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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 FURTHER EXTENSION OF LOAN AGREEMENTS**

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On 8 September 2021, 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\$7,000,000, to further extend the maturity date under the Original Loan Agreement I and the Original Loan Agreement II.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Second Extension of Loans exceeds 5% but less than 25%, therefore, the Second 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

Reference is made to the announcements (the “**Announcements**”) of the Company dated 11 November 2020 and 3 December 2020 in relation to, among other things, the partial repayment of HK10,000,000 by the Borrower towards the outstanding principal under the Loan I (the “**First Partial Repayment**”) and the extension of the maturity date in respect of the Loans to 15 July 2021 (the “**First Extension of Loans**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meaning ascribed to them in the Announcements.

As disclosed in the Announcements, 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, the maturity date of which was extended to 15 July 2021 by virtue of the First Extension of Loans. As at 31 August 2021, the outstanding principal amount of Loan I is HK\$29,394,194 and the outstanding interest owing to the Company in respect of Loan I is HK\$97,980.

As disclosed in the Announcements, 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, the maturity date of which was extended to 15 July 2021 by virtue of the First Extension of Loans. As at 31 August 2021, 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\$491,351.

On 8 September 2021, the Company and the Borrower enter into the second extension agreement (the “**Second Extension of Loans**”), pursuant to which 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\$7,000,000 (the “**Second Partial Repayment**”), to further extend the maturity date under the Original Loan Agreement I and the Original Loan Agreement II.

## THE SECOND EXTENSION OF LOANS

The principal terms of the Second Extension of Loans are summarised as follows:

Date of the Second Extension of Loans	: 8 September 2021
Lender	: the Company
Borrower	: the Borrower
Second Partial Repayment	: the Borrower partially repaid the outstanding principal amount under the Original Loan Agreement I in the sum of HK\$7,000,000 upon the signing of the Second Extension of Loans
Outstanding principal amount of Loan I as at the date of this announcement	: HK\$22,394,194 (taking into account the Second Partial Repayment of HK\$7,000,000 by the Borrower)
Outstanding principal amount of Loan II as at the date of this announcement	: HK\$8,350,000
Extension of maturity date of Loan I and Loan II	: The Borrower shall repay the outstanding principals and interests payables of Loan I and Loan II in the following manner:  (i) HK\$3,000,000 on or before 31 January 2022; and  (ii) the remaining balance of the outstanding principal amounts of Loan I and Loan II together with all interests payable on or before 30 September 2022
Interest rate of Loan I and Loan II	: 4% per annum
Security	: Loan II is secured by the Guarantee

## **GENERAL INFORMATION**

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, each of the Borrower, its ultimate beneficial owners and the Guarantor are Independent Third Parties of the Company as at the date of this announcement. Further, the Borrower confirms that the Guarantor has not been, and currently is not the director or shareholder of the Borrower and not a relative of the ultimate beneficial owners of the Borrower.

## **REASONS FOR AND BENEFITS FOR THE SECOND EXTENSION OF LOANS**

As disclosed in the Announcements, the Company made an impairment loss on the loans and interest receivables in respect of the Loans for the year ended 30 June 2020, and taking into account that the Loans remained outstanding by then, almost 100% bad debt provision was provided, details of which were disclosed in the annual report of the Company for the year ended 30 June 2020 published on 27 October 2020. By virtue of the First Partial Repayment, the Company recorded a reversal of HK\$10,000,000 of such impairment loss for the six months ended 31 December 2020, details of which were disclosed in the interim report of the Company for the six months ended 31 December 2020 published on 19 March 2021. The Director expects that a further reversal of HK\$7,000,000 of the said impairment loss will be recorded in the financial statements of the Group for the year ended 30 June 2021 by virtue of the Second Partial Repayment. The Company expects further reversals of the said impairment loss will be made if the Borrower continues to repay the interest and/or principals of the Loans in the future. The actual amount of impairment loss reversal as a result of the Second Extension of Loans and the transactions contemplated thereunder to be recorded by the Company in the audited financial statements of the Group for the year ended 30 June 2021 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 Second Extension of Loans, the Borrower partially repaid, and the Company received, the principal amount of Loan I in the sum of HK\$7,000,000. Further, the further extension of the maturity date of the Loans will provide interest income to the Company. Therefore, the Directors are of the view that the Second Extension of Loans is entered into on normal commercial terms and the terms of the Second 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 Second Extension of Loans exceeds 5% but less than 25%, therefore, the Second 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.

By Order of the Board

**Applied Development Holdings Limited**

**Wu Zhanming**

*Chairman, Acting Chief Executive Officer and Executive Director*

Hong Kong, 8 September 2021

*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*