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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)

PROFIT WARNING

This announcement is made by Applied Development Holdings Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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).

Based on the information currently available to the directors of the Company (the “**Directors**”), the Board of Directors (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group may record a loss of approximately HK\$256 million for the year ended 30 June 2020, as compared to the loss of approximately HK\$78 million for the year 30 June 2019.

The Board considered that the change was mainly attributable to, among others, the following factors:

- (i) a decrease in the fair value of the Group’s investment properties from a net fair value gain of approximately HK\$45 million in the financial year ended 30 June 2019 to a net fair value loss of approximately HK\$75 million in the financial year ended 30 June 2020;

- (ii) an increase in impairment loss on loan receivables from approximately HK\$5 million in the financial year ended 30 June 2019 to approximately HK\$59 million in the financial year ended 30 June 2020;
- (iii) an increase in a net decrease in fair value of financial assets at fair value through profit or loss from approximately HK\$19 million in the financial year ended 30 June 2019 to approximately HK\$50 million in the financial year ended 30 June 2020;
- (iv) an increase in a net loss on disposal of financial assets at fair value through profit or loss from approximately HK\$11 million in the financial year ended 30 June 2019 to approximately HK\$40 million in the financial year ended 30 June 2020; and
- (v) a decrease in write-down of properties under development from approximately HK\$66 million in the financial year ended 30 June 2019 to approximately HK\$10 million in the financial year ended 30 June 2020.

The Board wishes to emphasize that the above-mentioned factors items (i), (ii), (iii) and (v) are non-cash in nature.

The information contained in this announcement is only a preliminary assessment by the Board according to the unaudited management accounts of the Group for the financial year ended 30 June 2020 as well as operational data available which have not been reviewed and audited by the Company's auditor and therefore may subject to amendments and valuation adjustments. The final results of the Group for the financial year ended 30 June 2020 may be different from the information disclosed in this announcement. The announcement of the final results of the Group for the financial year ended 30 June 2020 is expected to be released in late September 2020.

Shareholders and potential investors should 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 September 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.

* *For identification purposes only*