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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)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY ONE SHARE
HELD ON THE RECORD DATE AT HK\$0.165 PER RIGHTS SHARE;
(2) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;
AND
(3) CLOSURE OF REGISTER OF MEMBERS**

Financial adviser to the Company



Akron Corporate Finance Limited
亞貝隆資本有限公司

Underwriter of the Rights Issue



華晉證券資產管理有限公司
China Rise Securities Asset Management Co. Limited

**Independent Financial adviser to the Independent Board Committee
and the Independent Shareholders**



高銀融資有限公司
GOLDIN FINANCIAL LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$206.9 million (before expenses) by way of a rights issue of 1,253,774,946 Rights Shares at a subscription price of HK\$0.165 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$199 million. The Company intends to apply net proceeds from the Rights Issue as to (i) approximately HK\$40 million for the development of the existing IT solutions and related business; (ii) approximately HK\$40 million for the development of the money lending business; (iii) approximately HK\$50 million for repayment of the 3-year promissory note with outstanding principal amount of HK\$50 million and carrying interest at 6% per annum (the “**Promissory Note**”); (iv) approximately HK\$40 million for the development of the trading and investment business; and (v) the remaining balance for general working capital of the Group and/or investment opportunities as may be identified from time to time. The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.159.

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Excluded Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the close of business of the Record Date and must be a Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:00 p.m. (Hong Kong time) on Tuesday, 4 October 2016.

The Rights Issue will be fully underwritten by the Underwriter, on the terms and subject to the conditions of the Underwriting Agreement. Details of the underwriting arrangement are set out in the paragraph headed “Underwriting Agreement” below in this announcement.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders of the Company and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. Since the Company has no controlling shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.19(6) of the Listing Rules.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all of the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Rights Issue. Goldin has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

An EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, to approve the Rights Issue. The Circular containing, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before Monday, 12 September 2016.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Rights Issue is conditional upon, among other conditions, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealings in the Shares and/or nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 3 October 2016 and that dealings in the Shares and/or nil-paid Rights Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Rights Issue are subject are fulfilled (which is expected to be at 4:00 p.m. on Friday, 28 October 2016), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating to sell or purchase any Shares and/or nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

PROPOSED RIGHTS ISSUE

| | |
|--|---|
| Basis of the Rights Issue: | Three (3) Rights Shares for every one (1) Share held on the Record Date |
| Subscription Price: | HK\$0.165 per Rights Share |
| Number of Shares in issue as at the date of this announcement: | 417,924,982 Shares |

Number of Rights Shares: 1,253,774,946 Rights Shares

The aggregate nominal value of the Rights Shares will be HK\$125,377,494.60

Enlarged issued share capital of the Company immediately upon completion of the Rights Issue: 1,671,699,928 Shares

Underwriter: China Rise Securities Asset Management Company Limited

Funds proposed to be raised before expenses: approximately HK\$206.9 million

Save for the above, as at the date of this announcement, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

The Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into any Shares as at the date of this announcement. The Company has no intention to issue or grant any warrants, options and/or convertible securities on or before the Record Date.

The Rights Issue is fully underwritten by the Underwriter who shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 13.32 of the Listing Rules when the Underwriter is called upon to subscribe for or procure subscribers of the Underwritten Shares.

The Rights Shares

Assuming that there is no change to the issued share capital of the Company from the date of this announcement up to and including Record Date, a total number of 1,253,774,946 Rights Shares will be allotted and issued upon completion of the Rights Issue, representing:

- (i) 300.0% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 75.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price of HK\$0.165 per Rights Share will be payable in full upon a Qualifying Shareholder accepting his/her/its provisional allotment of the Rights Shares under the Rights Issue and, where applicable, upon application for excess Rights Shares or when

a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (a) a discount of 56.0% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 55.6% to the average closing price of 0.372 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 24.1% to the theoretical ex-entitlement price of HK\$0.2175 per Share, based on the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price and trading liquidities of the Shares under the prevailing market conditions and the financial position of the Group. As all Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Board considers that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of Goldin) consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

- a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provision) Ordinance, Chapter 32 of the Laws of Hong Kong not later than the Prospectus Posting Date;
- b) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares in their nil-paid and fully-paid forms by no later than the first day of their dealings;
- d) the passing of necessary resolution(s) at the EGM to approve the Rights Issue by the Independent Shareholders; and
- e) if so required, the filing of one copy of each of the Prospectus Documents with the Registrar of Companies in the Cayman Islands prior to or as soon as practicable after publication of the Prospectus Documents,

if the above conditions precedents are not being fulfilled at or before the Latest Time for Termination or such other time as the Company and the Underwriter may agree, or if the Underwriting Agreement shall be rescinded pursuant to the clause as set out in the Underwriting Agreement, the Underwriting Agreement shall terminate, all obligations and liabilities of the parties thereunder shall forthwith cease and determine and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares then in issue in all respects. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares, which are registered in the branch register of members of the Company in Hong Kong, will be subject to payment of stamp duty and other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

In order to be registered as a member of the Company at the close of business on the Record Date, investors must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:00 p.m. on Tuesday, 4 October 2016.

Closure of register of members

The register of members of the Company will be closed from Friday, 23 September 2016 to Thursday, 29 September 2016, both dates inclusive, to determine the eligibility of the Shareholders to vote at the EGM. No transfer of Shares will be registered during such period.

The Company's register of members will also be closed from Wednesday, 5 October 2016 to Wednesday, 12 October 2016 (both dates inclusive) to determine the entitlement to the Rights Issue. No transfer of Shares will be registered during such period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

In compliance with Rule 13.36(2) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders (if any) on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus (without the PAL(s) and EAF(s)) to the Excluded Shareholders (if any) for their information only.

The Company shall provisionally allot the Rights Shares which represent the entitlements of the Excluded Shareholders to a nominee of the Company in nil-paid form and the Company shall procure that such nominee shall endeavour to sell the rights as soon as practicable after dealings in nil-paid Rights Shares commence and in any event on or before the last day of dealings in nil-paid Rights Shares at a net premium (nil-paid). If and to the extent that such rights can be so sold, the nominee of the Company shall account to the Company for the net proceeds of sale (after deducting the expenses of sale, if any), on the basis that the net proceeds after deducting the expenses of sale (if any) attributable to the sale of the nil-paid Rights Shares that would otherwise have been allotted to the Excluded Shareholders shall be distributed pro rata to their shareholdings as at the Record Date (but rounded down to the nearest cent) to the Excluded Shareholders provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit. Any of such nil-paid Rights Shares which are not sold as aforesaid will be available for excess application by the Qualifying Shareholders under the EAF.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Application for excess Rights Shares

Qualifying Shareholders will have the right to apply for any unsold provisional allotment of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Application may be made by Qualifying Shareholders completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Company will allocate the Rights Shares in excess of the entitlement at its discretion on a fair and equitable basis to the Qualifying Shareholders who have applied for excess Rights Shares. Shareholders who have been offered odd lots of the Rights Shares should note that there is no guarantee that such odd lots of the Rights Shares will be topped up to create whole board lots pursuant to applications for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result; and
- (ii) subject to availability of excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through applications by PAL or the existing number of Shares held by the Qualifying Shareholders.

Any Rights Shares not applied for by the Qualifying Shareholders and not taken by excess application will be taken up by the Underwriter and sub-underwriter(s).

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company on the Record Date must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:00 p.m. (Hong Kong time) on Tuesday, 4 October 2016.

Fractions of Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Share certificates for the Rights Shares and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Friday, 4 November 2016. If the Rights Issue is terminated, refund cheques are expected to be posted by ordinary post to the applicants at their own risk on or before Friday, 4 November 2016.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on or before Friday, 4 November 2016 by ordinary post to the applicants at their own risk.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) on the Stock Exchange. The trading board lot size of the Rights Shares (in both nil-paid and fully-paid forms) is 2,000 Shares.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange. Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms 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 Rights Shares in both their nil-paid and fully-paid forms 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the branch register of members of the Company in Hong Kong maintained by the Registrar, will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, or any other applicable fees and charges in Hong Kong.

Underwriting Agreement

Date: 12 August 2016

Underwriter: China Rise Securities Asset Management Company Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Number of Underwritten Shares: The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Underwritten Shares (being 1,253,774,946 Rights Shares)

Underwriting commission: 3.0% of the total Subscription Price on the Underwritten Shares

The terms of the Underwriting Agreement are agreed after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, the current and expected market condition and prevailing market rate. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of Goldin) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable so far as the Company and the Shareholders are concerned.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

Termination of the Underwriting Agreement

If at any time on or before the Latest Time for Termination:

- (A) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or

(B) there shall be:

- (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
- (ii) any change in local, national or international financial, political, industrial or economic conditions;
- (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
- (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the Listing Rules); or
- (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which is or are, in the reasonable opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (b) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (c) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then the Underwriter may, by notice in writing given to the Company on or before 4:00 p.m. on the Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches thereof) and the Rights Issue shall not proceed.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, set out below is the shareholding structures of the Company (assuming that there is no change to the issued share capital of the Company on or before the Record Date) (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue:

| Shareholders | As at the date of this announcement | | Immediately after completion of the Rights Issue | | | |
|---|-------------------------------------|---------------|--|---------------|--|---------------|
| | | | Assuming all the Rights Shares are subscribed for by the Qualifying Shareholders and there is no Excluded Shareholders | | Assuming none of the Rights Shares are subscribed by the Qualifying Shareholders, the Underwriter takes up all the Rights Shares | |
| | No. of Shares | Approximate % | No. of Shares | Approximate % | No. of Shares | Approximate % |
| Affluent Start Holdings Limited (Note 1) | 60,435,500 | 14.46 | 241,742,000 | 14.46 | 60,435,500 | 3.62 |
| Underwriter, sub-underwriter(s) and/or subscribers procured by any of them (Note 2) | – | – | – | – | 1,253,774,946 | 75.00 |
| Other public Shareholders | 357,489,482 | 85.54 | 1,429,957,928 | 85.54 | 357,489,482 | 21.38 |
| | <u>417,924,982</u> | <u>100.00</u> | <u>1,671,699,928</u> | <u>100.00</u> | <u>1,671,699,928</u> | <u>100.00</u> |

Notes:

1. Affluent Start Holdings Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. King Pak Fu.
2. Pursuant to the Underwriting Agreement, in the event that the Underwriter or any of the sub-underwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations:
 - (a) The Underwriter will not subscribe for its own account, and shall procure that the sub-underwriter and placees procured by them not to subscribe for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company equal to or exceed 30% of the voting rights of the Company immediately after the completion of the Rights Issue that will trigger a mandatory offer obligation under Rule 26 of Takeovers Codes;
 - (b) the Underwriter will not by itself and shall procure that the sub-underwriter and placees procured by them, together with parties acting in concert with each of them, will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue;
 - (c) the Underwriter shall and shall cause the sub-underwriter to procure placees independent of the Company and its connected persons to take up such number of Rights Shares as necessary to ensure that the public float requirements under the Listing Rules are complied with; and
 - (d) the Underwriter shall use its reasonable endeavours to ensure that each of the sub-underwriter and their placees (and their respective ultimate beneficial owners) is independent of and not connected with the Company and its connected persons and is not a party acting in concert with each other.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in provision of integrated business software solutions, trading of listed securities and mobile marketing.

The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$199 million. The Company intends to apply net proceeds from the Rights Issue as to (i) approximately HK\$40 million for the development of the existing IT solutions and related business; (ii) approximately HK\$40 million for the development of the money lending business; (iii) approximately HK\$50 million for repayment of the Promissory Note with outstanding principal amount of HK\$50 million; (iv) approximately HK\$40 million for the development of the trading and investment business; and (v) the remaining balance for general working capital of the Group and/or investment opportunities as may be identified from time to time.

Development of the existing IT solutions and related business

As disclosed in the 2015 annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”), the Group generated a segment revenue of approximately RMB364.1 million for its software business as compared to approximately RMB314.9 million, representing a growth of approximately 15.6%. In view of the satisfactory performance of this segment for the year ended 31 December 2015, the Directors intend to gradually expand this segment and increase its competitive advantage by investing additional financial and human resources in research and development to keep abreast with technological advances and customers’ preferences in industries where the Group operates. Also, the Company pursues to further develop its business by actively identifying other suitable investment projects, including but not limited to the vertical or horizontal acquisition of, or through co-operative arrangements and joint ventures with strategic partner(s) for acquisition of, other IT solutions companies and/or companies engaged in IT-related industry in Hong Kong and overseas with a view to expanding its market share in the industry and enhancing the Group’s client base and broadening its products and service offering.

Development of the money lending business

The Group has continued to explore opportunities to diversify the businesses of the Group in order to enhance the income stream and continue to improve Shareholders’ return. The Group has obtained the money lending license under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) in October 2015. The net proceeds from the Rights Issue will provide the Group with instant funding for the development of its money lending business. The Group targets corporations and individuals with both short-term and long-term financing needs. The Group has received enquiry from potential clients regarding property mortgage loans. Based on the foregoing, the Group aims to expand the loan portfolios and broaden the scope of its money lending business to provide a variety of loans, such as personal loan, business loan, first and second property mortgage loans, etc. The Group intends to apply net proceeds from the Rights Issue of approximately HK\$40.0 million to the development of the money lending business segment. The Directors consider strong cash flow and financial capability are fundamental factors for the money lending business to operate successfully. Quick turnover and the immediate availability of funding in the money lending business requires the availability of a significant amount of cash and liquidity at the beginning phase of business setup.

Repayment of outstanding Promissory Note

As at the date of this announcement, the Company had the Promissory Note with outstanding principal amount of HK\$50,000,000. The Board considers that early redemption of the Promissory Note can (i) save total payments of interest expenses of approximately HK\$9,000,000 (representing approximately 18% of the principal amount of the Promissory Note); and (ii) improve the gearing position of the Group and strengthen the Group's financial position.

Development of the trading and investment business

As disclosed in the 2015 Annual Report, the Group generated a segment revenue of approximately RMB43.2 million and segment profit of approximately RMB42.6 million. In view of the satisfactory performance of this segment for the year ended 31 December 2015, the Directors intend to gradually expand this segment and diversify its investments portfolio in order to reduce the relevant concentration and investment risks. Given the nature of securities investment and trading business, it is crucial for the Group to have readily available funds in order to capture suitable investment opportunities which may arise from time to time in a timely fashion to provide investment return to the Group and the Shareholders.

General working capital of the Group

The Group considers that with the further development of the existing IT solutions and related business and the money lending business, the Group may have to incur additional selling and distribution costs and general and administrative expenses for the development and administration of such businesses. In addition, the Group plans to continue to develop its services and strengthen its presence in the industry and apply the general working capital for, among others, daily operating expenses such as marketing, employee training, research and development, office overheads, legal and professional fees and business networking expenditures incurred in conducting its existing business. Therefore, the Directors consider that it will be a merit for the Group to have additional working capital for its business operation and development and/or investment opportunities as may be identified from time to time.

General

The Board is of the view that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments when suitable opportunities arise. Furthermore, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Group. Accordingly, the Directors are of the view that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to bank borrowings and issue of new shares or convertible securities. In comparison to a rights issue, (i) bank borrowings would result in additional interest burden and higher gearing ratio of the Group; (ii) issue of new shares or convertible securities would be difficult due to the current market condition and the Company has yet to identify suitable potential investors. In view of the above, the Board considered that raising funds by way of the Rights Issue is more cost effective, efficient and beneficial to the Company and its Shareholders as a whole as compared to raising fund by any other means.

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.159.

WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders and potential investors should note that the Rights Issue is conditional, among other conditions, upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares and/or nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Monday, 3 October 2016 and that dealings in the Shares will take place while the conditions to which the Underwriting Agreement are subject to remain unfulfilled. Any Shareholder or other person dealing in the Shares and/or nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject to are fulfilled (which is expected to be at 4:00 p.m. on Friday, 28 October 2016), will accordingly bear the risk that the Rights Issue not becoming unconditional and may not proceed. Any Shareholder or other person contemplating to sell or purchase any Shares and/or nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

| Event | 2016 |
|--|-------------------------------------|
| Date of despatch of the Circular with the notice and form of proxy of the EGM | Monday, 12 September |
| Latest date and time for lodging transfers of Shares in order to be qualified for attendance and voting at the EGM | 4:00 p.m. on Thursday, 22 September |

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| Closure of register of members of the Company for transfer of Shares to determine the right to attend and vote at the EGM (both dates inclusive) | Friday, 23 September to Thursday, 29 September |
| Latest date and time for return of proxy form of the EGM (not less than 48 hours prior to time of the EGM) | 9:00 a.m. on Tuesday, 27 September |
| Record date for attendance and voting at the EGM | Thursday, 29 September |
| Date and time of the EGM | 9:00 a.m. on Thursday, 29 September |
| Announcement of results of the EGM | Thursday, 29 September |
| Last day of dealings in Shares on a cum-entitlement basis of the Rights Issue | Friday, 30 September |
| First day of dealings in Shares on an ex-entitlement basis of the Rights Issue | Monday, 3 October |
| Latest date and time for lodging transfers of Shares in order to be qualified for the Rights Issue | 4:00 p.m. on Tuesday, 4 October |
| Closure of register of members of the Company for the transfer of Shares to determine entitlements under the Rights Issue (both dates inclusive) | Wednesday, 5 October to Wednesday, 12 October |
| Record Date for the Rights Issue | Wednesday, 12 October |
| Register of members of the Company re-opens | Thursday, 13 October |
| Despatch of the Prospectus Documents | Thursday, 13 October |
| First day and time of dealings in nil-paid Rights Shares | 9:00 a.m. on Monday, 17 October |
| Latest time for splitting nil-paid Rights Shares | 4:00 p.m. on Wednesday, 19 October |
| Last day and time of dealings in nil-paid Rights Shares | 4:00 p.m. on Monday, 24 October |

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| Latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares | 4:00 p.m. on Thursday, 27 October |
| Latest time for termination of the Underwriting Agreement | 4:00 p.m. on Friday, 28 October |
| Announcement of the allotment results of the Rights Issue | Thursday, 3 November |
| Despatch of share certificates for the fully-paid Rights Shares and refund cheques (if any) | Friday, 4 November |
| Commencement of dealings in the fully-paid Rights Shares | 9:00 a.m. on Monday, 7 November |

Note:

All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates and deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue are indicative only and may be extended or varied by agreement between the Company and the Underwriter.

In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

The Latest Time for Acceptance will not take place at 4:00 p.m. on Thursday, 27 October 2016 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date, and will be extended to 5:00 p.m. on the same day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date, and will be rescheduled to 4:00 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. Announcement(s) will be made by the Company on any change to the expected timetable, as and when appropriate.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities in the past twelve months immediately preceding the date of this announcement:

| Date of Announcement | Fund raising activity | Net proceeds (approximately) | Intended use of proceeds | Actual use of proceeds |
|-------------------------------------|--|-------------------------------------|--|--|
| 6 April 2016 and 15 April 2016 | placing of 696,540,000 new shares of the Company at a price of HK\$0.057 per placing share | HK\$37.7 million | general working capital of the Group and for funding investment opportunities as may be identified from time to time | <p>(i) approximately HK\$21.7 million has been utilized for settling part of the consideration for the acquisition of 28% of issued share capital of All Treasure International Industrial Limited, details are disclosed in the announcement of the Company dated 9 May 2016;</p> <p>(ii) approximately HK\$5.0 million has been used for money lending business;</p> <p>(iii) approximately HK\$0.4 million has been used for general working capital; and</p> <p>(iv) approximately HK\$10.6 million has not yet been utilised and remains in the bank for the intended uses.</p> |
| 15 December 2015 and 5 January 2016 | placing of 580,450,000 new shares of the Company at a price of HK\$0.098 per placing share | HK\$54.9 million | General working capital of the Group and for funding investment opportunities as may be identified from time to time | <p>(i) approximately HK\$52.1 million has been used for the early redemption of promissory notes with principal amount of HK\$50.0 million and accrued interest; and</p> <p>(ii) approximately HK\$2.8 million has been used for general working capital.</p> |

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue will be made conditional on approval by the Independent Shareholders at the EGM by way of poll where any controlling shareholders of the Company and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.19(6) of the Listing Rules.

At the date of this announcement, no Director or chief executive of the Company was holding any Share in the Company.

The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee, comprising all of the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue. Goldin has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened and held for the Independent Shareholders, to consider and, if thought fit, to approve the Rights Issue and the transactions contemplated thereunder. The Circular containing, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder; (iii) a letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder; and (iv) the notice convening the EGM, is expected to be despatched to the Shareholders on or before Monday, 12 September 2016.

Upon approval of the Rights Issue by the Independent Shareholders at the EGM and the registration of the Prospectus Documents with the Companies Registry of Hong Kong, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date and the Prospectus (without the PAL(s) and the EAF(s)) will be despatched to the Excluded Shareholders for information only.

DEFINITIONS

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

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| “acting in concert” | has the meaning as ascribed thereto under the Takeovers Code |
| “associate” | has the meaning as ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Circular” | the circular of the Company, to be despatched by the Company to the Shareholders for the purpose of, among other matters, providing further details regarding the Rights Issue and the transactions contemplated thereunder |
| “Company” | Enterprise Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares are listed on the main board of the Stock Exchange (Stock code: 1808) |
| “connected person” | has the meaning as ascribed thereto under the Listing Rules |
| “controlling shareholder” | has the meaning as ascribed thereto under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened and held on Thursday, 29 September 2016 (or any adjournment) for the Shareholders or (as the case may be) the Independent Shareholders to consider and, if thought fit, approve, among other things, the Rights Issue and the transactions contemplated thereunder |
| “Excess Application Form(s)” or “EAF(s)” | the form(s) of application for excess Rights Shares proposed to be issued to the Qualifying Shareholders in such form as may be agreed between the Company and the Underwriter |

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| “Excluded Shareholder(s)” | the Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is/are in (a) place(s) outside Hong Kong, where the Directors consider it necessary or expedient not to issue the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent board committee of the Board comprising all of the independent non-executive Directors, established for the purpose of advising and giving recommendation to the Independent Shareholders on the terms of the Rights Issue |
| “Independent Financial Adviser” or “Goldin” | Goldin Financial Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue |
| “Independent Shareholder(s)” | any Shareholder(s) who are not required by the Listing Rules to abstain from voting at the EGM |
| “Last Trading Day” | Friday, 12 August 2016, being the last trading day of the Shares on the Stock Exchange before the release of this announcement |
| “Latest Acceptance Date” | Thursday, 27 October 2016 or such other date as may be agreed between the Company and the Underwriter in writing and described as the latest date for acceptance of the Rights Shares as described in the Prospectus Documents |
| “Latest Time for Acceptance” | 4:00 p.m. on Thursday, 27 October 2016 or such other time or date as may be agreed between the Company and the Underwriter in writing, being the latest time for acceptance of the Rights Shares as described in the Prospectus Documents |

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| “Latest Time for Termination” | 4:00 p.m. on Friday, 28 October 2016, being the next Business Day following the Latest Time for Acceptance (or such other time or date as the Underwriter and the Company may agree in writing) |
| “Listing Rules” | the Rules Governing the Listing of Securities on Stock Exchange |
| “Overseas Shareholder(s)” | the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date |
| “PAL (s)” | the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter |
| “PRC” | the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Prospectus” | the prospectus expected to be issued by the Company relating to the Rights Issue and despatched to the Shareholders on the Prospectus Posting Date containing details of the Rights Issue in such form as may be agreed between the Company and the Underwriter |
| “Prospectus Documents” | the Prospectus, the PAL(s) and the EAF(s) |
| “Prospectus Posting Date” | Thursday, 13 October 2016 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders |
| “Qualifying Shareholder(s)” | Shareholder(s) whose name(s) appear on the register of the members of the Company at the close of business on the Record Date, other than the Excluded Shareholder(s) |
| “Record Date” | Wednesday, 12 October 2016 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue |
| “Registrar” | the branch share registrar and transfer office of the Company in Hong Kong, being Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong |

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| “Rights Issue” | the proposed issue of three (3) Rights Shares for every one (1) Share in issue and held on the Record Date at the Subscription Price to the Qualifying Shareholders on the terms and subject to the conditions to be set out in the Prospectus Documents |
| “Rights Share(s)” | Share(s) to be allotted and issued under the Rights Issue, being 1,253,774,946 Rights Shares proposed to be offered to the Qualifying Shareholders pursuant to the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | HK\$0.165 per Rights Share |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Underwriter” | China Rise Securities Asset Management Company Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO |
| “Underwriting Agreement” | the underwriting agreement dated 12 August 2016 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue |
| “Underwritten Shares” | 1,253,774,946 Rights Shares being underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement |

“Untaken Shares”

the Underwritten Shares for which duly completed PALs or EAFs (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before 4:00 p.m. on the Latest Acceptance Date

“%”

per cent.

On behalf of the Board
Enterprise Development Holdings Limited
Lam Kai Tai
Chairman

Hong Kong, 12 August 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lam Kai Tai (Chairman), Mr. Kwok Ho On Anthony, Mr. Wang Jun and Mr. Wong Ho Sing, and three independent non-executive Directors, namely Mr. Yau Yan Ming Raymond, Ms. Hu Gin Ing and Mr. Liu Kam Lung.