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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



VC BROKERAGE LIMITED
滙盈證券有限公司

VC Brokerage Limited

On 10 August 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure on a best effort basis to not less than six Placers who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 13,606,000 Placing Shares at the Placing Price of HK\$0.84 per Placing Share.

The maximum Placing Shares of up to 13,606,000 Shares represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.84 per Placing Share represents (i) a discount of approximately 19.23% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 16.33% to the average of the closing prices per Share of HK\$1.004 quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Shares will be issued under the General Mandate granted to the Directors at the AGM, subject to the limit up to 13,606,254 Shares (representing approximately 20% of the aggregate number of issued Shares on that date).

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$11.4 million and the net proceeds will be approximately HK\$11.1 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.82 per Placing Share. The Company intends to apply the net proceeds of the Placing (i) as to HK\$4.0 million for part of the capital injection in Beijing Orient LegendMaker which would be applied towards the R&D in solutions software and domestic-produced database software, and (ii) as to the remaining approximately HK\$7.1 million as general working capital for the Company's Hong Kong office including staff cost, professional fees, rental payments and other general administrative and operating expenses.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

On 10 August 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as the placing agent of the Company, to procure on a best effort basis to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 13,606,000 Placing Shares at the Placing Price of HK\$0.84 per Placing Share. Details of the Placing Agreement are set out below:

THE PLACING AGREEMENT

Date: 10 August 2022

Issuer: the Company

Placing Agent: VC Brokerage Limited

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

The Placing Agent will charge the Company a placing commission of 1.5% of the gross proceeds from the Placing. The placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not less than six (6) Placees which will be individual, institutional or professional investor independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

Number of Placing Shares

The maximum Placing Shares of up to 13,606,000 Shares represent approximately 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares. The aggregate nominal value of the maximum of 13,606,000 Placing Shares is HK\$1,360,600.

Placing Price

The Placing Price of HK\$0.84 per Placing Share represents (i) a discount of approximately 19.23% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 16.33% to the average of the closing prices per Share of HK\$1.004 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares and the recent trading performance of the Shares. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares as at the date of this announcement.

Conditions of the Placing

The Placing is conditional upon:

- (a) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares, and such approval not having been revoked, suspended, withdrawn or cancelled, or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Long Stop Date;
- (b) the Shares remaining listed on the Main Board of the Stock Exchange, and that the listing status of the Shares not being subject to or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Long Stop Date;

- (c) (if required) the Company having obtained the necessary consent, approval, authorisation, permission, or confirmation from any third party to which the Company have entered into any agreement or arrangement;
- (d) the Company having paid HK\$30,000 to the Placing Agent as documentary fee pursuant to the Placing Agreement; and
- (e) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading up to Completion.

If any one or more of the conditions above shall not have been satisfied or fulfilled by the Long Stop Date or any of the *force majeure event* set out in the Placing Agreement shall have occurred, subject to the Placing Agreement, all obligations and responsibilities of the Placing Agent and those of the Company thereunder shall cease and determine forthwith and no party shall have any claim whatsoever against the other party in relation thereto save for any antecedent breach of the Placing Agreement and without prejudice to the accrued rights and liabilities of each party.

Completion

Completion of the Placing shall take place within three Business Days after the fulfilment of the conditions set out above (or such later date as may be agreed by the parties thereto in writing).

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the AGM, subject to the limit up to 13,606,254 Shares (representing approximately 20% of the aggregate number of issued Shares on that date). The 13,606,000 Placing Shares to be allotted and issued will almost fully utilise the General Mandate. As at the date of this announcement, the Company has not utilised the General Mandate.

Termination

If at any time between the execution of the Placing Agreement and at 5:00 p.m. on the Business Day immediately prior to the Completion Date, there occurs:

- (a) the introduction of any new Law or regulation or any change in existing Laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or

- (b) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) the Company commits any material breach of or omits or fails to observe any of its obligations or undertakings under the Placing Agreement; or
- (e) any of the representations or warranties contained in the Placing Agreement was, when given or deemed to be repeated under the Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing,

then the Placing Agent may upon giving notice to the Company terminate the Placing Agreement with immediate effect. If the Placing Agreement shall be terminated, the obligations of the Placing Agent shall cease and determine, and the Company shall not be liable to pay any commission under the provisions of the Placing Agreement and all other provisions necessary for the interpretation or enforcement of such provisions and without prejudice to the accrued rights and liabilities of the parties, shall forthwith cease and determine and no party shall, save as provided above, have any claim against the other party for compensation, costs, damages or otherwise.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

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.

As disclosed in the annual report of the Group for the year ended 31 December 2021, the Group recorded loss for the year of approximately RMB30.7 million, representing a year-on-year increase of approximately 21%. Based on the Company's latest unaudited consolidated management accounts available to the Board, as at 31 July 2022, the cash and bank balances available to serve as working capital of the Company's Hong Kong office operation is less than RMB1 million. The low cash level of the Hong Kong office of the Company was primarily due to the following factors:

1. the cash and cash equivalent retained in the PRC subsidiaries was already assigned for its business operation and development, particularly a significant portion was allocated for the Group's new procurement contracts in its sale of software license business in the PRC;
2. in view of the stringent foreign exchange control measures implemented in the PRC, it will be difficult and costly for the Company to reallocate funds from its PRC subsidiaries to its Hong Kong office whether by way of remittance or by way of declaration of dividends, and taking into account of the loss-making performance of the Group, the Board is of the view that it is prudent to maintain a sufficient working capital level in its PRC subsidiaries to prevent potential insufficient cash flow situations; and
3. approximately RMB12.85 million currently in the bank account of the Company's Hong Kong office was planned for capital injection to Beijing Orient LegendMaker (the "**Beijing Orient Capital Injection**"), for more details please refer to the announcements of the Company dated 9 November 2021, 29 November 2021, 7 December 2021, 29 December 2021 and 5 August 2022 respectively in relation to the Subscriptions.

Further, as a result of the lapse of the previous placing of new Shares as disclosed in the announcements of the Company dated 29 July 2022, the Company had to replenish its working capital by reallocating HK\$4 million from the proceeds from the Subscriptions for the use as general working capital of the Company as an interim measure to resolve the urgent working capital need for the Company's operation in Hong Kong, hence, creating a shortfall of HK\$4 million for the planned Beijing Orient Capital Injection, for further details of the change in use of proceeds from the Subscriptions, please refer to the announcement of the Company dated 5 August 2022.

In light of the above, particularly the shortfall in the Beijing Orient Capital Injection funds and the medium to long-term working capital needs of the Group's Hong Kong operations, the Directors consider the terms of the Placing Agreement, including the Placing Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$11.4 million and the net proceeds will be approximately HK\$11.1 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.82 per Placing Share. The Directors intend to use the net proceeds (i) as to HK\$4 million for capital injection in Beijing Orient LegendMaker which would be applied towards the R&D in solutions software and domestic-produced database software, and (ii) as to the remaining approximately HK\$7.1 million as general working capital for the Company's Hong Kong office including staff cost, professional fees, rental payments and other general administrative and operating expenses.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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 (approximately)	Intended use of net proceeds	Actual use of net proceeds	Revised allocation of unutilised net proceeds
9 November 2021, 7 December 2021, 29 December 2021 (date of completion) and 5 August 2022 (change in use of proceeds)	Issue of 226,770,954 Shares under general mandate	HK\$22.37 million	(i) approximately HK\$15.64 million for capital injection in Beijing Orient LegendMaker and (ii) approximately HK\$6.73 million for general working capital of the Group which should be applied on, including, but not limited to, approximately 70% for staff cost, approximately 20% for professional fees, approximately 5% for rental payments and approximately 5% for general administrative and operating expenses of the Group	approximately HK\$6.65 million for general working capital of the Group which was used on, including, but not limited to, approximately HK\$4.70 million for staff cost, approximately HK\$1.35 million for professional fees, approximately HK\$0.26 million for rental payments and approximately HK\$0.34 million for general administrative and operating expenses of the Group	(i) approximately HK\$11.64 million for capital injection in Beijing Orient LegendMaker and (ii) approximately HK\$4.08 million for general working capital of the Group

As at the date of this announcement, the unutilised net proceeds from the Subscriptions of approximately HK\$15.72 million had not yet been utilised. The remaining proceeds will be used according to the revised allocation of unutilised net proceeds mentioned above.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Placing (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after completion of the Placing) are as follows:

Shareholders	As at the date of this announcement		Immediately after the completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
King Pak Fu (<i>Note 1</i>)	13,917,589	20.46	13,917,589	17.05
De Gennes Limited (<i>Note 2</i>)	9,637,765	14.17	9,637,765	11.81
Placees	-	-	13,606,000	16.67
Public Shareholders	44,475,920	65.37	44,475,920	54.47
Total	68,031,274	100.00	81,637,274	100.00

Notes:

- Pursuant to the SFO, Mr. King Pak Fu (“**Mr. King**”) is deemed to be interested in (i) 3,021,775 Shares held through Affluent Start Holdings Investment Limited (“**Affluent Start**”); (ii) 192,300 Shares held through Mystery Idea Limited (“**Mystery Idea**”); (iii) 510,800 Shares held through Elite Mile Investments Limited (“**Elite Mile**”); (iv) 859,100 Shares held through Sino Wealthy Limited (“**Sino Wealthy**”); and (v) 9,333,614 Shares held through Luck Success Development Limited. Each of Affluent Start, Mystery Idea and Elite Mile is wholly-owned by Mr. King. Sino Wealthy is wholly-owned by Gauteng Focus Limited which is wholly-owned by Rentian Technology Holdings Limited (in liquidation), the latter is indirectly controlled by Mr. King.
- De Gennes Limited is wholly-owned by Mr. Wu Xiaodong. Therefore, Mr. Wu Xiaodong is deemed to be interested in the number of Shares held by De Gennes Limited by virtue of the SFO.

GENERAL

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 1 June 2022
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beijing Orient LegendMaker”	Beijing Orient LegendMaker Software Development Co., Ltd.* (北京東方龍馬軟件發展有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and 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 open for business throughout their normal business 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 placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	the date of Completion, which shall be any Business Day falling within three (3) Business Days after the Long Stop Date
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution 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 Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executives, controlling Shareholders and substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being 31 August 2022 or such later date as the parties may agree in writing
“Placee(s)”	any individual, institutional or professional investor independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 13,606,000 Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	VC Brokerage Limited, a corporation which is licensed by the Securities and Futures Commission to carry out and conduct regulated activities Type 1 (dealing in securities) and Type 4 (advising on securities)
“Placing Agreement”	the conditional placing agreement dated 10 August 2022 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.84 per Placing Share

“Placing Shares”	up to 13,606,000 Shares to be placed under the Placing
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscription of an aggregate of 226,770,954 new Shares by the subscribers pursuant to the terms and conditions of the subscription agreements as supplemented by the supplemental agreements entered into between the Company and the respective subscribers on 9 November 2021 and 7 December 2021, details of which are set out in the announcements of the Company dated 9 November 2021 and 7 December 2021
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Enterprise Development Holdings Limited
Li Zhuoyang
Executive Director

Hong Kong, 10 August 2022

As at the date of this announcement, the Board comprises one executive Director, namely Ms. Li Zhuoyang, and three independent non-executive Directors, namely Mr. Cai Jinliang, Mr. Chin Hon Siang and Mr. Chen Kwok Wang.