. The Target Group's trading terms with its customers are mainly on cash settlement and advance payment. The Target Group seeks to maintain strict control over their outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management.

The following is an aged analysis of the Target Group's trade receivables (net of allowance for doubtful debts), based on the invoice date (or date of revenue recognition, if earlier), at the end of the Relevant Periods:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	3,728	3,654	6,390
91 – 180 days	999	371	324
181 – 365 days	9	–	200
Over 365 days	63	118	95
	4,799	4,143	7,009

The Target Group allows an average credit period of 60 days.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the Relevant Periods for which the Target Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Target Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Target Group to the counterparty.

Age of receivables that are past due but not impaired

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Overdue by:			
Within 90 days	1,445	976	3,774
91 – 180 days	210	3	190
181 – 365 days	291	–	155
Over 365 days	63	118	95
	2,009	1,097	4,214

Movement in the allowance for doubtful debts

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
Impairment losses recognized on trade receivables	–	–	48
Balance at end of the year	–	–	48

Age of impaired trade receivables

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
Overdue by:			
Over 365 days	–	–	48
	–	–	48

The carrying amounts of trade and other receivables were denominated in Hong Kong dollars.

14 Bank Balances and Cash

Bank balances and cash comprise cash held by the Target Group and bank balances that are interest bearing at prevailing market rate and have original maturity of three months or less.

15 Trade and Other Payables

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
Trade payables	3,599	5,646	4,076
Other payables and accruals	997	531	537
	4,596	6,177	4,613

The credit period of trade payables is normally within three months.

The following is an analysis of trade payables by age based on the invoice date.

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
Within 90 days	3,035	2,674	1,560
91 – 180 days	251	1,544	875
181 – 365 days	231	1,324	1,310
Over 365 days	82	104	331
	3,599	5,646	4,076

The carrying amounts of trade payables are denominated in the following currencies:

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
EURO	454	951	731
US$	16	295	12
MYR	3,077	–	–
HK$	52	4,400	3,333
	3,599	5,646	4,076

16 Amounts due from/(to) Directors/Shareholders

(a) Amounts due to directors

The amounts due to directors are unsecured, interest free and repayable on demand. The carrying amounts of amounts due are denominated in Hong Kong dollars.

(b) Amounts due from directors

Name of directors	Maximum balance outstanding during the year	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. WK Chu	822	–	594	–
Mr. WY Chu	2	2	2	–
		2	596	–

The amounts due from directors are unsecured, interest free and repayable on demand. The carrying amounts of amounts due are denominated in Hong Kong dollars.

(c) Amount due from a shareholder

Name of shareholder	Maximum balance outstanding during the year	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Ms. LAM Sim Yin Ada	1	1	1	–
		1	1	–

The amount due from a shareholder is unsecured, interest free and repayable on demand. The carrying amount of amount due is denominated in Hong Kong dollars.

17 Borrowings

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
Bank loans – unsecured and guaranteed	1,070	612	1,781
Bank overdrafts	601	148	86
	1,671	760	1,867

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
Carrying amount repayable as follows*:			
Within one year or on demand	1,595	390	835
More than one year, but not exceeding two years	76	185	810
More than two years, but not exceeding five years	–	185	222
	1,671	760	1,867
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	76	370	1,032
Add: Amount repayable within one year included under current liabilities	1,595	390	835
	1,671	760	1,867

* *The amounts due are based on scheduled repayment dates set out in the loan agreements.*

In the opinion of the directors of the Target Company, it is improbable that the bank will exercise their discretionary rights to demand immediate repayment.

The unsecured and guaranteed bank loans of approximately RMB1,070,000, RMB612,000 and RMB1,781,000 as at 31 December 2012, 2013 and 2014 respectively were guaranteed by the directors and a shareholder of the Target Company.

The weighted average effective interest rate on unsecured and guaranteed bank loans was approximated 6%, 5% and 5% per annum as at 31 December 2012, 2013 and 2014 respectively.

Bank overdrafts carry interest at market rates of 3% per annum, as at 31 December 2012, 2013 and 2014.

As at 31 December 2012, 2013 and 2014, all of the borrowings are denominated in Hong Kong dollars.

18 Obligations under Finance Leases

The Target Group leased certain of its photocopier and motor vehicles under finance leases. The lease terms are 5 years as at 31 December 2012, 2013 and 2014. Interest rates underlying all obligations under finance leases are fixed at respective contract dates of 2% per annum as at 31 December 2012, 2013 and 2014. No arrangements have been entered into for contingent rental payments.

	Minimum lease payments			**Present value of minimum lease payments**		
	2012	**2013**	**2014**	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts payable under finance leases:						
Within one year	242	154	155	209	139	145
In more than one year and not more than five years	783	347	194	735	332	189
	1,025	501	349	944	471	334
Less: Future finance charges	(81)	(30)	(15)	–	–	–
Present value of lease obligations	944	471	334	944	471	334
Less: Amounts due for settlement within 12 months (shown under current liabilities)				(209)	(139)	(145)
Amounts due for settlement after 12 months				735	332	189

The Target Group's obligations under finance leases are secured by the lessors' title to the leased assets and guaranteed by a director, Mr. WK Chu. Finance lease obligations are denominated in Hong Kong dollars.

19 Deferred Taxation

The following are the major deferred tax balances recognized and movements thereon during the Relevant Periods:

	Accelerated tax depreciation	**Tax losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2012	83	(147)	(64)
Charge/(credit) to profit or loss	98	(244)	(146)
At 31 December 2012 and 1 January 2013	181	(391)	(210)
(Credit)/charge to profit or loss	(26)	383	357
Effect of foreign currency exchange differences	(6)	8	2
At 31 December 2013 and 1 January 2014	149	–	149
Credit to profit or loss	(87)	–	(87)
At 31 December 2014	62	–	62

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December 2012	**As at 31 December 2013**	**As at 31 December 2014**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	(391)	–	–
Deferred tax liabilities	181	149	62
	(210)	149	62

20 Share Capital

	As at 31 December 2012		As at 31 December 2013		As at 31 December 2014	
	Number of shares	*Amount US$*	*Number of shares*	*Amount US$*	*Number of shares*	*Amount US$*
Authorized						
Ordinary shares of US$1 each	50,000	50,000	50,000	50,000	50,000	50,000
Issued and fully paid						
Ordinary shares of US$1 each	1,000	1,000	1,000	1,000	5,000	5,000

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Shown on the consolidated statements of financial position	6	6	31

The Target Company was incorporated in the BVI with limited liability on 24 December 2012 (date of incorporation) with an initial authorized share capital of US$50,000 divided into 50,000 shares of US$1 each. The Target Company issued 1,000 shares of US$1 each at par for cash on 24 December 2012 (date of incorporation). On 23 December 2014, The Target Company issued 4,000 shares of US$1 each at par for cash by allotment to the Vendor 1.

21 Retirement Benefit Schemes

The Target Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Target Group in funds under the control of trustees.

The total expenses recognized in the consolidated statements of profit or loss and other comprehensive income amounted to approximately RMB360,000, RMB315,000 and RMB299,000 for the years ended 31 December 2012, 2013 and 2014 respectively, and represented contributions payable to these plans by the Target Group at rates specified in the rules of plans.

Contribution to retirement benefits schemes of approximately RMB360,000, RMB315,000 and RMB299,000 has been expensed in cost of sales for the years ended 31 December 2012, 2013 and 2014 respectively.

22 Related Party Transactions

Balances and transactions between the Target Company and its subsidiaries, which are related parties of the Target Group, have been eliminated on consolidation and are not disclosed in this note. Save as disclosed in Notes 10, 16 and 17 to the Financial Information, the Target Group entered into the following transaction with a related party:

Related party	Nature of transaction	Year ended 31 December		
		2012	**2013**	**2014**
		RMB'000	*RMB'000*	*RMB'000*
Mr. WY Chu	Sale of motor vehicle	–	279	–

Compensation of key management personnel

The emoluments of the directors, who are also identified as members of key management of the Target Group, are set out in Note 10.

23 Operating Leases

The Target Group as lessee

At the end of the Relevant Periods, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Within one year	250	1,282	429
In the second to fifth years inclusive	–	427	–
Minimum lease payments paid under operating leases	250	1,709	429

Operating leases related to the premises are negotiated for terms ranging from 2 years to 3 years for the Relevant Periods. The Target Group does not have an option to purchase the leased asset at the expiry of the lease period.

24 Capital Management

The Target Company manages its capital to ensure that the entities in the Target Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Target Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Group consists of net debt (which includes borrowings and obligations under finance leases, net of cash and cash equivalents) and equity attributable to owners of the Target Company (comprising share capital and reserves).

The Target Group is not subject to any externally imposed capital requirements.

Net debt-to-equity ratio

The directors of the Target Company review the capital structure regularly. As part of this review, the directors of the Target Company consider the cost of capital and the risks associated with each class of the capital. The Target Company seeks to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The net debt to equity ratio at the end of the Relevant Periods was as follows:

	As at 31 December 2012	**As at 31 December 2013**	**As at 31 December 2014**
	RMB'000	*RMB'000*	*RMB'000*
Debts	2,615	1,231	2,201
Cash and cash equivalents *(i)*	(183)	(9)	(8,973)
Net debt	2,432	1,222	(6,772)
Total equity *(ii)*	(2,840)	(1,341)	4,801
Net debt-to-equity ratio	NA	NA	NA

Notes:

(i) Cash and cash equivalents is defined as bank balances and cash, as detailed in Note 14.

(ii) Equity includes all capital and reserves attributable to owners of the Target Company.

25 Financial Instruments

(a) Categories of financial instruments

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB'000*
Financial assets:			
Loan and receivables			
Trade and other receivables	5,008	4,632	7,447
Amounts due from directors	2	596	–
Amount due from a shareholder	1	1	–
Bank balances and cash	183	9	8,973
	5,194	5,238	16,420

	As at 31 December 2012 *RMB'000*	As at 31 December 2013 *RMB'000*	As at 31 December 2014 *RMB$'000*
Financial liabilities:			
At amortized costs			
Trade and other payables	4,596	6,177	4,613
Amounts due to directors	2,041	93	4,008
Obligations under finance leases	944	471	334
Borrowings	1,671	760	1,867
	9,252	7,501	10,822

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, amounts due from directors, amount due from a shareholder, bank balances and cash, trade and other payables, amounts due to directors, obligations under finance leases and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risks (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Target Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the types of the Target Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks during the Relevant Periods.

Foreign currency risk management

Transactional currency exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Substantially all the Target Group's sales and purchases are denominated in the functional currency of the operating units making the sales (i.e. HK$), and substantially all the costs are denominated in the units' functional currency. Accordingly, the directors of the Target Company consider that the Target Group is not exposed to significant foreign currency risk.

The Target Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk management

The Target Group's fair value rate risk relates primarily to fixed-rate bank loan and fixed-rate obligation under finance leases.

Equity price risk management

As the Target Group has no significant investments in financial instruments at fair values as at 31 December 2012, 2013 and 2014, the Target Group is not exposed to significant equity price risk.

Credit risk management

At the end of the Relevant Periods, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position.

There is significant concentration of credit risk as the top five biggest customers accounts over approximately 13%, 31% and 65% of the carrying amounts of trade receivables as at 31 December 2012, 2013 and 2014 respectively. In order to minimize the credit risk, the senior management of the Target Group reviews the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation or high credit ratings assigned by international credit-rating agencies.

Liquidity risk management

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the shareholders to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The table includes both contractual interest and principal cash flows.

	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2012						
Non-derivative financial liabilities						
Trade and other payables	–	4,596	–	–	4,596	4,596
Obligations under finance leases	2	62	180	783	1,025	944
Amounts due to directors	–	2,041	–	–	2,041	2,041
Borrowings	6	1,744	–	–	1,744	1,671
		8,443	180	783	9,406	9,252
As at 31 December 2013						
Non-derivative financial liabilities						
Trade and other payables	–	6,177	–	–	6,177	6,177
Obligations under finance leases	2	38	116	347	501	471
Amounts due to directors	–	93	–	–	93	93
Borrowings	5	836	–	–	836	760
		7,144	116	347	7,607	7,501
As at 31 December 2014						
Non-derivative financial liabilities						
Trade and other payables	–	4,613	–	–	4,613	4,613
Obligations under finance leases	2	39	116	194	349	334
Amounts due to directors	–	4,008	–	–	4,008	4,008
Borrowings	5	2,079	–	–	2,079	1,867
		10,739	116	194	11,049	10,822

Fair value measurements recognized in the consolidated statements of financial position

At the end of the Relevant Periods, the Target Group did not have any assets and liabilities that were measured at the fair value measurements hierarchy.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at cost or amortized cost in the Financial Information approximate their fair values.

III. EVENTS AFTER THE END OF THE RELEVANT PERIODS

There was no significant event took place subsequent to 31 December 2014.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group have been prepared in respect of any period subsequent to 31 December 2014.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hui Chun Keung, David
Practising Certificate Number: P05447
Hong Kong

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an unaudited pro forma consolidated statement of financial position of the Enlarged Group (the "Unaudited Pro Forma Consolidated Statement of Financial Position") which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the proposed acquisition of 100% equity interest in the Target Company (the "Acquisition") as if the Acquisition had been completed on 31 December 2014.

The Unaudited Pro Forma Consolidated Statement of Financial Position is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2014 which has been extracted from the published annual report of the Company for the year ended 31 December 2014 dated on 23 March 2015; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 December 2014 as extracted from the accountants' report as set out in the Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable; and (ii) factually supportable as if the Acquisition had been undertaken as at 31 December 2014.

The Unaudited Pro Forma Consolidated Statement of Financial Position has been prepared by the directors of the Company based on a number of assumptions, estimates and uncertainties for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Enlarged Group. Accordingly, the Unaudited Pro Forma Consolidated Statement of Financial Position does not purport to describe the financial position of the Enlarged Group that would have been attained had the Acquisition been completed as at 31 December 2014, nor purport to predict the future financial position of the Enlarged Group.

	The Group as at 31 December 2014 *RMB'000* (Audited)	The Target Group as at 31 December 2014 *RMB'000* (Audited) *Note 1*	*Notes*	Pro forma adjustments for the Acquisition *RMB'000*	Pro forma Enlarged Group after the Acquisition *RMB'000* (Unaudited)
Non-current assets					
Property, plant and equipment	1,819	865			2,684
Intangible assets	2,815	–			2,815
Goodwill	19,541	–	*3*	148,498	168,039
Available-for-sale securities	49,788	–			49,788
Pledged bank deposits	734	–			734
Deferred tax assets	346	–			346
	75,043	865			224,406
Current assets					
Inventories	1,239	–			1,239
Trade and other receivables	192,434	7,447			199,881
Amounts due from non-controlling interests	393	–			393
Trading securities	70,136	–			70,136
Cash and cash equivalents	57,501	8,973			66,474
	321,703	16,420			338,123
Total assets	396,746	17,285			562,529
Current liabilities					
Trade and other payables	51,230	4,613	*4*	1,896	57,739
Receipt in advance	–	346			346
Amounts due to directors	–	4,008			4,008
Obligations under finance leases	–	145			145
Borrowings	11,321	1,867			13,188
Income tax payables	4,279	1,254			5,533
	66,830	12,233			80,959
Net current assets	254,873	4,187			257,164
Total assets less current liabilities	329,916	5,052			481,570

	The Group as at 31 December 2014	The Target Group as at 31 December 2014		Pro forma adjustments for the Acquisition	Pro forma Enlarged Group after the Acquisition
	RMB'000	*RMB'000*		*RMB'000*	*RMB'000*
	(Audited)	(Audited)			(Unaudited)
		Note 1	*Notes*		
Capital and reserves					
Share capital	18,194	31	*3(a)(ii)*	2,435	20,629
				(31)	
Reserves	239,567	4,770	*3(a)(ii)*	29,217	
				(4,770)	
			4	(1,896)	266,888
	257,761	4,801			287,517
Non- controlling interests	72,155	–			72,155
Total equity	329,916	4,801			359,672
Non-current liabilities					
Obligations under finance leases	–	189			189
Promissory notes	–	–	*3(a)(i)*	121,647	121,647
Deferred tax liabilities	–	62			62
	–	251			121,898
	329,916	5,052			481,570

Notes to Unaudited Pro Forma Financial Information

1 The adjustments reflect the inclusion of the assets, liabilities and equity of the Target Group, as if the Acquisition had been completed at the date reported on. The balances have been extracted from the audited consolidated statement of financial position of the Target Group as at 31 December 2014 as set out in Appendix II to this circular.

2 Exchange rate of Hong Kong dollars ("HK$") 1 translated to RMB0.7913 prevailing at the close of business on 31 December 2014. No representation is made that HK$ amounts have been, could have been or could be converted to RMB, or vice versa, at the applied or at any other rates or at all.

3 The adjustment reflects the acquisition of the Target Group by the Company under the Sale and Purchase Agreement and recognition of pro forma goodwill of approximately RMB148,498,000 arising from Acquisition. The Acquisition is accounted for using acquisition method of accounting in accordance with International Financial Reporting Standard 3 "Business Combination".

For the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group, the pro forma fair values of the identifiable assets and liabilities (other than goodwill) of the Target Group as at 31 December 2014 are assumed to be the same as their carrying amounts as at 31 December 2014 as if the Acquisition had been completed as at 31 December 2014. The recognition of pro forma goodwill arising on the Acquisition as if the Acquisition had been completed as at 31 December 2014 is as follows:

Pro forma goodwill arising on the Acquisition *(note (c))*:

	RMB'000
Consideration *(note (a))*	153,299
Less: Pro forma fair value of identifiable net assets acquired *(note (b))*	(4,801)
	148,498

(a) Assumed fair value of the Consideration for the Acquisition:

	RMB'000
Promissory Notes *(note (a)(i))*	121,647
Consideration Shares *(note (a)(ii))*	31,652
	153,299

(i) These represent the promissory notes with principal amount of HK$160,000,000 (equivalent to approximately RMB126,608,000) issued for the Acquisition. The Promissory Notes have a repayment term of 3 years from the date of issue and may be prepaid in whole or in part at any time without premium or penalty.

The assumed fair value of the Promissory Notes of approximately HK$153,730,000 (equivalent to approximately RMB121,647,000) represents the carrying value of the Promissory Notes carried at amortized cost and is calculated using the effective interest method by discounting estimated future cash flows at an effective interest rate of 7.5%. The effective interest rate has been determined by reference to various factors and assessed by a professional valuer, Eidea Professional Services Company Limited.

(ii) The adjustments represent the allotment and issue of a total of 307,692,307 Consideration Shares of HK$0.01 each in the capital of the Company, at the Issue Price of HK$0.13 per Consideration Share, which was determined with reference to the prevailing market price of the Shares.

For the purpose of preparation of the Unaudited Pro Forma Financial Information, it has been assumed that the fair value of the Consideration Shares amounts to HK$40,000,000 (equivalent to approximately RMB31,652,000), of which approximately HK$3,076,923 (equivalent to approximately RMB2,435,000) attributes to the aggregate par value of the Consideration Shares and approximately HK$36,923,077 (equivalent to approximately RMB29,217,000) attributes to aggregate share premium.

(b) The fair value of the identifiable assets and liabilities of the Target Group will be re-assessed at the actual completion date of the Acquisition, the amount of goodwill to be recognized in connection with the Acquisition at the completion date are therefore subject to changes from the pro forma amounts shown above.

(c) Pro forma goodwill arose on the Acquisition because the Company expected synergy arising from its horizontal integration into the mobile marketing industry. Therefore, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and the future market development of the Enlarged Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(d) For the purpose of preparation of the Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group, the Directors consider that no impairment is required in respect of the goodwill arising from the Acquisition taking into account the business potential of the Target Group and other factors as disclosed in the section headed "Reasons for and benefits of the Acquisition" in the "Letter from the Board" in this circular. The reporting accountants concurred with the Directors' assessment of impairment of goodwill in the Unaudited Pro Forma Financial Information and adoption of consistent accounting policies and principal assumptions in the preparation of the consolidated financial statements of the Group after the completion of the Acquisition. After the completion of the Acquisition, the Group will perform annual impairment test for the cash-generating unit to which the goodwill has been allocated in accordance with the Company's accounting policies and the requirements of International Accounting Standard 36 "Impairment of Assets", and the Company's auditors will perform audit procedures thereon in respect of their audit of the consolidated financial statements of the Group for the next financial year in accordance with the requirements of International Accounting Standard 36 "Impairment of Assets".

4 The adjustment represents the estimated transaction costs, including mainly legal and professional fees of approximately RMB1,896,000 to be incurred by the Company and recognized in the profit and loss, upon the completion of the Acquisition.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants of the Company, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

24 April 2015

TO THE DIRECTORS OF ENTERPRISE DEVELOPMENT HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ENTERPRISE DEVELOPMENT HOLDINGS LIMITED (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") (the "Unaudited Pro Forma Financial Information") by the directors of the Company (the "Directors") for illustrative purposes only. The Unaudited Pro Forma Financial Information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2014 and related notes as set out on pages III-1 to III-6 of the circular dated 24 April 2015 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-6 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition of entire issued share capital of Gravitas Group Limited by APEX CENTER LIMITED, a subsidiary of the Company on the Group's financial position as at 31 December 2014 as if the Acquisition had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 December 2014, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to "Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition as at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transactions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hui Chun Keung, David
Practising Certificate Number: P05447
Hong Kong

The following is the text of a letter prepared for incorporation in this circular received from Cushman & Wakefield Valuation Advisory Services (HK) Limited, an independent valuer, in connection with its valuation of Gravitas Group Limited as at 31 December 2014.

Cushman & Wakefield Valuation Advisory Services (HK) Limited
9/F St George's Building
2 Ice House Street, Central, Hong Kong
Tel: (852) 2956 3888
Fax:(852) 2956 2323

www.cushmanwakefield.com

CUSHMAN & WAKEFIELD® 高緯環球

24 April 2015

The Board of Directors
ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
Room 904-5, 9th Floor,
Great Eagle Centre,
No.23 Harbour Road,
Wan Chai, Hong Kong

Dear Sirs,

In accordance with the instruction from ENTERPRISE DEVELOPMENT HOLDINGS LIMITED (the "**Company**"), we have undertaken a valuation assignment to express an independent opinion on the market value of 100% equity interest (the "**Equity Interests**") of Gravitas Group Limited (the "**Target Company**") and its subsidiaries (hereafter collectively referred to as the "**Target Group**") as of 31 December 2014 (the "**Valuation Date**"). Our valuation work was performed subject to the assumptions and limiting conditions described in this report.

This report outlines the business appraised, industry overview, the basis of opinion, valuation methodology, basis and assumptions, limiting conditions and our opinion of value.

PURPOSE OF ENGAGEMENT

The purpose of this valuation is to express an independent opinion on the market value of the entire equity interests in the Target Company as at the Valuation Date. This report outlines our findings and valuation conclusions, which is prepared for public documentation reference purpose only.

BASIS OF VALUE

Our valuation was carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion" in accordance with International Valuation Standards (2013 edition) published by the International Valuation Standards Council.

OVERVIEW OF THE TARGET GROUP

The Target Company is incorporated in the British Virgin Islands ("**BVI**") on 24 December 2012 with limited liability. The Target Company is principally engaged in mobile marketing business through its wholly owned subsidiaries in Hong Kong.

The Target Group is a mobile marketing group established in Hong Kong dedicated to provide mobile marketing services to clients in the socially-connected mobile world. The Target Group has served certain Fortune 500 companies, listed multinational corporations and renowned local groups. The client base of the Target Group is diverse and covers various sectors, such as media, cosmetics, fashion, banking and finance, insurance, catering, real estate and automobile. The Target Group has provided clients with marketing strategies through mobile and executed campaigns in the last decade.

Revenue of the Target Group

The unaudited consolidated financial information of the Target Group for the two years ended 31 December 2013 and 2014 are set out as below:

	For the year ended	
	31 December 2014	**31 December 2013**
	HK$'000	*HK$'000*
Revenue	27,400	25,041
Profit before taxation	9,144	2,306
Net profit for the year attributable to the shareholders of the Target Company	7,635	1,808

GRAVITAS LIMITED

GRAVITAS LIMITED ("**GRAVITAS**") is incorporated in Hong Kong on 2 August 2004 with limited liability. It is principally engaged in mobile marketing projects and professional consulting services, such as business model consulting, creative and design services and a range of production services on mobile platforms.

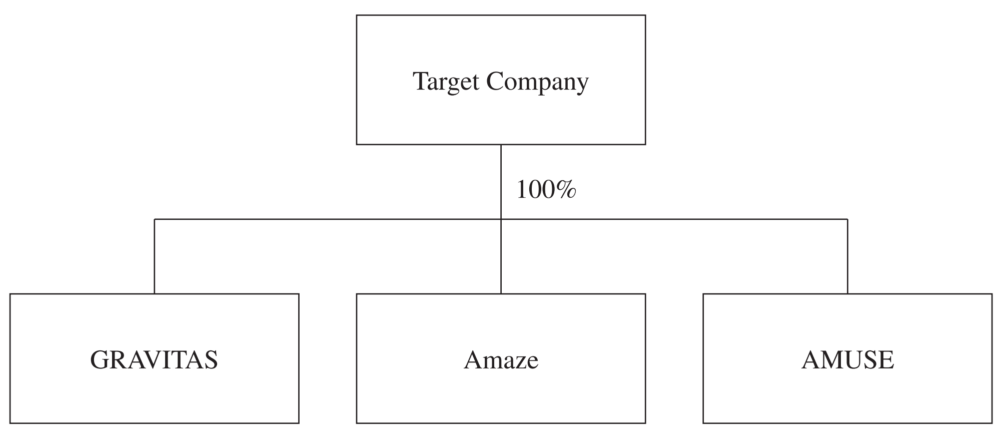
Amaze Mobile Media Limited

Amaze Mobile Media Limited ("**Amaze**") is incorporated in Hong Kong on 17 November 2009 with limited liability. Amaze is a mobile advertising company in Hong Kong and has been providing mobile advertising service since 2009. In addition to mobile advertising placement service Amaze also provides value-added services, including media planning, production, campaign tracking, reporting and post campaign analytics to agencies and advertisers to enhance the overall effectiveness of their client' mobile advertising campaign.

AMUSE Mobile Asia Limited

AMUSE Mobile Asia Limited ("**AMUSE**") is incorporated in Hong Kong on 21 November 2012 with limited liability. AMUSE is engaged in mobile games development and publishing business with focus in Asian market. AMUSE also supports the Target Group in gamification marketing and advergaming business.

Group Chart



ECONOMIC OVERVIEW

Gross Domestic Product

According to the released figures from the Census and Statistics Department, Gross Domestic Product ("**GDP**") in Hong Kong was HKD2,122.5 billion in 2013, registered a moderate year-to-year growth of 4.2%. In the Q2 and Q3 of 2014, the local economy witnessed a slightly stronger growth, as revealed by the increases of GDP at current price by 5.5% and 5.3% year-on-year in Q2 and Q3 of 2014. It is generally expected that the economy will grow mildly in the first two quarters of 2015.

Consumer Price Index

As per the latest data, the Composite CPI increased 5.1% and 4.9% year-on-year in November and December 2014. Under a combination of the mild growth in economy and the sustained low interest-rate environment, it is generally expected the CPI will continue to show a moderate growth.

Imports and Exports of Goods

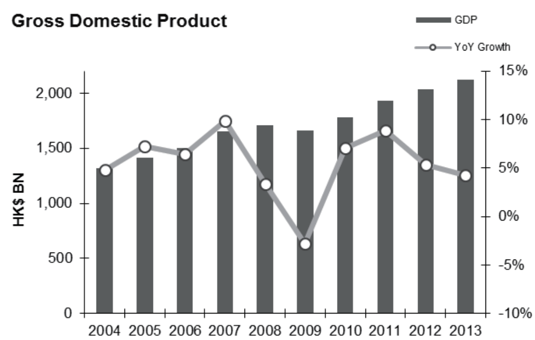
Total exports (including domestic exports and re-exports) of goods recorded an increase of 3.2% in 2014 to HKD3,675.4 billion, compared with HKD3,562.0 billion in 2013. During the same period, total imports of goods were HKD4,225.4 billion, up 3.9% year-on-year. A trade deficit of about HKD550 billion is therefore recorded.

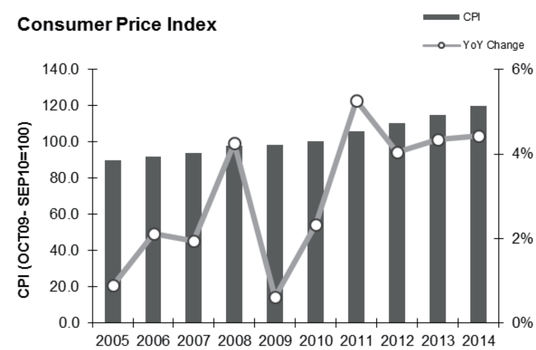
The growing trend in the export and import of goods seems to be flattening, as shown by the figures recorded in November and December 2014 in which year-on-year change of 0.4% and 0.6% in export of goods and year-on-year change of 2.4% and 1.9% in import of goods have been recorded for these two months.

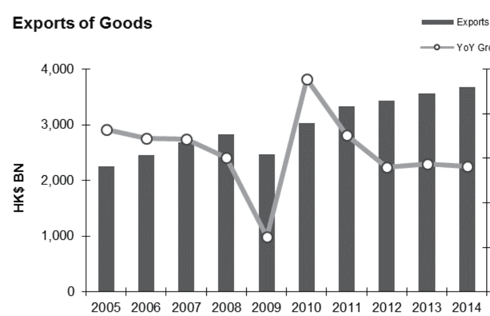
Imports and Exports of Services

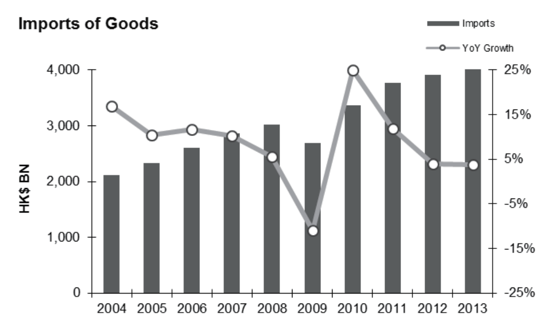
According to the published statistics, total exports of services recorded a significant growth of 6.0% in 2013 to HKD1,063.2 billion, comparing with HKD1,003.0 billion in 2012. In addition, total imports of services were HKD466.6 billion in 2013, up 2.5% year-on-year.

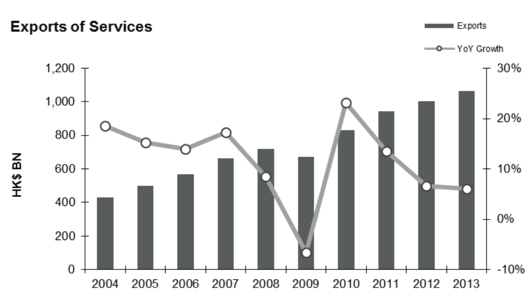
Latest figures for Q3 of 2014 have shown a consistent growth in both import and export of services, with respective year-on-year growths of 3.9% and 4.5%.

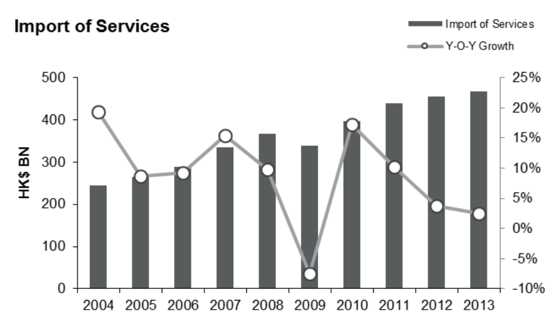












Source: Census and Statistics Department

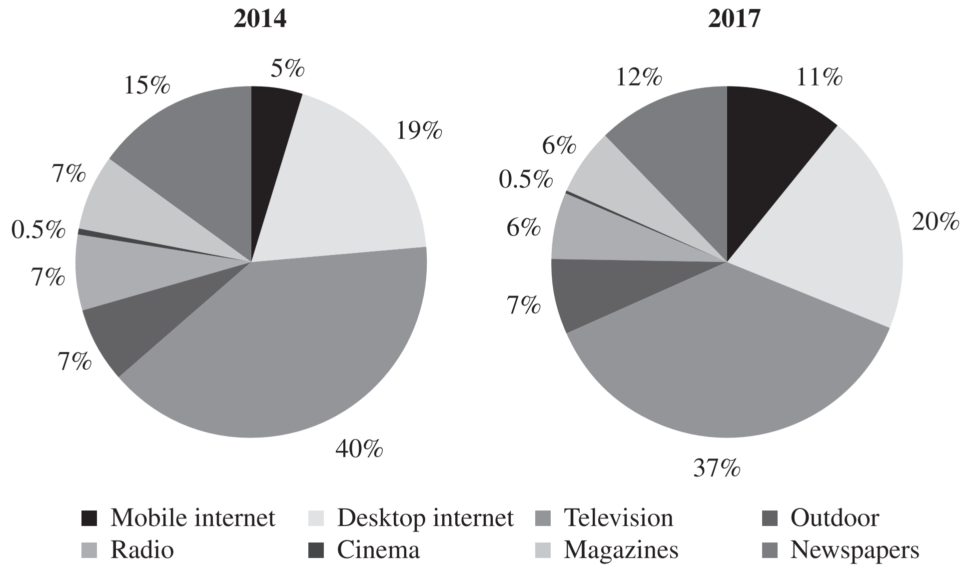
INDUSTRY OVERVIEW

Advertising Industry

Global advertising spending ("**Adspend**") is predicted to obtain a growth of 4.9% in 2015 and 5.6% in 2016. This is mainly attributed to the rise of mobile advertising and social media and the transition to programmatic buying of digital display.

The Share of global Adspend by mobile internet is predicted to increase from 5% in 2014 to 11% in 2017, representing a significant increase than other traditional mediums, such as magazines and radio.

Share of global Adspend by medium (%)



Mobile advertising is the main driver of global Adspend growth, and is expected to account for 51% of all new advertising dollars between 2014 and 2017. Mobile advertising is predicted to grow by an average of 38% a year between 2014 and 2017, driven by the rapid spread of devices, innovations in ad technology and improvements in user experiences.

Advertising spending in Hong Kong continued to grow in 2014, hitting a record-high HK$49.9 billion due to leading industries increased their online and mobile campaigns.

Total advertising expenditure was up 16% last year from HK$43 billion in 2013, in which the banking and investment services industry's total advertising expenditure last year reached HK$4.62 billion, up 10% from 2013. Its online and mobile campaigns jumped 91% in the second half of last year on credit card promotions.

Traditional media outlets such as television, newspapers, magazines, outdoor billboards and display, and radio composed 90% of total advertising spending last year, with spending on television advertising rose 7% year on year achieving a 32% share. On the other hand, online and mobile media combined for the remaining 10% share, but posted the highest growth at 12% and 105%, respectively.

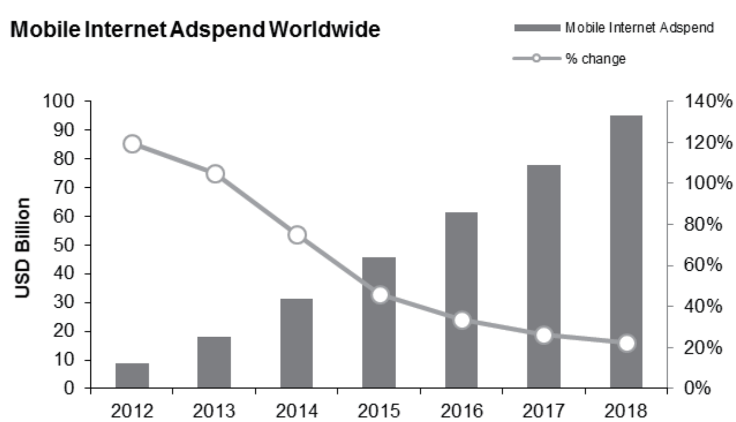
Thirty-six percent of advertisers indicated an increase in advertising spend in 2015, a 6-percentage-point decrease compared to last year.

Mobile Marketing

Mobile devices such as smartphones and tablets are seeing rapid adoption rate globally. With consumers carrying the mobile devices along for the majority of the time, it has become the most efficient medium to reach larger number of consumers with advertisements and promotions. Mobile advertising platform and technology allow advertisers to use advance targeting technologies to reach the desired consumers of different characteristics and criteria. The extensive measurability is further driving the mobile advertising market globally. It is believed that advertisers and media industry will increasingly take account of a bigger and fast-growing mobile market, though it currently remains at around 1% of global advertising spent.

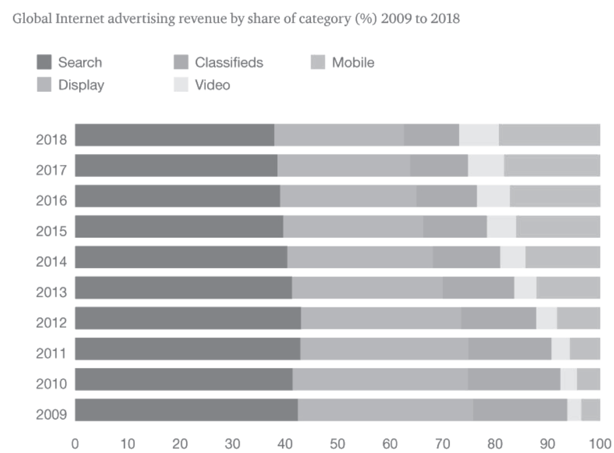
Mobile advertising is most commonly seen as a Mobile Web Banner (top of page banner) or Mobile Web Poster (bottom of page banner) and SMS advertising, which has been estimated at over 90% of mobile marketing revenue worldwide. Other forms of mobile advertising include MMS advertising, advertising within mobile games and mobile videos, during mobile TV receipt, full-screen interstitials, which appear while a requested item of mobile content or mobile web page is loading up, and audio advertisements that can take the form of a jingle before a voicemail recording, or an audio recording played while interacting with a telephone-based service such as movie ticketing or directory assistance.

The global mobile internet advertisement spending is expected to increase to US$94.91 billion in 2018, which is about a five-fold increase from US$17.96 billion in 2013.



Internet advertising is closing in on TV advertising to become the largest entertainment and media advertising segment. In 2013, total Internet advertising revenue was US$117.2 billion. The figure is expected to increase at a 10.7% compound annual growth rate("CAGR") to US$194.5 billion in 2018 This is a significant advance from 2009, when total Internet advertising revenue was just US$58.7 billion.

In addition, mobile advertising revenue is expected to overtake classifieds to become the third-largest internet advertising channel in 2014. But after four particularly strong years between 2010 and 2013 driven by the launch of the new generation of tablets, annual mobile revenue growth is falling back to the levels seen before the introduction of the tablet PC and advertisers must do more than simply migrating large-screen banners to handhelds. The global internet advertising revenue by share of category for 2009 to 2018 is illustrated as below:



With a 63% of smartphone penetration rate, Hong Kong has a one of highest rates of smartphone usage in the world. Ninety-six percent of Hong Kong smartphone users browse the internet daily, which is the highest in Asia.

On the other hand, e-commerce grew from HK$14.6 billion in 2011 to HK$15.7 billion in 2012. It is expected to further increase to HK$27.1 billion in 2015. In fact, mobile transactions represented only 10% of online transactions in 2011, but grew to 41% in 2012 and are expected to grow to HK$17.8 billion in 2015, which will be approximately 66% of the total forecasted transactions under e-commerce.

As a whole, that mobile internet penetration is expected to reach 55% in 2018, which will drive digital advertising to increase its share from 14% of total advertising revenue in 2009 to 33% by 2018. With internet advertising growing at a 10.7% CAGR between 2014 and 2018 (compared to a total advertising CAGR of 4.4% for the same period), the industry is approaching a significant tipping point in 2018. Internet advertising will be poised to overtake TV advertising. In particular, significant gains in mobile Internet advertising are forecast with a CAGR of 21.5% between 2014 and 2018.

Conclusion

Digital advertising is seen by marketers to deliver high marketing effectiveness, particularly the mobile internet advertising segment. Although the current market share of mobile advertising is still small in size, it could be expected that there is a great potential for this segment to grow tremendously in the coming years, mainly driven by the foreseeable change in consumers' consumption behavior.

BASIS OF OPINION

The valuation has been prepared in accordance with International Valuation Standards published by the International Valuation Standards Council. The valuation procedures adopted include review of economic and financial conditions of the subject businesses and an assessment of key assumptions, estimates and representations made by the Target Group. All matters we consider essential to the proper understanding of the valuation are disclosed in this report.

The following factors also form a considerable part of our basis of opinion:

- The economic outlook in general;
- The nature of businesses and history of the operations concerned;
- The financial condition of the Target Group;
- Investment returns of companies operating in similar lines of business; and
- Financial and business risk of the Target Group.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on The Target Group.

SOURCES OF INFORMATION

In conducting our valuation of the Equity Interests, we have considered, reviewed and relied upon the following key information provided by the management of the Target Company (the "**Management**") and the public.

- Background of the Target Group and relevant corporate information;
- Business licenses and other relevant documents of the Target Group;
- Audited financial statements of GRAVITAS and Amaze for the year ended 31 December 2010 to for the year ended 31 December 2012;
- Management accounts of the Target Company for the year ended 31 December 2013 and 31 December 2014;
- Business plan and the enclosed financial projections; and
- Bloomberg database and other reliable sources of market data.

We have held discussion with the Management and conducted research from public sources to assess the reasonableness and fairness of the information provided. We have no reason to doubt the truth and accuracy of the information provided to us by the Management, and we have relied to a considerable extent on the information provided in arriving at our opinion of value.

VALUATION METHODOLOGIES

There are three generally accepted approaches to assess the market value of the Target Company, namely the market approach, the asset approach, and the income approach. Each of these approaches is appropriate in one or more circumstances.

Market Approach

Market Approach values an asset based on comparison with recent sales of similar assets from market transactions, with adjustments made to the indicated market prices to reflect condition and utility of the appraised asset relative to the market comparables. Although this approach is widely used, the main difficulty with this approach lies with the lack of financial information and full details regarding sales of similar assets.

Asset Approach

Asset approach values an asset by reference to the accumulating costs that would be incurred in order to replace or reproduce the asset in its current condition. This approach is not considered to be an appropriate approach for valuing income-generating assets as generally it does not capture expected returns to the asset.

Income Approach

Income Approach values an asset by reference to the capitalized value of income, cash flows or cost savings that could hypothetically be earned or achieved by a market participant owning the asset.

The principle of this approach is that the value of the asset can be measured by the present worth of the economic benefits to be received over the assets life. This approach estimates the future economic benefits and discounts these benefits to its present value using an appropriate discount rate for all risks associated with realizing those benefits.

Selection of Valuation Methodology

Among the three approaches, we consider that the income approach is more appropriate for valuing the Target Company.

While useful for certain purposes, the asset approach does not take future earning potential of the Target Company into consideration. Market approach may be difficult to apply as we have not identified sufficient market transactions which are comparable. In this regard, we have considered but decided against using asset and market approach for valuing the Target Company. We consider income approach to be more appropriate for valuing the Target Company as it considers future growth potential of the business of the Target Company.

To determine the market value of the Target Company, we have adopted the discounted cash flow ("**DCF**") method, which is one of the income approaches that uses the concept of time value of money. By adopting the DCF, we utilize future free cash flow projections and discount them with a discount rate to arrive at a present value.

VALUATION ASSUMPTIONS AND RATIONALE

General assumptions

In determining the market value of the Equity Interests, the following principal assumptions have been adopted:

- We have assumed that there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Group;
- We have assumed that the conditions in which the business is being operated and which are material to revenue and costs of businesses will remain unchanged;
- We have assumed that the information have been prepared on a reasonable basis after due and careful consideration by the Management;
- We have assumed that competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Group;
- We have assumed that all licenses and permits that is essential for the operation of the Target Group can be obtained and are renewable upon expiry; and
- We have assumed that there are no hidden or unexpected conditions associated with the businesses valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

Major assumptions adopted in the financial projection prepared by the Management:

- The year-on-year revenue growth rates are expected to be 57%, 25%, 25%, 22% and 20% in 2015, 2016, 2017, 2018 and 2019 respectively;
- The terminal growth rate of free cash flow is assumed to be 3% per annum, taking reference to long-term inflation rate in Hong Kong; and

- Profit tax rate is assumed to be 16.5%, taking reference to the profit tax rate in Hong Kong.

Risk factors

(i) Reliance on the financial projection

We have relied on the financial projection provided by the Management to a significant extent in this valuation. Apart from three new contracts signed in 2015 with contract sum amounted to RMB 6 million as provided by the Target Group, it is assumed the year-on-year growth rate of 30% in 2015 and hence the effective year-on-year growth rate in 2015 is assumed to be 57%. The year-on-year growth rates are assumed to be 25% in 2016 and 2017 and slow down gradually to 22% in 2018 and 20% in 2019, as suggested by the management of the Target Group based on their estimation and taking reference to general outlook of mobile internet advertising segment. If the actual financial outcome of the Target Company (including but not limited to revenue and costs) deviate significantly from that expected by the Management, the value of the Equity Interests as reported by us could be impacted as a result.

(ii) Successful execution of business plan

(iii) This valuation, together with the financial projection, depends on the successful execution of the business plan. This includes, but not limited to, the ability of the Target Company to achieve revenue growth above the estimated industry annualized compound growth rate during the forecast period and retain key personnel etc. If the actual outcome differs from the Management's expectation, there could be material impact on the value of the equity interest in the Target Company as reported by us.

VALUATION PROCEDURES AND PARAMETERS ADOPTED

To determine the market value of the Equity Interests, we have adopted the discounted cash flow method which uses future free cash flow projections and discounts them with a discount rate to arrive at a present value.

The discounted cash flow method is a method to value the Target Company using the concepts of time value of money. All future cash flow are estimated and discounted to give them a present value. The discount rate used was the required rate of return of the market comparables. The present value of the free cash flow was calculated via the following formula:

$$PVCF = CF_1/(1+R)^1 + CF_2/(1+R)^2 + CF_3/(1+R)^3 + \ldots + CF_n/(1+R)^n$$

Where:

PVCF = Present value of cash flows

CF_n = Cash flow

R	=	Discount rate
n	=	Time period

In the course of our valuation, the cash flows were determined as free cash flows, which were calculated using the following formula:

FCF	=	NI + AD – WC – CAPEX

Where:

FCF	=	Free cash flow
NI	=	Net income
AD	=	Amortization and depreciation
WC	=	Change in working capital
CAPEX	=	Capital expenditures

Discount rate

The discount rate used in this valuation exercise was the weighted average costs of capital ("**WACC**"), which was computed using the following formula:

WACC	=	$(E/V) \times R_e + (D/V) \times R_d \times (1-T_c)$

Where:

R_e	=	Cost of equity
R_d	=	Cost of debt
E	=	Market value of the Subject Company's equity
D	=	Market value of the Subject Company's debt
V	=	E + D
E/V	=	Percentage of financing that is equity
D/V	=	Percentage of financing that is debt
T_c	=	Tax rate

As shown in the above formula, the WACC has two components: the cost of equity and the cost of debt. The Capital Asset Pricing Model ("**CAPM**") was used for determining the cost of equity. CAPM is a model that describes the relationship between risk and expected return and that is used in the pricing of risky securities and it is calculated as follow:

$$R_e = R_f + \beta (R_m - R_f) + SP + CSR$$

Where:

R_e	=	Cost of equity
R_f	=	Risk-free rate
β	=	Beta coefficient
R_m	=	Expected market return
$(R_m - R_f)$	=	Market risk premium
SP	=	Size premium
CSR	=	Company specific risk premium

In our valuation, the following parameters were adopted:

Risk-free rate (10-years)[1]	:	1.86%
Beta coefficient[2]	:	1.02
Market risk premium[3]	:	6.35%
Company specific risk premium[4]	:	1.00%
Small company risk premium[5]	:	6.01%
Cost of equity	:	15.34%
Cost of debt[6]	:	5.0%
Tax rate[7]	:	16.5%
Debt to equity ratio[8]	:	8.67%
WACC	**:**	**14.45%**

Remarks:

1. The risk free rate is the yield of 10-year HKMA Hong Kong Exchange Fund Notes as of the Valuation Date, from Bloomberg. It is generally assumed that the HKMA Hong Kong Exchange Fund Notes are risk-free and hence the yield of 10-year HKMA Hong Kong Exchange Fund Notes is adopted as a long-term risk-free rate.

2. The leveraged beta was calculated from the comparable companies (the "**Comparable Companies**") using the following formula: Levered beta = Unlevered beta * [1 + (1 – Tax Rate) x (D/E)]. The beta coefficient is estimated from the average betas of a set of comparable companies listed in the United States. The betas of the comparable companies are made reference to the 2-year weekly adjusted betas obtained from Bloomberg. 2-year weekly adjusted beta is adopted because it is generally assumed that 2-year beta is the most suitable for adopting into CAPM as 1-year beta is considered to be too volatile and long-term beta may not be able to reflect recent market situation. The following criteria have been selected in choosing the comparable companies in this valuation:

   - The companies are publicly listed in major stock exchanges;
   - The companies operate in similar businesses as the Target Company;
   - Only companies listed in the United States are selected as the Comparable Companies since no listed company in Hong Kong with principal business similar to the Target Group is identified; and
   - The calculation of betas is taken reference to the local stock market index of the Company Companies (S&P 500 index) and hence the factor of location of listing of the Comparable Companies affecting the calculation is removed.

   The profiles of the comparable companies are as follow:

Comparable Company	**Ticker**	**Business**
Millennial Media, Inc.	MM US	Millennial Media, Inc. is an independent mobile advertising platform company. The company's technology, tools and services help developers maximize their advertising revenue, acquire users for their applications and gain insight about their users. To advertisers, the company offers audience reach, targeting capabilities and the opportunity to deliver interactive and engaging advertisement experiences to consumers on their mobile connected devices. The company's technology and data platform, MYDAS, platform accesses and analyzes volumes of data-location, social, interest and mobile device to provide a multi-dimensional view of individual profiles that it calls its Relevance Graph.

Comparable Company	Ticker	Business
Marchex, Inc.	MCHX US	Marchex, Inc. is a digital call advertising and small business solutions company. The company offers products, services and technologies that enable advertisers to reach local consumers across online, mobile and offline sources. Its products and services primarily include digital call-based advertising, pay-per-click advertising, and its website traffic sources. In addition, the company provides performance marketing solutions, including private-label products for small businesses, to a network of reseller partners, including publishers, media, telecommunications companies and vertical marketing service providers.
Acxiom Corporation	ACXM US	Acxiom Corporation operates in three segments: marketing and data services, IT infrastructure management and other services. The marketing and data services segment provides data sourcing; data activation via analytics, integration and enhancement; the building and managing of customer marketing databases and partner integration. The IT Infrastructure management segment provides mainframe, server hosting and cloud computing services. The other services segment includes the company's United Kingdom fulfillment business providing outsourced call-center operations e-mail fulfillment.
Inuvo, Inc.	INUV US	Inuvo, Inc. is an internet marketing and technology company that delivers targeted advertisements to websites and applications reaching both desktop and mobile devices. The company delivers content and advertisements over the Internet. The company operates in the partner network and the owned and operated network. The partner network segment delivers advertisements to its partners' websites and applications on desktop, tablet and mobile devices. The owned and operated network segment designs, builds and markets consumer websites and applications.

Comparable Company	Ticker	Business
AOL Inc	AOL US	AOL Inc. ("**AOL**") operates business spans online content, products and services to consumers, publishers and advertisers. Its business operations are focused on AOL Properties and third party network. AOL Properties include its owned and operated content, products and services in the content, local, paid services and consumer applications areas in addition to its AOL ventures offerings. It markets its offerings to advertisers on both AOL Properties and the third party network under the brand AOL Advertising. It markets its offerings to publishers on the third party network under the brand Advertising.com and also market offerings as video advertisements distributed through goviral A/S (goviral) and 5 Minutes Ltd (5min Media).

3. The market premium is made reference to the total equity risk premium in the research by Professor Aswath Damodaran from New York University. Aswath Damodaran is a Professor of Finance at the Stern School of Business at New York University, where he teaches corporate finance and equity valuation. He is best known as author of several widely used academic and practitioner texts on valuation, corporate finance and investment management. He has written several books on equity valuation, as well on corporate finance and investments. His research result on equity risk premium are commonly applied by valuers.

4. Company specific risk premium is the premium added to the cost of equity to reflect the additional risk factors specific to the Target Company. The company specific risk factors may include the following:

   - Lack of diversification
   - Customer concentration
   - Poor access to capital
   - Old technology
   - Distribution channel
   - Thin management
   - Competition
   - Litigation

   Considering the Target Group is a relatively well-established company with historical record of financial profit and operational information, a small company specific risk premium of 1% is applied.

5. Small company risk premium is the additional return required by small company investors to compensate the higher perceived risks of small companies. The small company risk premium is made reference to Ibbotson SBBI 2014 Valuation Yearbook

6. The Prime lending rate of HSBC in Hong Kong as at the Valuation Date

7. Current Hong Kong profits tax rate

8. Debt-to-equity ratio of the Comparable Companies.

Discount for Lack of Marketability ("DLOM")

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

In this valuation, option-pricing model was used to estimate the DLOM. The cost of put option, which can hedge the price change before the privately held shares can be sold, was used to determine the lack of marketability discount. As the time the share of stock in a privately held company become readily marketable is getting shorter, the lower the implied DLOM. The cost of the put option is derived by using Black-scholes Option Pricing Model. The cost of the put option is evaluated as 10% of the value of the share of stock under the assumption of volatility of 49.7% which is the average of short-term volatilities of the Comparable Companies. A DLOM of 10% was thus applied.

LIMITING CONDITIONS

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Our opinion of the market value of the subject in this report is valid only for the stated purpose and only for the effective date of the appraisal. The valuation reflects facts and conditions existing at the date of valuation and subsequent events have not been considered. No responsibility is taken for any changes in the market conditions and no obligation is assumed to revise this report to reflect events or change of government policy or conditions which may occur subsequent to the date hereof.

No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond that customarily employed by appraisers. Our conclusions assume continuation of prudent management of the Target Company over a reasonable and necessary period of time to maintain the character and integrity of the assets valued.

CONCLUSION OF VALUE

In our opinion, on the basis of the information made available to us, the market value of 100% equity interest in the Target Company as of 31 December 2014 was reasonably estimated at **HK$212,000,000** (**HONG KONG DOLLAR TWO HUNDRED AND TWELVE MILLION ONLY**).

This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. While we have exercised our professional judgment in arriving at the appraisal, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Cushman & Wakefield Valuation Advisory Services (HK) Limited. You are advised to consider with caution the nature of such assumptions which are disclosed in this report and to exercise caution when interpreting this report.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Valuation Advisory Services (HK) Limited

Vincent K. C. Cheung
Registered Professional Surveyor (GP)
BSc(Hons) MBA MRICS MHKIS
Executive Director and Head of Valuation & Advisory, Greater China

Freddie W.T. Chan
CFA, FRM
Senior Manager, Valuation & Advisory, Hong Kong

Mr. Vincent K. C. Cheung holds a Master of Business Administration and he is a Registered Professional Surveyor with over 17 years' experience in real estate industry and assets valuations sector. His experience on valuations covers Hong Kong, Macau, Taiwan, South Korea, Mainland China, Vietnam, Cambodia and other overseas countries. Mr. Cheung is a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. Mr. Cheung is one of the valuers on the "list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers" as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum.

Mr. Freddie W.T. Chan overseas the business valuation services of Cushman & Wakefield (HK) Limited and has over 5 years of professional experiences in banking, finance, corporate advisory and valuation experiences. He is a CFA® charterholder and a FRM® charterholder who expertizes in corporate and intangible valuation sector. His experience on valuations covers Hong Kong, Mainland China, Australia, United States, Europe and other overseas countries. Mr. Chan is a member of the Hong Kong Society of Financial Analysts as well.

The following is the text of a report received from Akron Corporate Finance Limited, the financial adviser to the Company, for the purpose of inclusion in this circular.

AKRON
Corporate Finance Limited
亞貝隆資本有限公司
3808 China Resources Building
26 Harbour Road
Wanchai, Hong Kong

The Board of Directors
ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
Suite 904-5, 9/F
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong

24 April 2015

Dear Sirs,

We refer to the circular of ENTERPRISE DEVELOPMENT HOLDINGS LIMITED (the "**Company**") dated 24 April 2015 in relation to the Acquisition which constitutes a major transaction under the Listing Rules (the "**Circular**") and also the valuation report dated 24 April 2015 prepared by Cushman & Wakefield Valuation Advisory Services (HK) Limited, the independent valuer of the Company (the **"Independent Valuer"**), in respect of valuation of 100% equity interest of the Target Group (the **"Valuation"**), the Valuation of which constitutes a profit forecast ("**Forecast**") under Rule 14.61 of the Listing Rules. Unless otherwise defined or if the context otherwise requires, all terms defined in the Circular shall have the same meaning when used in this letter.

Akron Corporate Finance Limited ("**ACF**") hereby confirms that it has reviewed and discussed with the Company, the bases and assumptions adopted in the Valuation which contained the Forecast, and has satisfied itself that the bases and assumptions upon which the Valuation is based have been made with due care and objectivity, and on a reasonable basis and that the Forecast has been made by the Directors after due and careful enquiry.

We have not independently verified the computations leading to the Independent Valuer's determination of the fair value and market value of the Target Group. We have had no role or involvement and have not provided and will not provide any assessment of the fair value and market value of the Target Group. Accordingly, save as expressly stated in this letter, we take no responsibility for and express no views, whether expressly or implicitly, on the fair value and market value of the Target Group as determined by the Independent Valuer and set out in the valuation report issued by the Independent Valuer or otherwise.

ACF further confirms that the assessment, review and discussion carried out by it as described above are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that it has, in arriving at its views, relied on information and materials supplied to it by the Independent Valuer, the Group and the Target Group and opinions expressed by, and representations of, the employees and/or management of the Independent Valuer, the Group and the Target Group. We have assumed that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Announcement, for which the Directors are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Circular and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by ACF on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to ACF at the time of this letter, would have altered our respective assessment and review. Further, while the qualifications, bases and assumptions adopted by the Independent Valuer are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and the Independent Valuer.

ACF is acting as financial adviser to the Company in reviewing the Forecast and will receive fees for such advice. ACF and its directors and affiliates will, neither jointly or severally, be responsible to anyone other than the Company for providing advice in connection with the review of the Forecast, nor will ACF, its directors or affiliates, whether jointly or severally, owe any responsibility to anyone other than the Company.

Nothing in this letter should be construed as an opinion or view as to the fair value, market value or any other value of the Target Group or as an opinion or recommendation to any person as to whether they should acquire Shares. Shareholders are recommended to read the Circular with care.

A copy of this letter in its entirety may be reproduced in the Circular on the basis that none of the Company, the Independent Valuer or any other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

Yours faithfully,
Akron Corporate Finance Limited

LETTER ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE MARKET VALUE OF 100% EQUITY INTEREST OF THE TARGET GROUP

The following is the text of a report received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

24 April 2015

TO THE DIRECTORS OF ENTERPRISE DEVELOPMENT HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Cushman & Wakefield Valuation Advisory Services (HK) Limited dated 24 April 2015, of the market value of 100% equity interest of Gravitas Group Limited (the "**Target Company**") and its subsidiaries (collectively the "**Target Group**") as at 31 December 2014 (the "**Valuation**") is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in a circular dated 24 April 2015 to be issued by the Company in connection with the proposed acquisition of 100% interests in an investment holding company with mobile marketing services(the "**Circular**").

DIRECTORS' RESPONSIBILITY FOR THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in Appendix IV to the Circular (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of the Asset.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*HK$*
3,000,000,000	ordinary shares of HK$0.01 each	30,000,000.00
Issued and fully paid or credited as fully paid:		*HK$*
2,110,867,520	ordinary shares of HK$0.01 each	21,108,675.20

Immediately after the Completion (assuming no further issue of new Shares or repurchase of Shares from the Latest Practicable Date to Completion other than the issue of the Consideration Shares) will be as follows:

Authorised:		*HK$*
3,000,000,000	ordinary shares of HK$0.01 each	30,000,000.00
Issued and fully paid or credited as fully paid:		*HK$*
2,110,867,520	ordinary shares as at Latest Practicable Date	21,108,675.20
307,692,307	Consideration Shares to be issued	3,076,923.07
2,418,559,827	Total	24,185,598.27

All the Consideration Shares when allotted, issued and fully paid, will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Consideration Shares.

The Consideration Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Consideration Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

Interest of substantial Shareholders

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Aggregate long position in the Shares and underlying shares of the Company:

Name	**Nature of interest**	**Number of Shares held**	**Approximate percentage of shareholding in the Company**
Affluent Start Holdings Investment Limited *(Note 1)*	Beneficial owner	604,355,000	28.63%
Superbowl Development Limited *(Note 2)*	Beneficial owner	200,000,000	9.47%

Note:

(1) Affluent Start Holdings Investment Limited is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. King Pak Fu.

(2) The entire issued share capital of Superbowl Development Limited is beneficially owned by Mr. Chen Jianjun.

Save as aforesaid, as at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Enlarged Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Enlarged Group.

5. SERVICE CONTRACTS

Mr. Wang Jun ("**Mr. Wang**"), an executive Director, entered into a service agreement with the Company on 24 January 2014 for a term of three years commencing from 24 January 2014. He is subject to retirement and re-election at the next following annual general meeting of the Company after his appointment and thereafter subject to retirement by rotation and re-election at least once in every three years in accordance with the articles of association of the Company. The appointment of Mr. Wang can be terminated by one month's advance notice in writing by either party. Mr. Wang's director's remuneration is HK$650,000 per annum.

Save as the abovementioned, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which would not determinable by the Group within one year without payment of compensation, other than statutory compensation. The Company was not required to pay compensation to any Director for the reason that the Directors intended to be re-elected in the next annual general meeting but their service contracts have not expired.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. DISCLOSURE OF OTHER INTEREST

As at the Latest Practicable Date:

a) none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Enlarged Group; and

b) none of the Directors in this appendix had any direct or indirect interest in any assets which had been, since 31 December 2014 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired, disposed of by, or leased to any member of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Enlarged Group, were entered into by the members of the Enlarged Group during the period commencing two years preceding the date of this circular and are or may be material:

i. the Acquisition Agreement;

ii. the subscription agreement entered into between the Company and Smart Jump Corporation as the subscriber dated 21 October 2014 in relation to the subscription of 350,000,000 new Shares at the subscription price of HK$0.25 per Share;

iii. the subscription agreement entered into between the Company as the subscriber and HEC Capital Limited on 8 October 2014 in relation to the acquisition of approximately 0.8% of the issued share capital of HEC Capital Limited at a consideration of HK$48,000,000;

iv. the placing agreement entered into between the Company and placing agent, Skyway Securities Investment Limited, dated 5 September 2014 in relation to the placing of 293,477,920 new shares at the placing price of HK$0.238 per placing share;

v. the acquisition agreement entered into between, among others, a wholly-owned subsidiary of the Company, Cosmic Honour Limited, as the purchaser and Safedom Technologies Holding Group Ltd. as the vendor on 27 February 2014 in relation of the sale and purchase of the entire issued share capital of Techno Wing Limited and entire loans outstanding made by Safedom Technologies Holding Group Ltd. to Techno Wing Limited at an aggregate consideration of RMB1,155 million (equivalent to approximately HK$1,470.3 million) (subject to adjustment) which lapsed on 30 November 2014; and

vi. the subscription agreement entered into between the Target Company, Vendor 1 and Vendor 2 dated 22 December 2014 in relation to the subscription of 4,000 new shares in the Target Company by Vendor 1 at the total consideration of HK$12,500,000.

9. EXPERTS AND CONSENTS

The following is the qualification of the experts or professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
Akron Corporate Finance Limited	A licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Cushman & Wakefield Valuation Advisory Services (HK) Limited	Independent valuer

As at the Latest Practicable Date, each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, none of the Experts had any interest, either direct or indirect, in any assets which have been, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group nor had any shareholding in any member of the Enlarged Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Suites 904-5, 9/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including the date of the EGM:

a) the memorandum and articles of association of the Company;

b) the annual reports of the Company for the three years ended 31 December 2012, 2013 and 2014;

c) the accountants' report on the Target Company, the text of which is set out in Appendix II to this circular;

d) the letter on the unaudited pro forma financial information of the Enlarged Group issued by HLB Hodgson Impey Cheng Limited set out in Appendix III to this circular;

e) the Valuation Report, the text of which is set out in Appendix IV to this circular;

f) the letter from Akron Corporate Finance Limited in relation to the Valuation Report, the text of which is set out in Appendix V to this circular;

g) the letter from HLB Hodgson Impey Cheng Limited in relation to the Valuation Report, the text of which is set out in Appendix VI to this circular;

h) the consent letters referred to in the paragraph under the heading "Experts and Consents" in this appendix to this circular;

i) the service contracts referred to in the paragraph under the heading "Service Contracts" in this appendix to this circular;

j) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this appendix to this circular;

k) a copy of each circular of the Company pursuant to the requirements set out in Chapter 14 and Chapter 14A of the Listing Rules which has been issued since 31 December 2014 (being the date to which the latest published audited accounts of the Group were made up) (if any); and

l) this circular.

11. GENERAL

a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is Suites 904-5, 9/F Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong

b) The company secretary of the Company is Ms. Chan Yuen Ying, Stella, an associate member of the Institute of Chartered Secretaries and Administrators and an associate member of the Hong Kong Institute of Chartered Secretaries. She is also a member of the Hong Kong Institute of Directors.

c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

d) the English text of this circular and the accompanying form of proxy shall prevail over this respective Chinese test in the case of inconsistency.

ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of ENTERPRISE DEVELOPMENT HOLDINGS LIMITED (the "**Company**") will be held at 3:00 p.m. on Tuesday, 12 May 2015 at 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution:

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the Acquisition Agreement (as defined in the circular dated 24 April 2015 despatched to the Shareholders of the Company (the "**Circular**") a copy of which has been produced to the EGM marked as "A" and signed by the chairman of the EGM for the purpose of identification) a copy of which has been produced to the meeting and marked as "B" and signed by the chairman of the EGM for the purpose of identification and the terms and conditions thereof be and are hereby approved, confirmed and ratified;

   (b) issue of the Promissory Notes (as defined in the Circular) pursuant to the terms and conditions of the Acquisition Agreement be and is hereby approved;

   (c) the allotment and issue of the Consideration Share (as defined in the Circular), credited as fully paid pursuant to the terms and conditions of the Acquisition Agreement be and is hereby approved;

   (d) all other transactions contemplated under the Acquisition Agreement be and are hereby approved; and

(e) any one Director be and is hereby authorised to do such acts and deeds in his sole and absolute discretion and opinion deemed expedient and appropriate to implement and effect the Acquisition Agreement and the transactions contemplated thereunder."

By order of the Board
ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
Jia Bowei
Chairman

Hong Kong, 24 April 2015

Notes:

1. Any shareholder entitled to attend and vote at the extraordinary general meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not to be a shareholder of the Company.

2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the extraordinary general meeting (or any adjournment thereof).

3. Delivery of a form of proxy shall not preclude a shareholder from attending and voting in person at the extraordinary general meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled hereto; but if more than one of such joint holders be present at the extraordinary general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.

5. A form of proxy for use at the extraordinary general meeting is attached herewith.

6. Any voting at the extraordinary general meeting shall be taken by poll.

7. The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

As at the date of this notice, the board comprise:

Executive Directors:
Mr. Jia Bowei *(Chairman)*
Mr. Lam Kwan Sing *(Chief Executive Officer)*
Mr. Wang Jun

Independent non-executive Directors:
Mr. Yau Yan Ming Raymond
Ms. Hu Gin Ing
Mr. Liu Kam Lung