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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 ALERT – REDUCTION IN LOSS

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 board of directors of the Company (the “**Board**”), 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\$26 million for the six months ended 31 December 2022, representing a reduction in loss as compared to the loss of approximately HK\$40 million for the six months ended 31 December 2021.

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

- (i) an increase in revenue and gross profit from the Group’s resort and property development segment, which was because the properties were delivered to customers in bulk for the six months ended 31 December 2022 but no bulk delivery was arranged for the six months ended 31 December 2021. Thus the overall gross profit of the Group increased from approximately HK\$4 million for the six months ended 31 December 2021 to approximately HK\$16 million for the six months ended 31 December 2022;

- (ii) an increase in reversal of impairment loss on loans and interest receivables from approximately HK\$2 million for the six months ended 31 December 2021 to approximately HK\$8 million for the six months ended 31 December 2022 due to the repayment received from the debtor;
- (iii) a decrease in fair value loss of financial assets at fair value through profit or loss from approximately HK\$13 million for the six months ended 31 December 2021 to approximately HK\$9 million for the six months ended 31 December 2022; and
- (iv) an increase in the fair value loss of the Group's investment properties from approximately HK\$16 million for the six months ended 31 December 2021 to approximately HK\$27 million for the six months ended 31 December 2022.

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

The information contained in this announcement is only a preliminary assessment by the Board with reference to the unaudited management accounts of the Group for the six months ended 31 December 2022 as well as operational data currently available to the Board and therefore may subject to amendments and valuation adjustments. The interim results of the Group for the six months ended 31 December 2022 may be different from the information disclosed in this announcement. Shareholders and potential investors are advised to refer to details in the announcement of the interim results of the Group for the six months ended 31 December 2022 which is expected to be released in late February 2023.

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, 20 February 2023

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. Chiu Kit Man, Calvin and Mr. Zhu Xinhui.

* *For identification purposes only*

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