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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)

**INSIDE INFORMATION ANNOUNCEMENT
IN RELATION TO LITIGATION**

This announcement is made by Applied Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Wuxi Shengye Haigang Joint Stock Company Limited* (無錫盛業海港股份有限公司) (“**Wuxi Shengye**”), a wholly owned subsidiary of the Company, recently received a writ issued by the People’s Court of Huishan District of Wuxi* (無錫市惠山區人民法院) (the “**Court**”) regarding a civil litigation (the “**Litigation**”) initiated by the plaintiff, Mr. Su Keru (the “**Plaintiff**”) against Wuxi Shengye as the defendant.

BACKGROUND OF THE LITIGATION

In the statement of claim, the Plaintiff alleged that, among others: (i) on 12 November 2013, the Plaintiff, through Jiangsu Nantong Liu Jian Construction Group Company Limited* (江蘇南通六建建設集團有限公司) entered into a general contractor agreement with Wuxi Shengye for the construction project of the commercial complex at Liutan station of the Wuxi Metro line 1 (the “**Project**”) which was developed by Wuxi Shengye and the Plaintiff undertook the Project as the general constructor; (ii) the Project was completed and the parties have entered into a supplemental agreement on 28 March 2023 (the “**Supplemental Agreement**”) regarding the acceptance of the Project, settlement audit and payment of construction fees; (iii) Wuxi Shengye failed to complete the settlement audit of the Project and failed to pay the quality guarantee deposit and the outstanding construction fee in accordance with the Supplemental Agreement.

The Plaintiff is now seeking from the Court for ordering that (i) Wuxi Shengye to pay the quality guarantee deposit of RMB6,952,000 and the corresponding interest; (ii) Wuxi Shengye to pay the outstanding construction fee of RMB51,425,240.6 (the “**Alleged Outstanding Fees**”) and the corresponding interest; and (iii) Wuxi Shengye to bear the costs of the Litigation. Further, the Court issued a civil order for a seizure of property of Wuxi Shengye with the amount of RMB69,000,000 or freezing bank deposits with equivalent value as property preservation measures.

ACTIONS TAKEN/TO BE TAKEN BY THE GROUP

The Group denies the allegations of the Plaintiff. It is understood that Wuxi Shengye has arranged and provided for the final settlement audit regarding the construction fees of the Project (the “**Settlement Audit**”). However, the Plaintiff did not agree with the results of the Settlement Audit without providing valid grounds and supporting for the Alleged Outstanding Fees. As a result, Wuxi Shengye is unable to proceed with the payment of outstanding construction fees to the Plaintiff. The Group has engaged a PRC legal adviser to handle the Litigation and will take proactive actions to protect its legitimate interest.

The Group has already recorded sufficient accruals and liabilities with respect of the outstanding construction fees for the Project, which is based on the results of the Settlement Audit in its unaudited condensed consolidated financial statements for the six months ended 31 December 2023.

Based on the current assessment, save as disclosed, the Litigation has no material impact on the overall business, operations or financial conditions of the Group. The Company will make further announcement(s) regarding any material developments of the Litigation as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Applied Development Holdings Limited
Wu Zhanming

Chairman, Acting Chief Executive Officer and Executive Director

Hong Kong, 11 March 2024

As at the date of this announcement, the executive Directors are Mr. Wu Zhanming (Chairman and Acting Chief Executive Officer) and Mr. Wu Tao; and the independent non-executive Directors are Mr. Yu Tat Chi, Michael, Mr. Zhu Xinhui and Dr. Chan Kin Keung Eugene SBS, BBS, JP.

** For identification purposes only*

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