

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 DISPOSAL OF SHARES IN REDSUN PROPERTIES

DISPOSAL OF SHARES IN REDSUN PROPERTIES

Reference is made to (i) the announcement of the Company dated 28 June 2018 in relation to the subscription of the Redsun Properties Shares by Dragon Bell; (ii) the announcement of the Company dated 26 July 2019 in relation to the disposal of 18,500,000 Redsun Properties Shares by Dragon Bell; (iii) the announcement and the circular of the Company dated 15 August 2019 and 9 September 2019, respectively, in relation to the disposal of 37,000,000 Redsun Properties Shares by Dragon Bell; (iv) the announcement of the Company dated 10 October 2019 in relation to the completion of the disposal of 37,000,000 Redsun Properties Shares by Dragon Bell; (v) the announcement of the Company dated 8 January 2020 in relation to the disposal of 13,000,000 Redsun Properties Shares by Dragon Bell; and (vi) the announcement of the Company dated 4 March 2020 in relation to the disposal of 30,000,000 Redsun Properties Shares by Dragon Bell.

The Board announces that on 11 March 2020, Dragon Bell sold 6,000,000 and 14,000,000 Sale Shares to Fortune Elite and Success Holdings, respectively at the price of HK\$2.30 per Sale Share for an aggregate gross sale proceeds of HK\$46,000,000 (exclusive of transaction costs).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposals exceeds 5% but is less than 25%, the Disposals, in aggregate, constitute a discloseable transaction of the Company under the Listing Rules and will be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Disposals, when aggregated with the Prior Disposals pursuant to Rule 14.22 of the Listing Rules, would be a major transaction of the Company under the Listing Rules. As the Company has complied with the major transaction requirements in respect of the Prior Disposals, the Company is not required to reclassify the Disposals by aggregating them with the Prior Disposals.

Reference is made to (i) the announcement of the Company dated 28 June 2018 in relation to the subscription of the Redsun Properties Shares by Dragon Bell; (ii) the announcement of the Company dated 26 July 2019 in relation to the disposal of 18,500,000 Redsun Properties Shares by Dragon Bell; (iii) the announcement and the circular of the Company dated 15 August 2019 and 9 September 2019, respectively, in relation to the disposal of 37,000,000 Redsun Properties Shares by Dragon Bell; (iv) the announcement of the Company dated 10 October 2019 in relation to the completion of the disposal of 37,000,000 Redsun Properties Shares by Dragon Bell; (v) the announcement of the Company dated 8 January 2020 in relation to the disposal of 13,000,000 Redsun Properties Shares by Dragon Bell; and (vi) the announcement of the Company dated 4 March 2020 in relation to the disposal of 30,000,000 Redsun Properties Shares by Dragon Bell.

THE DISPOSALS

The Board announces that on 11 March 2020, Dragon Bell sold 6,000,000 and 14,000,000 Sale Shares to Fortune Elite and Success Holdings, respectively at the price of HK\$2.30 per Sale Share for an aggregate gross sale proceeds of HK\$46,000,000 (exclusive of transaction costs).

Assets to be disposed of:

The Sale Shares, comprising an aggregate of 20,000,000 Redsun Properties Shares, represent approximately 0.60% of the total issued share capital of Redsun Properties (based on the total issued shares of 3,320,000,000 as at 29 February 2020 as disclosed in the monthly return of Redsun Properties dated 4 March 2020).

Dragon Bell subscribed for 131,578,000 Redsun Properties Shares at the total subscription price of HK\$299,997,840 or HK\$2.28 per Redsun Properties Share on 12 July 2018. Dragon Bell subsequently disposed of 18,500,000, 37,000,000, 13,000,000 and 30,000,000 Redsun Properties Shares on 26 July 2019, 10 October 2019, 8 January 2020 and 4 March 2020, respectively.

Immediately prior to the Disposals, the Group held 33,078,000 Redsun Properties Shares, representing approximately 1.0% of the total issued share capital of Redsun Properties. Following the Disposals, the Group holds 13,078,000 Redsun Properties Shares, representing approximately 0.39% of the total issued share capital of Redsun Properties.

Consideration:

The aggregate gross sale proceeds of the Disposals is HK\$46,000,000 (exclusive of transaction costs), which is receivable in cash on settlement. The consideration was determined after arm’s length negotiations between the Company and Fortune Elite and Success Holdings, respectively with reference to the prevailing market price of the Sale Shares and the recent market condition.

INFORMATION OF REDSUN PROPERTIES

Redsun Properties, together with its subsidiaries, are a property developer in Jiangsu Province, China, focusing on the development of residential properties and the development, operation and management of commercial and comprehensive properties.

The following financial information is extracted from the 2019 interim report of Redsun Properties:

| | For the six months ended 30 June | |
|-----------------------|---|----------------|
| | 2018 | 2019 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Revenue | 3,863,754 | 3,907,501 |
| Profit before tax | 1,020,686 | 1,043,203 |
| Profit for the period | 628,690 | 724,533 |

| | As at 31 December 2018 | As at 30 June 2019 |
|--------------|---------------------------------------|-----------------------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Audited) | (Unaudited) |
| Total assets | 67,922,064 | 86,461,344 |
| Net assets | 13,849,745 | 15,055,076 |

INFORMATION ON PARTIES

Dragon Bell

Dragon Bell is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

Fortune Elite

Fortune Elite is an investment holding company incorporated in British Virgin Islands with limited liability. Mr. Huang Chih Chien is the ultimate beneficial owner of Fortune Elite.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Fortune Elite and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

Success Holdings

Success Holdings is a private company incorporated in British Virgin Islands with limited liability. It is principally engaged in investment holding. Mr. Huang Chih Shen is the ultimate beneficial owner of Success Holdings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Success Holdings and its ultimate beneficial owner are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is principally engaged in resort and property development, property investment and investment holding. The purpose of the Disposals is to allow the Group to partially realize the investment in the Redsun Properties Shares.

It is intended that the proceeds of HK\$46 million from the Disposals will be used as the operating capital and/or applied for other future investment opportunities of the Group.

The Group had been entitled to approximately HK\$2.14 million dividend income from Redsun Properties with respect to the Sale Shares during the period from the date of subscription of the Sale Shares to the date of this announcement. The Company recognised the Sale Shares as financial assets and carrying at its fair value. Based on the financial information of the Group, the fair value of each Sale Share as at 30 June 2019 is HK\$2.67. It is estimated that the Group will record a loss on the Disposals of approximately HK\$7.4 million, which is calculated with reference to the gross proceeds of the Disposals less the fair value of the Sale Shares as at 30 June 2019. The exact amount of the loss on the Disposals to be recorded in the consolidated financial statements of the Group for the year ending 30 June 2020 is subject to audit. The historical subscription cost of each Sale Share is HK\$2.28.

Considering the historical subscription costs of the Sale Shares and the recent market conditions, the Directors are of the view that the Disposals were on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposals exceeds 5% but is less than 25%, the Disposals, in aggregate, will constitute a discloseable transaction of the Company under the Listing Rules and will be subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Disposals, when aggregated with the Prior Disposals pursuant to Rule 14.22 of the Listing Rules, would be a major transaction of the Company under the Listing Rules. As the Company has complied with the major transaction requirements in respect of the Prior Disposals, the Company is not required to reclassify the Disposals by aggregating them with the Prior Disposals.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

| | |
|---------------------------|--|
| “Board” | the board of Directors; |
| “Company” | Applied Development Holdings Limited 實力建業集團有限公司*, a company incorporated under the laws of Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 519); |
| “Director(s)” | the director(s) of the Company; |
| “Disposals” | the disposals of an aggregate of 20,000,000 Redsun Properties Shares by the Company; |
| “Dragon Bell” | Dragon Bell Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company; |
| “Fortune Elite” | Fortune Elite Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and one of the purchasers of the Sale Shares; |
| “Group” | the Company and its subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Independent Third Party” | 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; |
| “Prior Disposals” | the disposals of 18,500,000, 37,000,000, 13,000,000 and 30,000,000 Redsun Properties Shares by Dragon Bell on 26 July 2019, 10 October 2019, 8 January 2020 and 4 March 2020, respectively; |

| | |
|------------------------------|---|
| “Redsun Properties” | Redsun Properties Group Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1996); |
| “Redsun Properties Share(s)” | the shares in the share capital of Redsun Properties with a nominal value of HK\$0.01each; |
| “RMB” | Renminbi, the lawful currency of the People’s Republic of China; |
| “Sale Shares” | an aggregate of 20,000,000 of Redsun Properties Shares sold by Dragon Bell to Fortune Elite and Success Holdings; |
| “Shareholder” | shareholders of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Success Holdings” | Success Up Holdings Limited, a company incorporated in British Virgin Islands with limited liability and one of the purchasers of the Sale Shares; |
| “%” | Per cent. |

By Order of the Board
Applied Development Holdings Limited
Wu Zhanming
Chairman and Executive Director

Hong Kong, 11 March 2020

As at the date of this announcement, the Executive Directors are Mr. Wu Zhanming (Chairman) and Mr. Yuen Chi Ping (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*

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