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ENTERPRISE DEVELOPMENT HOLDINGS LIMITED

企展控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1808)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 50% OF THE ISSUED SHARE CAPITAL OF TAIPING SECURITIES (HK) CO LIMITED INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND CONVERTIBLE BONDS

Financial adviser to the Company



INCU Corporate Finance Limited

THE ACQUISITION

The Board is pleased to announce that, on 14 November 2017 (after trading hours), the Vendor, the Purchaser (being a wholly-owned subsidiary of the Company) and the Company entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares for a total Consideration of HK\$229,884,785.00 (subject to the adjustment as described under the paragraph headed “Adjustment to Consideration” below), which shall be satisfied in the following manner:

- (a) as to HK\$143,886,163.30 shall be payable by the Purchaser procuring the Company, which shall allot and issue the Consideration Shares to the Vendor (or its Nominee(s)) at the issue price of HK\$1.10 per Consideration Share upon Completion; and
- (b) the remaining balance of the Consideration shall be payable by the Purchaser procuring the Company, which shall issue the Convertible Bonds to the Vendor (or its Nominee(s)) upon Completion, with the initial conversion price of such Convertible Bonds at HK\$1.10 per Conversion Share.

The Consideration Shares and the Conversion Shares shall be allotted and issued pursuant to the Specific Mandate to be granted by the Shareholders at the EGM, and the Consideration Shares and the Conversion Shares shall rank *pari passu* with, and carry the same rights in all respects, as the Shares in issue on the date of such allotment and issue.

Upon Completion, the Company will indirectly hold 50% of the issued share capital of the Target Company, which will become an associate of the Company and the investment of the Group in the Target Company will be classified as interests in associates.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company, and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek the Shareholders' approval at the EGM for, among others, the grant of the Specific Mandate to allot and issue the Consideration Shares and the Conversion Shares.

THE EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares and the Conversion Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, as no Shareholder has a material interest in the Acquisition, no Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the financial information of the Group and the Target Company; (iii) the unaudited pro forma financial information of the Group as enlarged by the Target Company upon Completion; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 22 December 2017, as additional time is required to prepare the aforesaid information for inclusion in the circular.

As Completion is subject to and conditional upon the fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

THE ACQUISITION

The Board is pleased to announce that, on 14 November 2017 (after trading hours), the Vendor, the Purchaser (being a wholly-owned subsidiary of the Company) and the Company entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares.

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follows:

Date: 14 November 2017

Parties:

- (1) Vendor: Taiping Financial Holdings Company Limited
- (2) Purchaser: Reliable Intelligence Asia Limited
(being a wholly-owned subsidiary of the Company)
- (3) Issuer: the Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing 50% of the issued share capital of the Target Company.

Consideration

The Consideration for the Acquisition shall be HK\$229,884,785.00 (subject to the adjustment as described under the paragraph headed "Adjustment to Consideration" below), which shall be satisfied in the following manner:

- (a) as to HK\$143,886,163.30 ("**Share Consideration Value**") shall be payable by the Purchaser procuring the Company, which shall allot and issue the Consideration Shares to the Vendor (or its Nominee(s)) at the issue price of HK\$1.10 per Consideration Share upon Completion; and
- (b) the remaining balance of the Consideration shall be payable by the Purchaser procuring the Company, which shall issue the Convertible Bonds to the Vendor (or its Nominee(s)) upon Completion, with the initial conversion price of such Convertible Bonds at HK\$1.10 per Conversion Share.

The Consideration was arrived at after arm's length negotiations among the Vendor, the Purchaser and the Company taking into account, amongst others, (i) the unaudited Net Asset Value as at 31 October 2017 of approximately HK\$383,141,000; (ii) the historical financial performance of the Target Company; (iii) the future business prospects of the Target Company; and (iv) the benefits to be derived by the Group from the Acquisition as described under the paragraph headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

Adjustment to Consideration

Consideration shall be adjusted in accordance with the Completion Accounts so that the Consideration payable upon Completion shall be equivalent to 50% of the product of (a) the Net Asset Value shown in the Completion Accounts; and (b) the price-to-book ratio of 1.2 times (the "**Adjusted Consideration**").

The Purchaser shall procure the Company, which shall issue the Convertible Bonds to the Vendor (or its Nominee(s)) with the principal amount equivalent to the difference between (i) the Adjusted Consideration; and (ii) the Share Consideration Value on Completion.

The parties to the Sale and Purchase Agreement acknowledge and agree that the Adjusted Consideration shall not exceed HK\$275,885,000.00.

Conditions precedent

Completion is conditional upon, and subject to the fulfilment or waiver (where applicable) of, the following conditions precedent:

- (a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the Target Company;
- (b) the Vendor being satisfied with the results of the due diligence review to be conducted on the Group;
- (c) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (d) all necessary consents and approvals required to be obtained on the part of the Purchaser and/or the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (e) the representations, warranties and undertakings provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all respects;
- (f) the representations, warranties and undertakings provided by the Purchaser and the Company under the Sale and Purchase Agreement remaining true and accurate in all respects;

- (g) without prejudice to condition (c), the obtaining of approval from the SFC for the change in the substantial shareholder of the Target Company as contemplated under the Sale and Purchase Agreement;
- (h) the Vendor not being required to make a mandatory general offer in relation to the Shares pursuant to the Takeovers Code;
- (i) the passing by the Shareholders at the EGM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares, and the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attached to the Convertible Bonds;
- (j) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares and the Conversion Shares; and
- (k) subject to compliance with the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong), the Target Company has settled the inter-company balances with the Vendor or its affiliates.

Save for conditions (a) and (e) which the Purchaser shall have the right to waive by notice in writing to the Vendor and conditions (b), (f) and (h) which the Vendor shall have the right to waive by notice in writing to the Purchaser, all other conditions precedent above are incapable of being waived. If any of the above conditions precedent is not fulfilled or waived (where applicable) on or before the Long Stop Date, the Sale and Purchase Agreement shall cease and be terminated, and therefore no party shall have any obligations and liabilities towards each other save for any antecedent breaches of the terms in the Sale and Purchase Agreement.

Completion

Completion shall take place within three Business Days following the date on which the last of the conditions precedent to the Sale and Purchase Agreement being fulfilled or waived (as the case may be) or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

Upon Completion, the Company will indirectly hold 50% of the issued share capital of the Target Company, which will become an associate of the Company and the investment of the Group in the Target Company will be classified as interests in associates.

Undertaking by the Vendor

The Vendor undertakes that, it shall deliver or cause to be delivered to the Purchaser, the 2017 Audited Accounts on or before 30 April 2018, or such other date as the parties may agree. For the avoidance of doubt, the 2017 Audited Accounts shall be prepared by a certified public accountant of the Target Company, in accordance with Hong Kong Financial Reporting Standards and generally accepted

accounting policies. The cost for preparing the 2017 Audited Accounts shall be borne by the Target Company.

Undertaking by the Company

Save for the issue of new Shares under the general mandate approved by the Shareholders, the Company undertakes that, for a period of six months commencing from the Completion Date, it shall not issue new Shares or grant any options or issue any warrants, debentures, securities or other obligations convertible into Shares, without the prior written consent of the Vendor (which consent shall not be unreasonably withheld or delayed).

Consideration Shares

As at the date of this announcement, the Company has 526,508,982 Shares in issue. The 130,805,603 Consideration Shares to be allotted and issued represent (i) approximately 24.84% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after Completion.

The Consideration Shares will be allotted and issued at the issue price of HK\$1.10 per Consideration Share, which represents:

- (a) a discount of approximately 18.52% to the closing price of HK\$1.350 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.92% to the average closing prices of HK\$1.324 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 13.66% to the average closing prices of HK\$1.274 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The issue price was arrived at after arm's length negotiations among the Vendor, the Purchaser and the Company with reference to the current market price of the Shares. The Directors consider that the issue price of the Consideration Shares is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Consideration Shares shall be allotted and issued pursuant to the Specific Mandate, and shall rank *pari passu* with, and carry the same rights in all respect as, the Shares in issue on the date of such allotment and issue, including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issue.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Convertible Bonds

The principal terms of the Convertible Bonds are summarised as follows:

Issuer	:	The Company
Principal amount	:	The difference between (i) the Adjusted Consideration; and (ii) the Share Consideration Value
Maturity date	:	The day falling the second anniversary of the date of issue of the Convertible Bonds, provided that if such date is not a Business Day, the Business Day immediately after such date (the “ Maturity Date ”)
Interest rate	:	The Convertible Bonds shall bear no interest
Conversion price	:	The initial conversion price shall be HK\$1.10 per Conversion Share (the “ Conversion Price ”), subject to adjustment as described in the adjustment provisions below
Conversion Shares	:	For illustrative purpose only, assuming the conversion rights attaching to the Convertible Bonds in the initial principal amount of HK\$85,998,621.70 are exercised in full at the Conversion Price, 78,180,565 Shares will be allotted and issued
Conversion period	:	The period commencing from the 180th day after the date of issue of the Convertible Bonds up to and including the Maturity Date (the “ Conversion Period ”), subject to the terms and conditions of the Convertible Bonds
Conversion rights	:	<p>The holder(s) of the Convertible Bonds shall have the right at any time during the Conversion Period to convert the whole or part (in multiples of HK\$10,000,000) of the outstanding principal amount of the Convertible Bonds registered in its name into Shares at the Conversion Price, provided that:</p> <p>(i) the conversion of such portion of the principal amount of the Convertible Bonds will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder(s) of the Convertible Bonds which exercised the Conversion Rights;</p>

(ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules for the minimum percentage of shares being held by the public as per Rule 8.08(1)(a) of the Listing Rules) of the issued Shares at the time in compliance with the Listing Rules; and

(iii) the conversion will not cause a change of Control of the Company

Notwithstanding the mandatory conversion pursuant to the terms and conditions of the Convertible Bonds, the remaining portion of principal amount the Convertible Bonds not converted due to restrictions set out above (the “**Remaining Principal Amount**”) shall be settled on Maturity Date either in cash in an amount equivalent to the Remaining Principal Amount or in a form of zero-coupon notes with a principal amount equivalent to the Remaining Principal Amount and terms of such notes to be mutually agreed between the Company and the Bondholder

Redemption : Save for the occurrence of an event of default, the cessation of the listing of the Shares on the Stock Exchange and/or a change of Control of the Company, no outstanding amount of the Convertible Bonds shall be redeemed at the request of the Company nor the holder(s) of the Convertible Bonds from the date of issue of the Convertible Bonds and on the Maturity Date (both days inclusive)

Adjustment provisions : The Conversion Price shall from time to time be adjusted in accordance with the terms and conditions of the Convertible Bonds upon the occurrence of certain events in relation to the Company including but not limited to the following:

(i) an alteration of the nominal amount of the Shares by reason of any consolidation, subdivision or reclassification;

(ii) an issue of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issue (except any scrip dividend);

(iii) a capital distribution being made by the Company to Shareholders;

(iv) an offer or grant being made by the Company to Shareholders by way of rights, options, warrants or other rights to subscribe for new Shares at a price which is less than the market price;

(v) an issue being made by the Company wholly for cash or for reduction of liabilities any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than the market price; and

(vi) an issue being made by the Company wholly for cash or for reduction of liabilities any Shares at a price per Share which is less than the market price

Transferability : The holder(s) of the Convertible Bonds shall not transfer the Convertible Bonds to any other persons other than its Affiliates. The Convertible Bonds may be assigned or transferred in whole (but not in part) to its Affiliates without any prior written consent of the Company

Immediately upon the transferee ceasing to be an Affiliate of the initial holder(s) of the Convertible Bonds, the initial holder(s) of the Convertible Bonds shall procure the Convertible Bonds be re-transferred to the initial holder(s) of the Convertible Bonds

Voting rights : The holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder(s) of the Convertible Bonds

Listing : No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares

Ranking of the Conversion Shares : The Conversion Shares shall rank *pari passu* with the Shares in issue on the date of such allotment and issue, including the rights to all dividends or other distributions declared, paid or made or to be declared, paid or made for which the record date falls or after the date of such allotment and issue

Conversion Shares

As at the date of this announcement, the Company has 526,508,982 Shares in issue. For illustrative purpose only and assuming the conversion rights attaching to the Convertible Bonds of an initial amount of HK\$85,998,621.70 are exercised in full, the 78,180,565 Conversion Shares to be allotted and issued represent (i) approximately 14.85% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 12.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares; and (iii) approximately 10.63% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

Conversion price

The initial conversion price of the Convertible Bonds shall be HK\$1.10 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Bonds, which represents:

- (a) a discount of approximately 18.52% to the closing price of HK\$1.350 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 16.92% to the average closing prices of HK\$1.324 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 13.66% to the average closing prices of HK\$1.274 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations among the Vendor, the Purchaser and the Company with reference to the current market price of the Shares and the issue price of the Consideration Shares. The Directors consider that the Conversion Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The Conversion Shares shall be allotted and issued pursuant to the Specific Mandate.

The Target's Shareholders' Agreement

On Completion, the Purchaser, the Vendor and the Target Company will enter into the Target's Shareholders' Agreement to record the respective rights and obligations of the Purchaser and the Vendor as shareholders of the Target Company with respect to, among others, finance, management and operations of the Target Company.

Under the Target's Shareholders' Agreement, among other things, each of the Purchaser and the Vendor shall be entitled to appoint three directors to the board of directors of the Target Company. The Vendor shall be entitled to appoint the chairman to the board of directors of the Target Company, whom shall be entitled to exercise two votes in board meetings. Any transfer of shares or interest in shares by a shareholder of the Target Company thereafter will be subject to the first right of refusal and the tag-along right of the other shareholder.

Undertaking by Rentian

As at the date of this announcement, Rentian, through its wholly-owned subsidiaries, Luck Success Development Limited ("**Luck Success**") and Sino Wealthy Limited ("**Sino Wealthy**"), is interested in an aggregate of 203,854,292 Shares, representing approximately 38.72% of the issued share capital of the Company.

On 14 November 2017, Rentian executed an undertaking in favour of the Vendor, under which it undertakes that, among other things, it shall procure Luck Success and Sino Wealthy, shall remain as shareholders of an aggregate of 203,854,292 Shares from the date of the undertaking to 12 months after Completion.

Undertaking by Mr. King Pak Fu

As at the date of this announcement, Mr. King Pak Fu ("**Mr. King**"), through his wholly-owned investment vehicles, Affluent Start Holdings Investment Limited ("**Affluent Start**") and Mystery Idea Limited ("**Mystery Idea**"), is interested in an aggregate of 64,435,500 Shares, representing approximately 12.24% of the issued share capital of the Company.

On 14 November 2017, Mr. King executed an undertaking in favour of the Vendor, under which he undertakes that, among other things, he shall procure Affluent Start and Mystery Idea, shall remain as shareholders of an aggregate of 64,435,500 Shares from the date of the undertaking to 12 months after Completion.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong with limited liability, which is licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO, and is principally engaged in the businesses of securities dealing and broking, and securities margin financing.

As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

Financial information of the Target Company

Set out below is a summary of the financial information of the Target Company for each of the two years ended 31 December 2015 and 2016 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December 2015 (HK\$'000) (audited)	For the year ended 31 December 2016 (HK\$'000) (audited)
Revenue	63,222	42,351
Profit before tax	26,497	2,027
Profit after tax	23,890	2,027

The unaudited Net Asset Value of the Target Company as at 31 October 2017 was approximately HK\$383,141,000.

INFORMATION ON THE PURCHASER AND THE VENDOR

The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company. The Purchaser is an investment holding company.

The Vendor

The Vendor is a company incorporated in Hong Kong with limited liability. The Vendor is an investment holding company. As at the date of this announcement, the Vendor is a wholly-owned subsidiary of Taiping, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 966).

Taiping is an investment holding company. Taiping, through its operating subsidiaries, is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. The Taiping Group is principally engaged in the underwriting of direct life insurance business in the PRC and Hong Kong, direct property and casualty insurance business in the PRC, Hong Kong and overseas, pension and group life business, and all classes of global reinsurance business. Taiping's subsidiaries also conduct asset management, insurance intermediary, e-commerce for insurance, financial leasing, property investment, senior living investment, securities dealing and broking business.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company. The Group is principally engaged in the provision of integrated business software solutions and trading of listed securities.

With a view to diversify the Group's existing business portfolio and to broaden its source of income, the Directors consider the acquisition of licensed corporations which carry out regulated activities under the SFO will enhance and create long-term benefit for the Group and the Shareholders as a whole.

On 16 May 2017, the Company, through its wholly-owned subsidiary, agreed to acquire the entire issued share capital of Ho Fung Shares Investment Limited ("**Ho Fung**"), which is licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO, and is principally engaged in the business of securities broking.

The Directors consider that the acquisition of the Target Company will establish a strategic alliance with Taiping and provide synergies through integration of skills, knowledge and expertise and expansion of client base. The Group plans to position the Target Company to target institutional and large scale investors while Ho Fung will focus on individual and retail customers. Given the large customer base of the Target Company, both the Group and Ho Fung can benefit in terms of revenue source, expertise in operations and cross-companies synergies. Furthermore, the Directors also believe that the clientele and the scale of the Target Company's brokerage business may help establish the Group's corporate profile and recognition in the securities industry.

According to the Stock Exchange Monthly Market Highlights-October 2017 published by the Stock Exchange, the average daily turnover for the first ten months of 2017 was approximately HK\$83.3 billion, an increase of approximately 24% when compared with approximately HK\$67.1 billion for the same period last year. Further, the Shenzhen-Hong Kong Stock Connect was launched in 2016 and thereby providing a mutual access for the investors to trade certain securities listed on the Shenzhen Stock Exchange and the Stock Exchange and encourage more capital to flow into the securities market of Hong Kong.

It is also expected that the Acquisition can enhance the Group's trading of listed securities segment by providing a trading platform for institutional and large scale investors. Apart from the enhancement of the Group's current trading of listed securities segment and the synergy to be created from the Acquisition, the Directors also believe in the prospect of the integration of the Group's existing IT business with the financial services sector (more commonly referred to as FinTech) including but not limited to the provision of financing brokerage, asset management, financial leasing and investment management services. The Group intends to utilise its extensive capital market resources to execute the merger and acquisition strategy on the financial services front. The strategy aims to establish the Group in such a way that the financial services sector and the existing IT sector together with the big data capabilities of the Group are synergistic and complementary to each other that will support the Group's stable and sustainable development. The Group is confident that the integration into FinTech will create long-term value for the Group and the Shareholders as a whole.

One of the Company's major subsidiaries, Beijing Orient LegendMaker Software Development Co., Ltd. and its subsidiaries (“**OLM Group**”), in the past over 20 years of development, has been focusing on the technological development in the financial sector and the ongoing investment in research and development in the field of finance services. OLM Group technical team's expertise is preferred by its customers in the financial sector due to its reliability and efficiency. Therefore, the Group maintains a deep cooperative relationship with major commercial banks and brokers in China and jointly developed and maintained the core software platform for these customers. Through servicing customers in the financial sector, the Group found that financial industry improves the service level by using information technology. However, from the long term development prospective, only in depth integration of financial industry and information technology can effectively improve the efficiency and cost reduction in the financial sector, in order to achieve better returns for investors. As the Group has been in the leading position in providing high reliability software technology in the market, the Group is not only aware of its own unique advantages, but also sees huge opportunities in the financial services sector. The Group, as a leading IT company, plans to bring innovation to the financial sector through the integration of IT and financial services.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is a wholly-owned subsidiary of Taiping. Taiping, through its operating subsidiaries, is licensed by the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. The Taiping Group is principally engaged in the underwriting of direct life insurance business in the PRC and Hong Kong, direct property and casualty insurance business in the PRC, Hong Kong and overseas, pension and group life business, and all classes of global reinsurance business. Taiping's subsidiaries also conduct asset management, insurance intermediary, e-commerce for insurance, financial leasing, property investment, senior living investment, securities dealing and broking business.

The Group is currently reviewing a number of investment opportunities in China and the Directors consider that Taiping will become an invaluable partner in its expansion and development strategy after completion of the Acquisition. The Directors believe that the Group will be able to leverage on Taiping's vast network, financial resources and investment expertise to support its growth strategy in China.

In view of (i) the enhancement of the Group's current trading of listed securities segment; (ii) the synergy to be created from the Acquisition; (iii) the recent development and business potential of the Hong Kong securities market; (iv) the prospect of the integration of IT and financial services; and (v) the potential cooperation with the Taiping Group, the Directors consider that the Acquisition provides a prime opportunity for the Group to further expand in the financial services industry in Hong Kong and create value to the Group and its Shareholders as a whole.

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

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Consideration Shares; and (iii) for illustrative purpose only, immediately after the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds of an initial amount of HK\$85,998,621.70, are set out below:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Consideration Shares		Immediately after the allotment and issue of the Consideration Shares and full conversion of the Convertible Bonds	
	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %
	Luck Success (Note 1)	186,672,292	35.45%	186,672,292	28.40%	186,672,292
Sino Wealthy (Note 2)	17,182,000	3.26%	17,182,000	2.61%	17,182,000	2.34%
Affluent Start (Note 3)	60,435,500	11.48%	60,435,500	9.19%	60,435,500	8.22%
Mystery Idea (Note 4)	4,000,000	0.76%	4,000,000	0.61%	4,000,000	0.54%
Sub-total	268,289,792	50.96%	268,289,792	40.82%	268,289,792	36.48%
The Vendor	–	–	130,805,603	19.90%	208,986,168	28.41%
Public Shareholders	258,219,190	49.04%	258,219,190	39.28%	258,219,190	35.11%
Total	<u>526,508,982</u>	<u>100.00%</u>	<u>657,314,585</u>	<u>100.00%</u>	<u>735,495,150</u>	<u>100.00%</u>

Notes:

- (1) Luck Success is the beneficial owner of 186,672,292 Shares. Luck Success is wholly-owned by Rentian, which in turn is indirectly owned as to approximately 56.67% by Mr. King. Mr. King is deemed to be interested in the Shares in which Luck Success is interested under the SFO.
- (2) Sino Wealthy is the beneficial owner of 17,182,000 Shares. Sino Wealthy is wholly-owned by Rentian, which is indirectly owned as to approximately 56.67% by Mr. King. Mr. King is deemed to be interested in the Shares in which Sino Wealthy is interested under the SFO.
- (3) Affluent Start is the beneficial owner of 60,435,500 Shares. Affluent Start is wholly-owned by Mr. King. Mr. King is deemed to be interested in the Shares in which Affluent Start is interested under the SFO.
- (4) Mystery Idea is the beneficial owner of 4,000,000 Shares. Mystery Idea is wholly-owned by Mr. King. Mr. King is deemed to be interested in the Shares in which Mystery Idea is interested under the SFO.
- (5) Certain percentage figures included in this table are subject to rounding adjustment. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding them.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company, and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek the Shareholders' approval at the EGM for, among others, the grant of the Specific Mandate to allot and issue the Consideration Shares and the Conversion Shares.

The EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares and the Conversion Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, as no Shareholder has a material interest in the Acquisition, no Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

Rentian, through its wholly-owned subsidiaries, Luck Success Development Limited and Sino Wealthy Limited, is interested in an aggregate of 203,854,292 Shares, representing approximately 38.72% of the issued share capital of the Company as at the date of this announcement. Rentian has expressed its intention to vote in favour of the Acquisition and the transactions contemplated thereunder at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition and the transactions contemplated thereunder; (ii) the financial information of the Group and the Target Company; (iii) the unaudited pro forma financial information of the Group as enlarged by the Target Company upon Completion; and (iv) the notice of the EGM, is expected to be despatched to the Shareholders on or before 22 December 2017, as additional time is required to prepare the aforesaid information for inclusion in the circular.

As Completion is subject to and conditional upon the fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

- “2017 Audited Accounts” the audited accounts of the Target Company for the year ending 31 December 2017
- “Acquisition” the proposed acquisition of the Sale Shares by the Purchaser, in accordance with the terms and conditions of the Sale and Purchase Agreement
- “Affiliate” with respect to any person, any of such person’s connected person(s) (as defined in the Listing Rules), any other person directly or indirectly controlling, controlled by or under common control with such person (including any subsidiary) or any investment funds managed or advised by such person or any of its other Affiliates and, for any person who is an individual, includes such individual’s spouse, children or any person(s) cohabiting as a spouse of such person. Notwithstanding the foregoing, in the case of a person that is a pooled investment vehicle or an entity wholly owned by a pooled investment vehicle, “**Affiliates**” shall include any of its general partners and fund managers and pooled investment vehicles managed by its fund managers, and any officers, general partners and fund managers thereof. For the purpose of this definition, the term “**control**” (including with correlative meanings, the terms “**controlling**”, “**controlled by**” and “**under common control with**”), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise
- “Board” the board of Directors
- “Business Day(s)” any day(s) (other than a Saturday, Sunday or public or statutory holiday in Hong Kong and any day(s) on which a tropical cyclone warning no. 8 or above is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
- “Company” Enterprise Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1808)
- “Completion” completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement

“Completion Accounts”	the audited accounts of the Target Company for the period commencing from 1 January 2018 up to the last day of the month immediately before Completion, or such other date as the parties to the Sale and Purchase Agreement may agree
“Completion Date”	the date of the Completion, which shall be a day within three Business Days following the date on which the last of the conditions precedent to the Sale and Purchase Agreement being fulfilled or waived (as the case may be) or such other date as the parties to the Sale and Purchase Agreement may agree in writing
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$229,884,785.00 (subject to adjustment), being the consideration payable for the Sale Shares
“Consideration Shares”	130,805,603 new Shares to be issued by the Company to settle part of the Consideration
“Control”	in relation to the Company, where a person has direct or indirect holding or aggregate holdings, over more than 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the total voting rights conferred by all the issued shares in the capital of the Company which are ordinary exercisable in general meeting, irrespective of whether that holding or holdings given <i>de facto</i> control
“Conversion Shares”	the Shares to be allotted and issued upon exercise of the rights attached to the Convertible Bonds to convert the principal amount (or any part(s) thereof) of the Convertible Bonds into Shares pursuant to the terms and conditions of the Convertible Bonds
“Convertible Bonds”	the convertible bonds to be issued by the Company to settle part of the Consideration, and convertible into Shares pursuant to the terms and conditions of the Convertible Bonds and the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the allotment and issue of the Consideration Shares and the Conversion Shares

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Last Trading Day”	14 November 2017, being the last trading day of the Shares immediately prior to the date of signing of the Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2018 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
“Net Asset Value”	the difference between the total assets and total liabilities of the Target Company, based on the accounts of the Target Company
“Nominee(s)”	any subsidiary(ies) of Taiping
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Reliable Intelligence Asia Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Rentian”	Rentian Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 885)
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 14 November 2017 and entered into among the Vendor, the Purchaser and the Company in respect of the Acquisition
“Sale Shares”	181,935,175 shares, representing 50% of the issued share capital of the Target Company as at the date of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to allot and issue the Consideration Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiping”	China Taiping Insurance Holdings Company Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 966)
“Taiping Group”	Taiping and its subsidiaries
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Company”	Taiping Securities (HK) Co Limited, a company incorporated in Hong Kong with limited liability
“Target’s Shareholders’ Agreement”	the shareholders’ agreement to be entered into on Completion among the Purchaser, the Vendor and the Target Company to regulate their relationship and to record their respective rights and obligations of the Purchaser and the Vendor as shareholders of the Target Company with respect to, among others, finance, management and operations
“Vendor”	Taiping Financial Holdings Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Taiping
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 14 November 2017

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