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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)

PROPOSED CAPITAL REORGANISATION

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The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the Share Consolidation by which every twenty (20) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share of HK\$2.0;
- (ii) the Capital Reduction by which: (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation shall be cancelled; and (b) the par value of all the then issued Consolidated Shares shall be reduced from HK\$2.0 each to HK\$0.1 each by cancelling the paid-up capital of the Company to the extent of HK\$1.9 on each of the then Consolidated Shares in issue; and
- (iii) the Share Subdivision of every unissued Consolidated Share of HK\$2.0 each in the authorised share capital of the Company into twenty (20) Adjusted Shares of HK\$0.1 each.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the proposed Capital Reorganisation; and (ii) the notice convening the EGM is expected to be despatched to the Shareholders on or before Monday, 3 January 2022.

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the Share Consolidation by which every twenty (20) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share of HK\$2.0;
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- (iii) the Share Subdivision of every unissued Consolidated Share of HK\$2.0 each in the authorised share capital of the Company into twenty (20) Adjusted Shares of HK\$0.1 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.1 each, of which 1,133,854,771 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Assuming the Subscription as disclosed in the announcements of the Company dated 9 November 2021 and 7 December 2021 has taken place and an aggregate of 226,770,954 new Shares are allotted and issued to the Subscribers (as defined in the announcement of the Company dated 9 November 2021), the Company will have 1,360,625,725 Existing Shares in issue immediately upon completion of the Subscription.

On the assumption that there is no change in the issued share capital prior to the Capital Reorganisation becoming effective, the Company will have 68,031,286 Adjusted Shares in issue and a credit of approximately HK\$129,259,443.875 will arise as a result of following the completion of the Subscriptions and the Capital Reduction. It is proposed that the credit arising from Capital Reduction will be applied towards offsetting part of the balance of the accumulated losses of the Company up to the effective date of the Capital Reduction. The accumulated losses amounted to approximately RMB553,430,000 (equivalent to approximately HK\$646,008,000) as at 31 December 2020.

Following the Capital Reorganisation becoming effective, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 10,000,000,000 Adjusted Shares of HK\$0.1 each.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.1 each, of which 1,133,854,771 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Assuming the Subscription as disclosed in the announcements of the Company dated 9 November 2021 and 7 December 2021 has taken place and an aggregate of 226,770,954 new Shares are allotted and issued to the Subscribers, the Company will have 1,360,625,725 Existing Shares in issue immediately upon completion of the Subscription. Assuming there is no change in the issued share capital of the Company from the date of this announcement until the date of the EGM other than the allotment and issue of the Shares under the Subscription, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company will be HK\$1,000,000,000 divided into 10,000,000,000 Adjusted Shares of par value HK\$0.1 each, of which 68,031,286 Adjusted Shares will be in issue which will be fully paid or credited as fully paid.

Upon the Capital Reorganisation becoming effective, the Adjusted Shares shall rank *pari passu* in all respects with each other.

Other than the relevant expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interest of the Shareholders as a whole. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders to approve the Capital Reorganisation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective;
- (iii) the Grand Court granting an order confirming the Capital Reduction;
- (iv) compliance with any conditions which the Grand Court may impose in relation to the Capital Reduction;
- (v) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court confirming the Capital Reduction and the minute approved by the Grand Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and

- (vi) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Capital Reorganisation.

The Capital Reorganisation will become effective when the conditions are fulfilled. Further announcement(s) will be made by the Company as soon as practicable after the Grand Court hearing date(s) is confirmed.

Listing Application

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Capital Reorganisation being effective, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding share options for subscription of 32,664,263 Existing Shares under the Share Option Scheme. The Capital Reorganisation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon exercise of the outstanding options pursuant to the terms and conditions of the Share Option Scheme. The Company will make further announcement regarding the adjustments in accordance with the Listing Rules in due course.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding derivatives, options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares, Consolidated Shares or Adjusted Shares, as the case may be.

REASONS FOR THE CAPITAL REORGANISATION

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008, which was last updated on 30 August 2019 (“**Guidelines**”), the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the recent market volatility and that the Shares had been traded below HK\$0.10 and the Shares were trading at under HK\$2,000 per board lot in the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

In view of the recent market volatility and that the Shares had been traded below HK\$0.10, accordingly, the Company proposes to effect the Capital Reorganisation which would provide greater flexibility to the Company to carry out fund raising exercises and react promptly as and when opportunities arise.

In addition, the Company is prohibited from issuing any new Shares at a price at below its par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction, the par value of the Consolidated Shares will be HK\$2.0 per Consolidated Share. The Capital Reduction will reduce the par value of the Adjusted Shares to a lower amount of HK\$0.1 per Adjusted Share, which allows greater flexibility in the pricing for any issue of new Shares in the future.

At the same time, the Group has been actively reviewing from different levels and ways to enrich the development strategy of corporate sustainability and optimize it to create value. Since it is expected that the Capital Reorganisation will bring about a corresponding upward adjustment in the trading price per Adjusted Share on the Stock Exchange which, in the view of the Board, will help to enhance the corporate image of the Company and optimize the Shareholder base, as the Capital Reorganisation will make investing in the Adjusted Shares more attractive to a broader range of institutional and professional investors.

Save for the Capital Reorganisation, the Company has no intention to carry out any corporate actions that may affect the trading in the Shares, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Capital Reorganisation. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate. In view of the Company's financial position and performance for the year ended 31 December 2020, the upcoming challenges and uncertainties towards the overall economy, and the potential business and investment opportunities, the Company is actively exploring equity fund raising opportunities including, but not limited to, placing or subscription of new shares or any other viable means in order to improve its financial position. As at the date of this announcement, there was no understanding, agreement or arrangement for any proposed equity fund raising activities.

Based on the reasons above, the Board considers that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BOARD LOT SIZE

Upon the Capital Reorganisation becoming effective, the board lot size of the Adjusted Shares for trading on the Stock Exchange will remain unchanged at 2,000 Adjusted Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

OTHER ARRANGEMENTS

Fractional Entitlement to Adjusted Shares

Fractional Adjusted Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Arrangement on Odd lot Trading

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Adjusted Shares should note that the matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of Share Certificates for Adjusted Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Thursday, 21 April 2022, the Shareholders may during the period from Thursday, 21 April 2022 to Tuesday, 31 May 2022 (both days inclusive) submit existing share certificates for the Existing Shares to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange for new share certificates for the Adjusted Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the branch share registrar for each share certificate issued for the Adjusted Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:30 p.m. on Friday, 27 May 2022, trading will only be in Adjusted Shares. Existing share certificates in yellow colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the implementation of Capital Reorganisation is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Time and date
Expected despatch date of the circular, proxy form and notice of the EGM	on or before Monday, 3 January 2022
Latest time for lodging transfer of Shares to qualify for attendance and voting at the EGM	4:00 p.m. on Wednesday, 19 January 2022
Register of members of the Company closes	Thursday, 20 January 2022 to Wednesday, 26 January 2022 (both dates inclusive)
Latest time for return of proxy form of the EGM	10:30 a.m. on Monday, 24 January 2022

Event	Time and date
Expected time and date of the EGM	10:30 a.m. on Wednesday, 26 January 2022
Publication of announcement of poll results of the EGM	Wednesday, 26 January 2022
The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation, including the availability and compliance with any requirements imposed by the Grand Court. The dates are therefore tentative:	
Effective date of the Capital Reorganisation (<i>Note</i>)	Thursday, 21 April 2022
First day of free exchange of existing share certificates for new share certificates for the Adjusted Shares	Thursday, 21 April 2022
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Thursday, 21 April 2022
Original counter for trading in the Existing Shares in board lots of 2,000 Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Thursday, 21 April 2022
Temporary counter for trading in the Adjusted Shares in board lot size of 100 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 21 April 2022
Original counter for trading in the Adjusted Shares in board lots of 2,000 Adjusted Shares (in the form of new share certificates for Adjusted Shares) re-opens	9:00 a.m. on Friday, 6 May 2022
Parallel trading in the Adjusted Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Friday, 6 May 2022
Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	9:00 a.m. on Friday, 6 May 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of the Adjusted Shares	4:00 p.m. on Friday, 27 May 2022

Event	Time and date
Temporary counter for trading in board lot size of 100 Adjusted Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 27 May 2022
Parallel trading in the Adjusted Shares (in the form of new and existing share certificates) ends	4:10 p.m. on Friday, 27 May 2022
Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares	4:00 p.m. on Tuesday, 31 May 2022

Note: The Capital Reorganisation will become effective upon fulfillment of the conditions mentioned in the section headed “Conditions of the Capital Reorganisation” above, including, but not limited to, the Grand Court granting an order confirming the Capital Reduction. As the Grand Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction is expected to take a longer period in which the date mentioned above is for indicative purpose only, further announcement will be made by the Company once the Grand Court hearing date is fixed.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. A circular containing, among other things, (i) further details of the proposed Capital Reorganisation; and (ii) the notice of the EGM is expected to be despatched to the Shareholders on or before Monday, 3 January 2022.

DEFINITIONS

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

“Adjusted Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Articles”	the articles of association of the Company for the time being adopted by the Company and as amended from time to time
“Board”	the board of Directors

“Capital Reduction”	the proposed reduction in the issued share capital of the Company and cancellation of any fractional Consolidated Shares arising out of the Share Consolidation each as detailed in the section headed “Proposed Capital Reorganisation” of this announcement
“Capital Reorganisation”	the Share Consolidation, the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961) of the Cayman Islands as consolidated and revised
“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 (Stock code: 1808)
“Consolidated Shares”	ordinary share(s) of HK\$2.0 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider the special resolution to be proposed to approve the Capital Reorganisation
“Existing Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company before the Capital Reorganisation becoming effective
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	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
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 26 May 2016
“Share Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share of HK\$2.0 into 20 Adjusted Shares
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the Adjusted Share(s), as the context may require
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional 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, 14 December 2021

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.