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ENTERPRISE DEVELOPMENT HOLDINGS LIMITED

企展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1808)

ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE

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On 30 September 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares, being 126,362,155 new Shares, at the Subscription Price of HK\$0.168 per Subscription Share. The Subscription Shares represent (i) approximately 20% of the total number of Shares in issue as at the date of this announcement and (ii) approximately 16.67% of the total number of Shares in issue as enlarged by the issue of the Subscription Shares (assuming there will be no other change in the total number of Shares from the date of this announcement and up to the date of Completion).

The net proceeds from the issue of the Subscription Shares, after the deduction of the relevant expenses, will be approximately HK\$21,128,000. It is intended that the net proceeds arising from the Subscription will be used as general working capital, used to improve the Company's professional technical services capabilities to facilitate the long-term business development of the Group, and further investments of the Group as and when the opportunities arise, but no specific investment targets have been identified yet as at the date of this announcement.

The issue of the Subscription Shares will be pursuant to the General Mandate and is not subject to Shareholders' approval. An 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 Subscription Shares.

Completion of the Subscription and the issue of the Subscription Shares is subject to the conditions under the Subscription Agreement and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ISSUE OF SUBSCRIPTION SHARES UNDER GENERAL MANDATE

On 30 September 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares, being 126,362,155 new Shares, at the Subscription Price of HK\$0.168 per Subscription Share.

Subscription Agreement

Date: 30 September 2020

Issuer: the Company

Subscriber: Zhongwei Group (Hong Kong) Co., Limited (中巍集團(香港)有限公司)

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

It is expected that the Subscriber will become a substantial shareholder of the Company immediately after the Completion.

Subscription Shares

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for the Subscription Shares, being 126,362,155 new Shares, representing: (i) approximately 20% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 16.67% of the total number of Shares in issue immediately upon Completion as enlarged by the issue and allotment of the Subscription Shares, assuming there will be no other change in the total number of Shares in issue from the date of this announcement and up to the date of Completion. The aggregate nominal value of the Subscription Shares is approximately HK\$12,636,216.

Ranking of the Subscription Shares

The Subscription Shares will be allotted and issued free of any Encumbrance, and will rank pari passu in all respects among themselves and all other issued Shares as at the Completion Date in all respects, including the right to receive all dividends declared or payable or distribution made or proposed to be made at any time by reference to a record date falling on or after the Completion Date.

Subscription Price and the Subscription Consideration

The Subscription Price of HK\$0.168 per Subscription Share represents:

- (i) a discount of approximately 19.62% to the closing price of HK\$0.209 per Share as quoted on the Stock Exchange on 30 September 2020, being the date of the Subscription Agreement; and
- (ii) a discount of approximately 15.83% to the average closing price of HK\$0.1996 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29 September 2020, being the last trading day immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Consideration of approximately HK\$21,229,000 will be paid by the Subscriber to the Company in cash upon the Completion.

General Mandate to issue the Subscription Shares

The issue of the Subscription Shares is not subject to Shareholders' approval as the Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the aggregate number of Shares in issue as at the date of the AGM (i.e. 126,362,155 Shares, representing 20% of 631,810,778 Shares in issue as at the date of the AGM). Up to the date of this announcement, the General Mandate has not been utilized. The issue of the Subscription Shares will utilize the General Mandate in full. The Company has not bought back any Shares within the last 30 days prior to the date of this announcement.

Conditions Precedent

The Completion shall be subject to the following conditions being satisfied:

- (A) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of valid and definitive share certificate(s) representing the Subscription Shares to the Subscriber); and
- (B) all relevant approvals and consents (if required) from governmental or other competent authority or in accordance with applicable laws have been obtained on the part of the Company and the Subscriber in respect of the Subscription and the transactions contemplated thereunder.

In the event that the above conditions are not fulfilled in full on or before the Long Stop Date, the Subscription Agreement shall terminate and no party shall be liable to the other party save for antecedent breaches.

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 Subscription Shares.

Termination

Under the Subscription Agreement, an innocent party may after consultation with the defaulting party (to the extent that the same is reasonably practicable) terminate the Subscription Agreement without liability to defaulting party by giving notice in writing to the defaulting party if at any time prior to 3:00 p.m. on the Completion Date, there occurs any material breach of any provision of the Subscription Agreement.

Completion

Completion under the Subscription Agreement shall take place on the Completion Date.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in software business.

The aggregate gross proceeds arising from the Subscription will be approximately HK\$21,229,000 and the aggregate net proceeds arising from the Subscription, after the deduction of the related expenses, will amount to approximately HK\$21,128,000. The Company intends to apply the net proceeds from the Subscription for general working capital, used to improve the Company's professional technical services capabilities to facilitate the long-term business development of the Group, and further investments of the Group as and when the opportunities arise, but no specific investment targets have been identified yet as at the date of this announcement.

The Directors consider that the Subscription will provide additional funding for the Company to improve the financial position of the Group as well as to maintain the Group's working capital requirement while broadening the capital base of the Company. The Directors are of the view that the Subscription are in the interests of the Company and the Shareholders as a whole and the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the Company since it will provide the Company with immediate funding and the capital base of the Company will be enlarged. The Directors consider that the terms of the Subscription Agreement are fair and reasonable.

INFORMATION OF THE SUBSCRIBER

Zhongwei Group (Hong Kong) Co., Limited, is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding and its subsidiaries are through artificial intelligence, Internet of Things, big data analysis and other technologies to create a digital community, to upgrade residential functions, to create a smart life.

The ultimate beneficial owner of the Subscriber is Ms. Han Lili. Ms. Han Lili has extensive experience in technology, investments and financial industries.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company as at the date of this announcement and immediately following the Completion (assuming that there is no change in the total number of issued Shares from the date of this announcement and up to the Completion other than the issue of the Subscription Shares):

Shareholders	As at the date of this announcement		Immediately after the completion of the Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Luck Success Development Limited (<i>Note 1</i>)	186,672,292	29.55	186,672,292	24.62
Affluent Start Holdings Investment Limited (<i>Note 1</i>)	60,435,500	9.57	60,435,500	7.97
Sino Wealthy Limited (<i>Note 1</i>)	17,182,000	2.72	17,182,000	2.27
Elite Mile Investments Limited (<i>Note 1</i>)	10,216,000	1.62	10,216,000	1.35
Mystery Idea Limited (<i>Note 1</i>)	3,846,000	0.60	3,846,000	0.51
the Subscriber	-	-	126,362,155	16.67
Public Shareholders	353,458,986	55.94	353,458,986	46.61
Total	<u>631,810,778</u>	<u>100.00</u>	<u>758,172,933</u>	<u>100.00</u>

Notes:

1. Each of Affluent Start Holdings Investment Limited, Elite Mile Investments Limited and Mystery Idea Limited is wholly owned by Mr. King Pak Fu (“**Mr. King**”). Each of Luck Success Development Limited and Sino Wealthy Limited is wholly owned by Gauteng Focus Limited, a company wholly owned by Rentian Technology Holdings Limited, which, in turn, is indirectly controlled by Mr. King.
2. The percentage figures included in this table are subject to rounding adjustment.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
15 January 2020 and 4 February 2020	Placing of 105,301,796 new shares under general mandate	Approximately HK\$25.41 million	General working capital of the Group	As (i) HK\$1,500,000 for repayment of interest-bearing borrowings; (ii) approximately HK\$4,861,000 for general working capital of the Group; and (iii) HK\$15,000,000 as part of deposit payment for a development project.

As at the date of this announcement, the net proceeds of HK\$4,049,000 had not yet been utilized. The remaining proceeds will be used for general working capital and daily operations of the Group.

GENERAL

Completion of the Subscription and the issue of the Subscription Shares is subject to the conditions under the Subscription Agreement and may or may not take place. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 28 May 2020
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong during normal working hours
“Company”	Enterprise Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription
“Completion Date”	the date on which Subscription Shares will be allotted and issued to the Subscriber by the Company, which shall be the date falling within 10 Business Days after the conditions precedent under the Subscription Agreement are fulfilled or such other date as the Company and the Subscriber may agree
“Director(s)”	the director(s) of the Company
“Encumbrance”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect

“General Mandate”	the general mandate to allot, issue and deal with up to 126,362,155 new Shares (representing 20% of the aggregate number of the Shares in issue as at the date of the AGM) granted to the Directors by a resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling 20 Business Days after the date of the Subscription Agreement (i.e. 3 November 2020) or such other date as may be mutually agreed between the Company and the Subscriber
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Zhongwei Group (Hong Kong) Co., Limited (中巍集團(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Subscription”	the conditional subscription by the Subscriber of the Subscription Shares, being 126,362,155 Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 30 September 2020 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Consideration”	the total consideration to be paid by the Subscriber to subscribe for the Subscription Shares, amounting to approximately HK\$21,229,000

“Subscription Price”	HK\$0.168 per Subscription Share
“Subscription Share(s)”	new Share(s) to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“substantial shareholder”	has the same meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Enterprise Development Holdings Limited
Guan Huanfei
Chairman

Hong Kong, 30 September 2020

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Guan Huanfei (Chairman) and Mr. Bai Xuefei, and three independent non-executive Directors, namely Mr. Liu Jian, Mr. Li Wai Kwan and Mr. Cai Jinliang.