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APPLIED DEVELOPMENT HOLDINGS LIMITED

實力建業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

DISCLOSEABLE TRANSACTION

PARTIAL REPAYMENT AND EXTENSION OF LOAN AGREEMENTS

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On 11 November 2020, the Company agreed, subject to the Borrower's partial repayment of the outstanding principal amount under the Original Loan Agreement I in the sum of HK\$10,000,000, to extend the maturity date under the Original Loan Agreement I and the Original Loan Agreement II to 15 July 2021.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Extension of Loans to the Borrower exceeds 5% but less than 25%, therefore, the Extension of Loans constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement thereunder.

BACKGROUND

Pursuant to the Original Loan Agreement I, the Company advanced a loan in the principal amount of HK\$62,000,000 bearing interest at a rate of 4% per annum to the Borrower for a period of 12 months from 1 May 2018. As at 31 October 2020, the outstanding principal amount of Loan I is HK\$39,437,500 and the outstanding interest owing to the Company in respect of Loan I is HK\$108,048.

Pursuant to the Original Loan Agreement II, the Company advanced a loan in the principal amount of HK\$8,350,000 bearing interest at a rate of 4% per annum to the Borrower for a period of 9 months from 27 June 2019. As at 31 October 2020, the outstanding principal amount of Loan II is HK\$8,350,000 and the outstanding interest owing to the Company in respect of Loan II is HK\$213,170.

On 11 November 2020, the Company agreed, subject to the Borrower's partial repayment of the outstanding principal amount under the Original Loan Agreement I in the sum of HK\$10,000,000, to extend the maturity date under the Original Loan Agreement I and the Original Loan Agreement II to 15 July 2021.

THE LOANS

The principal terms of the Original Loan Agreement I and Original Loan Agreement II (each taking into account the Extension of Loans) are summarised as follows:

Date of the Original Loan Agreement I	:	25 April 2018
Date of the Original Loan Agreement II	:	27 June 2019
Date of the Extension of Loans	:	11 November 2020
Lender	:	the Company
Borrower	:	the Borrower

The outstanding principal : HK\$29,437,500 (taking into account the partial repayment of amount of Loan I HK\$10,000,000 by the Borrower)

The outstanding principal : HK\$8,350,000
amount of Loan II

Maturity date of Loan I : 15 July 2021
and Loan II

Interest rate of Loan I : 4% per annum
and Loan II

Security : Loan II is secured by the Guarantee

INFORMATION OF THE GROUP AND THE BORROWER

The Group is principally engaged in (i) resort and property development; (ii) property investment; and (iii) investment holding.

The Borrower is a limited liability company incorporated in Hong Kong and a licensed money lender in Hong Kong under the Money Lenders Ordinance. Based on publicly available information, the Borrower is owned by Ms. Ng Cheuk Nam, Ms. Cheng Yee Fong and Ms. Lee Lap Kuen (who is the spouse of a former Director, holding 20% shareholdings in the Borrower).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and save as disclosed, the Borrower and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS FOR EXTENSION OF LOANS

The Directors made impairment loss on the loans and interest receivables in respect of the Loans for the year ended 30 June 2020 taking into account that the Loans remained outstanding. Almost 100% bad debt provision was provided. And detail of the impairment loss on loans and interest receivables has been disclosed in the annual report of the Company for the year ended 30 June 2020. By virtue of the Extension of Loans, the Company expects that recovery of HK\$10,000,000 bad debt provision will be recorded in the upcoming financial statements of the Group as the Group has accepted the partial repayment of HK\$10,000,000 from the Borrower. The Company expects further recovery of bad debt provisions will be made if the Borrower continues to repay the interest and/or principals of the Loans in the future. The actual amount of bad debt provision recovered as a result of the Extension of Loans and the transactions contemplated thereunder to be recorded by the Company in the audited financial statements of the Group will be subject to, among other things, the repayment status of the Loans, review and final audit by the auditors of the Company and valuation conducted by independent valuers and therefore may be different from the amount mentioned above.

Upon the Extension of Loans, the Borrower will partially repay, and the Company will receive, the principal amount of Loan I in the sum of HK\$10,000,000. Further, the extension of the maturity date will provide interest income to the Company. Therefore, the Directors are of the view that the Extension of Loans is entered into on normal commercial terms and the terms of the Extension of Loans are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Extension of Loans to the Borrower exceeds 5% but less than 25%, therefore, the Extension of Loans constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement thereunder.

DEFINITIONS

“Board”	the board of Directors
“Borrower”	On Tai International Credit Limited, a limited liability company incorporated in Hong Kong and a licensed money lender in Hong Kong under the Money Lenders Ordinance
“Company”	Applied Development Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 519)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension of Loans”	the extension of the maturity date in respect of the Loans
“Group”	the Company and its subsidiaries
“Guarantee”	the personal guarantee executed by Mr. Ji Chang Qun in favour of the Lender in respect of all liabilities and obligations of the Borrower due and payable to the Lender under the Original Loan Agreement II

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a third party independent of the Company and its connected persons and are not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan I”	the loan in the principal amount of HK\$62,000,000 advanced by the Company to the Borrower under the Original Loan Agreement I
“Loan II”	the loan in the principal amount of HK\$8,350,000 advanced by the Company to the Borrower under the Original Loan Agreement II
“Loans”	collectively, Loan I and Loan II
“Money Lenders Ordinance”	the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Original Loan Agreement I”	the loan agreement dated 25 April 2018 entered into between the Company as lender and the Borrower as borrower in respect of Loan I
“Original Loan Agreement II”	the loan agreement dated 27 June 2019 entered into between the Company as lender and the Borrower as borrower in respect of Loan II
“PRC”	The People’s Republic of China
“Share(s)”	the ordinary share(s) of the Company

“Shareholder(s)”	the holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Applied Development Holdings Limited
Wu Zhanming
Chairman, Acting Chief Executive Officer and Executive Director

Hong Kong, 11 November 2020

As at the date of this announcement, the Executive Director is Mr. Wu Zhanming (Chairman and Acting Chief Executive Officer); the Non-executive Directors are Mr. Wu Tao and Mr. Yao Wei Rong and the Independent Non-executive Directors are Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin.

In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text thereof.

* *For identification purposes only*