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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 AND SPECIFIC MANDATE; AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

PLACING AGENT



FREEMAN SECURITIES LIMITED

On 27 February 2012, after trading hours, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed with the Company to place, on a best effort basis, up to 161,231,600 General Mandate Placing Shares to not less than six Placees (who and whose ultimate beneficial owners shall be Independent Third Parties) at the Placing Price of HK\$0.24 per Placing Share.

The General Mandate Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 16 May 2011. As at the date of this Announcement, no Shares have been allotted and issued pursuant to the General Mandate. The 161,231,600 General Mandate Placing Shares to be allotted and issued will utilize the full capacity of the General Mandate, representing 20% of the existing issued Share capital of the Company as at the date of this Announcement, and approximately 16.67% of the enlarged issued share capital of the Company immediately following the General Mandate Placing. Since the General Mandate Placing Shares will be allotted and issued under the General Mandate, no further Shareholders' approval is required.

Separately, under the Placing Agreement, the Placing Agent has conditionally agreed with the Company to place, on a best effort basis, up to 500,000,000 Specific Mandate Placing Shares to not less than six Placees (who and whose ultimate beneficial owners shall be Independent Third Parties) at the Placing Price of HK\$0.24 per Placing Share.

The Specific Mandate Placing Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders of the Company at the EGM. The up to 500,000,000 Specific Mandate Placing Shares to be allotted and issued will represent approximately 62.02% of the existing issued share capital of the Company as at the date of this Announcement, and approximately 34.07% of the enlarged issued share capital of the Company immediately following the General Mandate Placing and Specific Mandate Placing.

The Completion of the General Mandate Placing is conditional upon

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the General Mandate Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

If the foregoing conditions are not fulfilled on or prior to the 30th day after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breach of the Placing Agreement).

The Completion of the Specific Mandate Placing is conditional upon

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Specific Mandate Placing Shares;
- (ii) the obligations of the Placing Agent under the Placing Agreement in respect of the Specific Mandate Placing not being terminated in accordance with the terms of the Placing Agreement;
- (iii) the passing of resolutions by the Shareholders at the EGM to approve the Specific Mandate and the increase in the Company's authorised share capital to 3,000,000,000 Shares with par value of HK\$0.01 each; and
- (iv) the Placing of all the 161,231,600 General Mandate Placing Shares having been completed in full.

If the foregoing conditions are not fulfilled on or prior to the 75th day after the date of the EGM (or such later date as may be agreed between the Company and the Placing Agent), the obligations of the parties under the Placing Agreement with respect to the Specific Mandate Placing shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses in respect of the Specific Mandate Placing (save for any prior breach of the Placing Agreement).

The maximum gross proceeds and net proceeds from the General Mandate Placing will be approximately HK\$38.7 million and HK\$37 million, respectively, which will be used to finance the general working capital needs of the Group. The maximum gross proceeds and net proceeds from the Specific Mandate Placing will be approximately HK\$120 million and HK\$115.8 million, respectively, and are intended to be used to reduce the indebtedness of the Group as well as for general working capital.

The Board proposes the Increase in Authorised Share Capital, which will involve the increase in the authorised share capital of the Company from HK\$10,000,000 comprising 1,000,000,000 Shares of HK\$0.01 each to HK\$30,000,000 comprising 3,000,000,000 Shares of HK\$0.01 each by the creation of an additional 2,000,000,000 Shares of HK\$0.01 each. The Increase in Authorised Share Capital is subject to and conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolutions to approve (i) the Specific Mandate Placing, and (ii) the Increase in Authorised Share Capital. To the best knowledge of the Directors, none of the Shareholders has a material interest in the Specific Mandate Placing and the Increase in Authorised Share Capital as at the date of this Announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of (i) and (ii) above.

A circular containing, among other things, (i) further details of the Placing Agreement and the Specific Mandate Placing, (ii) further details on the Increase in Authorised Share Capital; and (iii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

27 February 2012 (after trading hours)

Parties

Issuer: The Company

The Placing Agent: Freeman Securities Limited, an Independent Third Party not connected to the Company or its connected persons (as defined in the Listing Rules)

The Placing

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed, on a best effort basis, during the period from the execution of the Placing Agreement to 5:00 p.m. on the 15th day after the date of the Placing Agreement (or such other period as agreed by the Placing Agent and the Company), to procure Placees to subscribe up to 161,231,600 General Mandate Placing Shares at HK\$0.24 per Placing Share, representing 20% of the issued share capital as at the date of this Announcement, and approximately 16.67% of the issued share capital as enlarged by the issue of the General Mandate Placing Shares. The aggregate nominal value of the General Mandate Placing Shares will be HK\$1,612,316.

Separately, pursuant to the Placing Agreement, the Placing Agent has conditionally agreed, on a best effort basis, during the period from the execution of the Placing Agreement to 5:00 p.m. on the 60th day after the date of the EGM (or such other period as agreed by the Placing Agent and the Company), to procure Placees to subscribe up to 500,000,000 Specific Mandate Placing Shares at HK\$0.24 per Placing Share, representing 62.02% of the issued share capital as at the date of this Announcement, and approximately 34.07% of the issued share capital as enlarged by the issue of the General Mandate Placing Shares and the Specific Mandate Placing Shares. The aggregate nominal value of the Specific Mandate Placing Shares will be HK\$5,000,000.

The total aggregate nominal value of the General Mandate Placing Shares and the Specific Mandate Placing Shares will be HK\$6,612,316.

Placees

The General Mandate Placing Shares and the Specific Mandate Placing Shares, independently, will be placed to not less than six Placees which will be individuals, institutional or other professional investors, who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent has also agreed to use all reasonable endeavours to ensure none of the Placees and their ultimate beneficial owners shall become a substantial shareholder (as defined in the Listing Rules) or a controlling shareholder (as defined in the Listing Rules) of the Company.

Consequently, upon Completion of the General Mandate Placing and upon Completion of the Specific Mandate Placing, it is expected that none of the Placees will become a substantial Shareholder.

Placing Price

The Placing Price of HK\$0.24 per Placing Share represents:

- (i) a discount of approximately 17.24% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 15.79% to the average closing price of HK\$0.285 per Share as quoted on the Stock Exchange for the last five trading days up to and including the day immediately prior to the Last Trading Day.

The Placing Price of HK\$0.24 per Placing Share was determined on arm's length basis between the Company and the Placing Agent based on current market conditions and the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price of the Placing Shares is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares will be issued fully paid up and ranking pari passu in all respects among themselves and with the existing Shares in issue, including to the right to receive all dividends and distributions which may be declared made or paid after (in the case of the General Mandate Placing) the General Mandate Completion Date and (in the case of the Specific Mandate Placing) the Specific Mandate Completion Date and will be issued free and clear of all liens, encumbrances or other third party rights.

Conditions of the General Mandate Placing

The Completion of the General Mandate Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the General Mandate Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

If the foregoing conditions are not fulfilled on or prior to the 30th day after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breach of the Placing Agreement).

Conditions of the Specific Mandate Placing

The Completion of the Specific Mandate Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Specific Mandate Placing Shares;
- (ii) the obligations of the Placing Agent under the Placing Agreement in respect of the Specific Mandate Placing not being terminated in accordance with the terms of the Placing Agreement;
- (iii) the passing of resolutions by the Shareholders at the EGM to approve the Specific Mandate and the increase in the Company's authorised share capital to 3,000,000,000 Shares with par value of HK\$0.01 each; and
- (iv) the Placing of all the 161,231,600 General Mandate Placing Shares having been completed in full.

If the foregoing conditions are not fulfilled on or prior to the 75th day after the date of the EGM (or such later date as may be agreed between the Company and the Placing Agent), the obligations of the parties under the Placing Agreement with respect to the Specific Mandate Placing shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses in respect of the Specific Mandate Placing (save for any prior breach of the Placing Agreement).

General Mandate to issue the General Mandate Placing Shares

Up to 161,231,600 General Mandate Placing Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Directors are allowed to allot and issue up to 161,231,600 Shares. As at the date of this Announcement, no Share has been allotted and issued pursuant to the General Mandate. Accordingly, the issue of the General Mandate Placing Shares is not subject to any further approval by the Shareholders. The 161,231,600 General Mandate Placing Shares to be allotted and issued will utilize the full capacity of the General Mandate.

Specific Mandate to issue the Specific Mandate Placing Shares

The Specific Mandate Placing Shares will be issued under the Specific Mandate to be sought at the EGM.

Completion of the General Mandate Placing

The Completion of the General Mandate Placing will take place on the second Business Day after the date on which all the conditions in respect of the General Mandate Placing under the Placing Agreement are fulfilled or such other date as the Company and the Placing Agent shall agree.

Completion of the Specific Mandate Placing

The Completion of the Specific Mandate Placing will take place on the second Business Day after the date on which all the conditions in respect of the Specific Mandate Placing under the Placing Agreement are fulfilled or such other date as the Company and the Placing Agent shall agree.

Commission

In relation to the General Mandate Placing, the Placing Agent will be entitled to a commission of 3% of the amount equal to the Placing Price multiplied by the total number of the General Mandate Placing Shares actually subscribed.

In relation to the Specific Mandate Placing, the Placing Agent will be entitled to a commission of 3% of the amount equal to the Placing Price multiplied by the total number of the Specific Mandate Placing Shares actually subscribed.

Termination

The Placing Agreement may be terminated if at any time prior to 4:30 p.m. on the General Mandate Completion Date, in the reasonable opinion of the Placing Agent that the success of the General Mandate Placing and/or the Specific Mandate Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties contained in the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (d) a change or development involving a prospective change in taxation in Hong Kong, Cayman Islands, the British Virgin Islands or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective Shareholders in their capacity as such; or
- (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 4:30 p.m. on the General Mandate Completion Date.

In the event that the Placing Agent terminates the Placing Agreement by giving notice to the Company as afore-mentioned, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

If at any time after 4:30 p.m. on the General Mandate Completion Date but before 4:30 p.m. on the Specific Mandate Completion Date, in the reasonable opinion of the Placing Agent that the success of the Specific Mandate Placing or the business or financial prospects of the Group would or might be adversely affected by the matters described under (i) and (ii) above, then and in any such case, the Placing Agent may terminate the obligations of the parties under the Placing Agreement in respect of the Specific Mandate Placing without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 4:30 p.m. on the Specific Mandate Completion Date. In the event that the Placing Agent terminates the obligations of the parties under the Placing Agreement in respect of the Specific Mandate Placing, all obligations of each of the parties under the Placing Agreement in respect of the Specific Mandate Placing shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Specific Mandate Placing except for any breach arising prior to such termination.

APPLICATION FOR LISTING

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

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this Announcement and immediately after the Completion of the General Mandate Placing and the Specific Mandate Placing is as follows:

Name of Shareholder	As at the date of this Announcement		Shareholding immediately after the Completion of the General Mandate Placing		Shareholding immediately after the Completion of the General Mandate Placing and the Specific Mandate Placing	
	<i>No. of</i>	<i>%</i>	<i>No. of</i>	<i>%</i>	<i>No. of</i>	<i>%</i>
	<i>Shares</i>	<i>(approx.)</i>	<i>Shares</i>	<i>(approx.)</i>	<i>Shares</i>	<i>(approx.)</i>
Affluent Start Holdings Investment Limited	604,355,000	74.97	604,355,000	62.47	604,355,000	41.19
Placees	0	0	161,231,600	16.67	661,231,600	45.06
Other Public Shareholders	201,803,000	25.03	201,803,000	20.86	201,803,000	13.75
Total	<u>806,158,000</u>	<u>100.00</u>	<u>967,389,600</u>	<u>100.00</u>	<u>1,467,389,600</u>	<u>100.00</u>

Note:

Affluent Start Holdings Investment Limited is wholly and beneficially owned by Mr. King Pak Fu, an executive Director and the Chairman of the Company.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is mainly engaged in the software business providing integrated business software solutions in the PRC.

Upon the full placement of the 161,231,600 General Mandate Placing Shares, the maximum gross proceeds raised from the General Mandate Placing will be HK\$38.7 million. After taking into account the estimated expenses in relation to the General Mandate Placing, the maximum estimated net proceeds from the General Mandate Placing will be approximately HK\$37 million, representing a net price of HK\$0.229 per Placing Share. Furthermore, assuming the 500,000,000 Specific Mandate Placing Shares are placed in full, the maximum gross proceeds to be raised from the Specific Mandate Placing will be HK\$120 million. After deducting the estimated expenses in relation to the Specific Mandate Placing, the maximum estimated net proceeds from the Specific Mandate Placing will be approximately HK\$115.8 million, representing a net price of HK\$0.232 per Placing Share.

The net proceeds from the General Mandate Placing are intended to be used for the Group's general working capital. The net proceeds from the Specific Mandate Placing will be used to reduce the indebtedness of the Group, as well as to finance the Group's general working capital needs.

The Directors consider that the Placing represents a good opportunity to raise additional funds so as to replenish the capital base of the Company and widen the Company's shareholder base. Proceeds from the Specific Mandate Placing will also reduce the gearing ratio of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in relation to issue of equity securities in the past twelve months prior to the date of this Announcement.

INCREASE IN AUTHORISED SHARE CAPITAL

In order to accommodate the Specific Mandate Placing and to provide additional flexibility going forward, the Board proposes the Increase in Authorised Share Capital, which will involve the increase in the authorised share capital of the Company from HK\$10,000,000 comprising 1,000,000,000 Shares of HK\$0.01 each to HK\$30,000,000 comprising 3,000,000,000 Shares of HK\$0.01 each by the creation of an additional 2,000,000,000 Shares of HK\$0.01 each. The Increase in Authorised Share Capital is subject to and conditional upon the passing of an ordinary resolution by the Shareholders at the EGM.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolutions to approve (i) the Specific Mandate Placing, and (ii) the Increase in Authorised Share Capital. To the best knowledge of the Directors, none of the Shareholders has a material interest in the Specific Mandate Placing and the Increase in Authorised Share Capital as at the date of this Announcement. Accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of (i) and (ii) above.

A circular containing, among other things, (i) further details of the Placing Agreement and the Specific Mandate Placing, (ii) further details on the Increase in Authorised Share Capital; and (iii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this Announcement, unless the context otherwise requires, the following terms shall have the following meaning, unless context requires otherwise:

“Announcement”	this announcement of the Company in relation to the Placing
“Associates”	with the meaning given to that term in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks generally are open for business in Hong Kong
“Company”	Enterprise Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Completion”	completion of the General Mandate Placing or the Specific Mandate Placing in accordance with the terms and conditions of the Placing Agreement
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the passing of resolutions by the Shareholders to approve the Specific Mandate and the Increase in Authorised Share Capital
“General Mandate”	the general mandate to allot, issue and deal with the Shares granted to the Directors pursuant to the resolutions passed at the annual general meeting of the Company on 16 May 2011
“General Mandate Completion Date”	the second Business Day after the date on which all the conditions set out under “Conditions of the General Mandate Placing” have been satisfied or such other date as the Company and the Placing Agent may agree
“General Mandate Placing”	the placing of the General Mandate Placing Shares under the General Mandate

“General Mandate Placing Shares”	up to 161,231,000 Shares to be placed under the General Mandate Placing
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong currency
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	proposed increase in the authorised share capital of the Company from the existing HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each to HK\$30,000,000 divided into 3,000,000,000 Shares of HK\$0.01 each by the creation of an additional 2,000,000,000 Shares of HK\$0.01 each;
“Independent Third Parties”	third parties independent of the Company and its connected persons and their respective Associates
“Last Trading Day”	27 February 2012, being the last trading day for the Shares prior to the issue of this Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of a private placing of the Placing Shares by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement, comprising the General Mandate Placing and the Specific Mandate Placing
“Placing Agent”	Freeman Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent on 27 February 2012

“Placing Price”	the price of HK\$0.24 per Placing Share
“Placing Share(s)”	the General Mandate Placing Shares and the Specific Mandate Placing Shares
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from Shareholders at the EGM to authorise the Directors to allot and issue up to 500,000,000 Shares under the Specific Mandate Placing
“Specific Mandate Completion Date”	the second Business Day after the date on which all the conditions set out under “Conditions of the Specific Mandate Placing” have been satisfied or such other date as the Company and the Placing Agent may agree
“Specific Mandate Placing”	the placing of the Specific Mandate Placing Shares under the Specific Mandate
“Specific Mandate Placing Shares”	up to 500,000,000 Shares to be placed under the Specific Mandate Placing
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiaries”	with the meaning ascribed thereto in the Listing Rules

By order of the Board
Enterprise Development Holdings Limited
King Pak Fu
Chairman

Hong Kong, 27 February 2012

As at the date of this Announcement, the Board comprises four executive Directors, namely Mr. King Pak Fu (Chairman), Mr. Tsang To, Mr. Jia Bowei and Mr. Lam Kwan Sing, and three independent non-executive Directors, namely Mr. Lam Ting Lok, Ms. Hu Gin Ing and Mr. Zhang Xiaoman.