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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)**

## **SUPPLEMENTAL ANNOUNCEMENT RELATING TO CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE**

This announcement is made by Enterprise Development Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the prospectus of the Company dated 27 March 2023 relating to the proposed rights issue (the “**Rights Issue**”) on the basis of three (3) rights shares for every two (2) existing shares held on the record date (the “**Prospectus**”) and the announcement of the Company dated 20 December 2023 relating to the change in use of proceeds from the Rights Issue (the “**Announcement**”). Unless the context requires otherwise, capitalized terms used in this announcement shall have the same meaning as those defined in the Prospectus and the Announcement.

The Board provides herewith further information relating to the reasons leading to the change in use of proceeds from the Rights Issue.

With the rapid development of edge computing technology, cultural and creative industrial parks and tourist attractions are more actively embracing edge computing technology. By building an edge computing infrastructure and public service platform for cultural and creative enterprises, the Company provides high-speed, low-latency computing and storage services to support cultural and creative enterprises in innovative applications such as high-definition video, 3D design, VR/AR, etc., and relies on edge computing distributed storage and real-time analysis capabilities enable precise marketing and consumer analysis of cultural and creative products, expand trading platforms and channels for cultural and creative products, promote the deep integration of cultural and creative industries and edge computing, cultivate new business

formats, and empower cultural and creative industries.

Although the epidemic control in China has been relaxed in 2023, the overall economic situation is relatively severe due to the impact brought by the epidemic control earlier, especially in Fujian province, where the Company proposed to conduct edge computing projects initially. Several industrial parks and the companies in the parks are very cautious in investment and procurement, including the selection of edge computing services. After several times of communication and detailed assessment of the benefits, the Company has postponed the investment and construction in the industrial parks in Fujian province. The economic recovery after the epidemic in Fujian province is less than the national average. Currently, the Company is working with new partners to promote edge computing in industrial parks and community projects. The new partners are mainly concentrated in economically strong provinces and areas with strong GDP growth.

The Company has been working closely to finalise the terms of the contracts with potential clients of the Industrial Park Software Projects. The Company will actively conduct business in the Industrial Park, relying on the edge capabilities of the Industrial Park to empower enterprises in the Industrial Park.

There is a strong demand for edge computing in cultural and creative Industrial parks and tourist attractions, and there are many companies providing edge computing services. In order to accelerate the capture of the Mainland market, the Company is considering to switch from a self-operated and self-built model to a joint venture, co-construction and co-operation model after careful evaluation and decision-making. The Company believes that by leveraging the advantages of its own products and technologies, and relies on the advantages of business partners' resources to quickly occupy the rapidly developing cultural tourism park scenic market, which will be in the best interests of the Company and its shareholders as a whole.

Given that the proceeds allocated for the general working capital of the Company was fully utilized, the Board considered that it is necessary to change the use of proceeds to allocate HK\$30 million originally reserved for the general working of the Group in the Industrial Park Software Projects to meet the general working requirement of the Group in the next 12 months up to 31 December 2024. It is expected that the general working requirement of the Group for each month is approximately HK\$2.5 million.

The bank and cash balance of about RMB60 million (after deducting the proceeds raised from the Rights Issue) are mostly kept in banks in the PRC. Due to the business operations needs in the PRC and the foreign exchange restriction in the PRC, it is difficult to transfer the money from the PRC to Hong Kong. The reasons for change the use of proceeds of HK\$30 million to general working capital of the Group are as follows:

1. The increase in monthly operating expenses in Hong Kong office due to the increase in staff number resulted in increase in staff cost and the increase in the travelling expenses for business trip because of the uplifting of the travel restrictions;

2. The increase in monthly operating expenses in the PRC due to the localization transformation in software business which required more engineers;
3. For localization transformation in software business, it requires relatively large funds for trade prepayments to some suppliers to obtain discounts or achieve the purchase transaction;
4. Due to the increase in revenue in 2023, the demand of fund for the payments to suppliers is expected relatively larger; and
5. The settlement period of some trade receivables is relatively longer than previous customers, especially for the new customers of localization software business section.

The Board considered that the Industrial Park Software Projects will be financed by the Unutilised Net Proceeds of HK\$68.245 million and the revenue generated from its operations.

In this regard, the Board is of the view that the change in use of proceeds was beneficial and in the best interest of the Company.

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

Hong Kong, 20 February 2024

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yu Hui (chief executive officer), Ms. Li Zhuoyang and Mr. Liu Yang, and three independent non-executive Directors, namely Mr. Cai Jinliang, Mr. Chin Hon Siang and Mr. Chen Kwok Wang.*