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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)

## FURTHER ANNOUNCEMENT CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to (i) the prospectus of the Enterprise Development Holdings Limited (the “**Company**”) dated 23 April 2021 (the “**Prospectus**”) relating to the rights issue on the basis of one (1) rights share for every two (2) existing shares (the “**Rights Issue**”) and (ii) the announcement of the Company dated 1 November 2021 relating to the change of the use of proceeds from the Rights Issue (the “**First Announcement**”).

### CHANGE OF USE OF PROCEEDS

The net proceeds from the Rights Issue amounted to approximately HK\$43.91 million (the “**Net Proceeds**”). As disclosed in the First Announcement, the Company intends to change certain portion of the unutilized Net Proceeds as follow:

Initial intended use of Net Proceeds	Initial allocation <i>HK\$ million</i>	Unutilized Net Proceeds for reallocation as at 31 October 2021 <i>HK\$ million</i>	Proposed change of use of unutilized Net Proceeds	Revised allocation of the unutilized Net Proceeds <i>HK\$ million</i>
Potential acquisitions, expansion and equipment purchase of the Group’s software business	13.173	13.173	Software procurement	10 (Note 4)
Loan financing business and securities investments business	17.564	13.564	Not applicable (Note 2)	–

Initial intended use of Net Proceeds	Initial allocation <i>HK\$ million</i>	Unutilized Net Proceeds for reallocation as at 31 October 2021 <i>HK\$ million</i>	Proposed change of use of unutilized Net Proceeds	Revised allocation of the unutilized Net Proceeds <i>HK\$ million</i>
General working capital	13.173 <i>(Note 1)</i>	1.5	General working capital <i>(Note 3)</i>	18.237
	<u>43.91</u>	<u>28.237</u>		<u>28.237</u>

*Notes:*

- (1) Among HK\$13.173 million, HK\$1.5 million remains unutilized as at 31 October 2021, which is expected to be fully utilized for the year ending 31 December 2021.
- (2) The loan financing business has been temporarily suspended due to the expiry of the money lender license in August 2021. Prior to the expiry of the relevant money lender license, the Group utilized HK\$4 million from the proceeds of the Rights Issue to provide a loan (the “**Loan**”) to a borrower as part of its loan financing business and the principal amount of the Loan (together with interest) was fully repaid in October 2021. In respect of the reasons for not applying any Net Proceeds on securities investment business, please refer to the section headed “Reasons for the change of use of proceeds” in this announcement.
- (3) Of the HK\$18.237 million, HK\$1.5 million is the remaining unutilized portion of the general working capital as allocated according to the Prospectus and HK\$16.737 million is the portion reallocated to general working capital after the change of use of proceeds. Of the HK\$16.737 million, approximately 70% of which shall be applied on staff costs (including salary and allowance), approximately 7% on office rental, approximately 7% on professional fee and approximately 16% on general administrative and operating expenses (including utilities, insurance, government registration and filing fees, listing fee and other travelling expenses). The Company expects that the remaining re-allocated Net Proceeds in the amount of HK\$16.737 million shall be fully utilized on or before April 2022.
- (4) Of the HK\$10 million, (i) approximately HK\$3.54 million shall be applied on procurement of database software from an overseas service provider, (ii) approximately HK\$2.07 million on procurement of the community-developed operating system provided by an overseas service provider, and (iii) approximately HK\$4.39 million on procurement of domestic-produced database software.

## REASONS FOR THE CHANGE OF USE OF PROCEEDS

The Company has considered certain recent developments when assessing the allocation of the use of unutilized Net Proceeds of the Rights Issue and wish to supplement certain information as disclosed in the First Announcement.

The Company was in discussion with a potential target in the PRC, which is principally engaged in production of computing chips, servers, cloud solutions for blockchain and artificial intelligence, to explore the possibility to expand into blockchain and AI-related software business. In late October 2021, the Company was unable to reach consensus on the commercial terms and therefore the Company would not proceed with the acquisition or the cooperation with the relevant target. As the Company has not identified other suitable acquisition targets or business opportunities, given the Company has remained committed to its existing principal business, mainly in provision of database software and engineering services to PRC enterprise customers, together with management, health check, troubleshooting and function upgrade ancillary services, the Company therefore considered that it is commercially sensible to reallocate HK\$10 million of the unutilized Net Proceeds from the Rights Issue on procurement of software. The Company is the authorised distributor of the relevant softwares and it subsequently on-sells the relevant softwares to its end customers.

In respect of the loan financing business, at the time of issuing the Prospectus, the Group carried out money lending business through one of its wholly-owned subsidiaries (the “**Relevant Subsidiary**”). Due to the change of director at the level of the Relevant Subsidiary in 2021, the Relevant Subsidiary was informed by the relevant authority that its new director was required to attend physical interview as part of the renewal application. As it became administratively impracticable for the responsible officer to return to Hong Kong to complete the formality of the renewal application due to the travel restrictions and quarantine measures imposed, the Relevant Subsidiary has not renewed its money lender license and it expired on 15 August 2021. In such circumstances, without a valid money lender license, the Company has suspended its loan financing business since August 2021. However, given the uncertainties on the timeline of relaxation of the border controls and the formalities required for the money lender license application, the timetable for resuming the money lending business remains uncertain. Given the money lending business has been temporarily suspended, the Company considers that it is commercially sensible to deploy the unutilized proceeds of the rights issue on other capital needs of the Group.

As disclosed in the interim report of the Company for the six months ended 30 June 2021, the Group invested in various financial instruments for short-term investments, including equity securities in Hong Kong and United States. During the six months ended 30 June 2021, it was recorded a fair value loss on financial assets at fair value through profit or loss of approximately RMB5.9 million (approximately HK\$7.1 million). The Company has been monitoring the performance of those financial instruments and noticed that the securities market and the equity market has remained volatile since April 2021. Having considered the daily business operation needs of the Group, the Company considered it was prudent not to apply any proceeds from the Rights Issue on its securities investment business in a fluctuating equity market and instead reallocated HK\$16.737 million of the unutilized Net Proceeds from the Rights Issue for the general working capital of the Group.

Based on the above, the Group considered that the proposed change in use of proceeds is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 29 November 2021

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