

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities, or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities. This announcement is not an offer of securities for sale in the United States of America (the “United States”) or elsewhere.

This announcement does not constitute or form a part of any offer to sell or a solicitation of any offer to buy securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia). Neither this announcement nor any copy hereof may be taken into or distributed, directly or indirectly, in or into the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws of the United States, and may not be offered or sold within the United States absent registration under the Securities Act or except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Applied Development Holdings Limited will not engage in a public offering of securities in the United States and does not intend to register any of its securities under the Securities Act.



APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

**PROPOSED RIGHTS ISSUE OF 579,886,913 RIGHTS SHARES
OF HK\$0.01 EACH AT HK\$0.139 PER RIGHTS SHARE
ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO SHARES
HELD ON THE RECORD DATE**

Underwriter of the Rights Issue

 **結好證券有限公司**
GET NICE SECURITIES LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$80.6 million (before expenses) by way of the rights issue of 579,886,913 Rights Shares at a subscription price of HK\$0.139 per Rights Share on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date. The estimated net proceeds of the Rights Issue will be approximately HK\$77 million. The Company intends to apply the net proceeds from the Rights Issue (i) as to approximately HK\$15 million for the payment of pre-development costs of existing overseas projects including overseas property tax; and (ii) as to approximately HK\$22 million for opportunistic investment by the Group in properties and/or other businesses that operate within the same business segments of the Group, although no suitable targets have been identified as the date of this announcement. The balance of the net proceeds of approximately HK\$40 million is earmarked as general working capital of the Group. The Rights Issue will not be available to the Non-Qualifying Shareholders.

After trading hours, on 3 July 2014, the Company and the Underwriter entered into the Underwriting Agreement. The Rights Issue is fully underwritten by the Underwriter. The Rights Issue is conditional upon, inter alia, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions. Further details of the underwriting arrangements are set out in the paragraph headed “Underwriting Agreement dated 3 July 2014”. If the conditions are not fulfilled (or waived, where applicable) or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

As the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to approval of the Shareholders.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date. In order for their owners to be registered as members on the Record Date, any transfers of the Shares (with the relevant share certificates) must be lodged for registration by 4:30 p.m. on Monday, 21 July 2014.

As at the date of this announcement, Mr. Hung is interested in 567,140,584 Shares representing approximately 48.90% of the issued share capital of the Company of which he is the beneficial owner of 492,117,701 Shares, 44,362,883 Shares are held by Malcolm Trading and 30,660,000 Shares are held by Jaytime. Mr. Hung, Malcolm Trading and Jaytime have signed an Undertaking in favour of the Company and the Underwriter pursuant to which they have conditionally undertaken, inter alia, that the Shares in which they are interested on the date of the Undertaking will remain registered in their names or that they will remain beneficial owners of such Shares at the close of business on the Record Date and that the Rights Shares to be provisionally allotted to them in respect of those Shares (representing 283,570,291 Rights Shares) will be taken up and paid for in full by them.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company’s legal advisers in the relevant jurisdictions, the Prospectus (without the PAL and EAF) will be despatched to the Non-Qualifying Shareholders for their information only.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is conditional, inter alia, upon the fulfillment or waiver (as applicable) of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Any Shareholder or other person contemplating any dealings in the Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

1. PROPOSED RIGHTS ISSUE

Issue statistics

| | | |
|--|---|--|
| Basis of the Rights Issue | : | One (1) Rights Share for every two (2) Shares held on the Record Date |
| Number of Shares in issue as at the date of this announcement | : | 1,159,773,826 Shares |
| Number of Rights Shares | : | 579,886,913 Rights Shares (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) with an aggregate nominal value of HK\$5,798,869.13 |
| Subscription price per Rights Share | : | HK\$0.139 |
| Underwriter | : | Get Nice Securities Limited |
| Enlarged issued share capital of the Company upon completion of the Rights Issue | : | 1,739,660,739 Shares |
| Fund raised before expenses | : | Approximately HK\$80.6 million |

Note: As at the date of this announcement, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares. Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 579,886,913 Rights Shares represent 50% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Rights Shares.

Subscription Price

The subscription price for the Rights Shares is HK\$0.139 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for Rights Shares or, where applicable, on application for excess Rights Shares under the Rights Issue. Such Subscription Price represents:

- (i) a discount of approximately 67.3% to the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 64.2% to the average closing price of approximately HK\$0.388 per Share for the five consecutive trading days ended on the Last Trading Day;
- (iii) a discount of approximately 63.0% to the average closing price of approximately HK\$0.3755 per Share for the ten consecutive trading days ended on the Last Trading Day; and
- (iv) a discount of approximately 57.9% to the theoretical ex-rights price of approximately HK\$0.330 per Share based on the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on the Last Trading Day.

Based on the Subscription Price of HK\$0.139 and assuming no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Rights Issue, the gross proceeds to be raised by the Company from the Rights Issue will amount to approximately HK\$80.6 million.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares and recent market conditions.

The Directors note the discounts set out above. However, the Directors consider that the discounts as indicated above would encourage existing Shareholders to take up their entitlements so that they can maintain their interests and participate in the growth of the Group, and taking into consideration the benefits of the Rights Issue as discussed below in the paragraph headed "Reasons for the Rights Issue and the use of proceeds", the Directors consider the terms of the Rights Issue, including the Subscription Price, and the underwriting commission, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

One (1) Rights Share for every two (2) Shares held at the close of business on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being accepted with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before the Acceptance Date.

Status of the Rights Shares

The Rights Shares, when allotted and fully-paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares. No odd lot matching services will be provided.

Fractions of Rights Shares

Fractional entitlements, if any, to Rights Shares will not be issued but will be aggregated and sold, if a premium (net of expenses) can be obtained, for the benefit of the Company. Any unsold Rights Shares arising out of the aggregation of fractions of Rights Shares will be available for excess application on EAFs by Qualifying Shareholders.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment (or waiver, where applicable) of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto on or before Friday, 15 August 2014, by ordinary post at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Friday, 15 August 2014 by ordinary post to the applicants at their own risk.

Qualifying Shareholders

To qualify for the Rights Issue, investors must be registered as a member of the Company at the close of business on the Record Date and be Qualifying Shareholders.

In order to be registered as a member of the Company at the close of business on the Record Date, owners must lodge any transfers of Shares (together with the relevant share certificates) with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 21 July 2014.

The Company will send the Prospectus Documents to the Qualifying Shareholders.

Non-Qualifying Shareholders

The Prospectus will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong. If there are any Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong as at the Record Date, the Company will exclude such Overseas Shareholders from the Rights Issue if, based on advice provided by appropriate legal advisers, the Directors consider that such exclusion is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or requirements of the relevant regulatory body or stock exchange in that place, pursuant to Rule 13.36(2) of the Listing Rules. As the Rights Shares will not be offered to such Non-Qualifying Shareholders, the Company will send the Prospectus only (without any PAL and EAF) to the Non-Qualifying Shareholders for their information only. As at the date of this announcement, the Company had Shareholders whose registered addresses are in Canada, the United Kingdom, the United States of America, Macau Special Administrative Region of the People's Republic of China, Singapore, New Zealand, Australia, Indonesia, France, Philippines and Spain.

The Company will make arrangements for Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealing in the nil-paid Rights Shares commences and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid to the Non-Qualifying Shareholders in Hong Kong dollars pro rata to their respective shareholding as soon as possible, provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit. Any unsold entitlements of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 22 July 2014 to Thursday, 24 July 2014 (both dates inclusive) for determination of entitlements to the Rights Issue. No transfers of Shares will be registered during this period.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders, for any Rights Shares provisionally allotted but not accepted and for any unsold Rights Shares arising out of the aggregation of fractional entitlements.

Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis, according to the principle that any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the number of excess Rights Shares applied for by them in full. No preference will be given to topping up odd lots to whole board lots.

Investors with their Shares held by a nominee should note that the nominee is a single Shareholder for the purposes of the Rights Issue. Accordingly, investors whose Shares are registered in the names of nominees should note that the aforesaid arrangements in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for completion of the relevant registration by 4:30 p.m. on Monday, 21 July 2014.

The latest time for acceptance of Rights Shares is 4:00 p.m. on Friday, 8 August 2014, or such later date or time as may be agreed between the Company and the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal on the Stock Exchange in the Rights Shares, in both their nil-paid and fully-paid forms. It is expected that dealings in the Rights Shares in their nil paid form will take place between Tuesday, 29 July 2014 and Tuesday, 5 August 2014, both days inclusive.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000 Shares.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled or waived (as appropriate):

1. the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong on or prior to the Posting Date of the Prospectus Documents and all other documents required by law to be filed or delivered for registration;
2. the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
3. compliance by the Company with certain obligations under the Underwriting Agreement;
4. the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;
5. the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days (other than any suspension pending clearance of this announcement) and no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
6. the Underwriting Agreement not having been terminated in accordance with the terms thereof; and
7. delivery by the Company to the Underwriter of the Undertaking duly executed in favour of the Company and the Underwriter.

In the event that the conditions 1 to 3 have not been satisfied and/or (in the case of Condition 3 only) waived in whole or in part by the Underwriter on or before the Posting Date or in the event that the conditions 4 and 5 have not been satisfied and/or waived in whole or in part by the Underwriter on or before 4.00 p.m. on the Settlement Date (or, in each case, such later date as the Underwriter and the Company may agree), all liabilities of the Company and the Underwriter shall cease and determine and neither party shall have any claim against the other save in respect of antecedent breaches and claims (except that certain expenses of the Underwriter shall remain payable by the Company) and the Undertaking will lapse and the Rights Issue will not proceed.

2. UNDERWRITING AGREEMENT DATED 3 JULY 2014

The Underwriter has agreed to fully underwrite 296,316,622 Rights Shares (being all the 579,886,913 Rights Shares under the Rights Issue less the 283,570,291 Rights Shares which are subject to the Undertaking. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Underwriter and its ultimate controlling shareholder are third parties independent of the Company and connected persons of the Company.

In the Underwriting Agreement, the Underwriter has confirmed that (a) the Underwriter shall and shall cause the sub-underwriters (if any) to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with; and (b) each of the Underwriter and the sub-underwriters (if any) (in each case together with their respective ultimate beneficial owners) do not have any shareholding in the Company which, in aggregate, represent 10% or more of the issued share capital of the Company, and that they are not otherwise connected persons of the Company.

Under the Underwriting Agreement, the Underwriter has undertaken that it shall use its best endeavours to ensure that each of the subscribers or purchasers (in each case together with their respective ultimate beneficial owners) of the Right Shares procured by it: (i) shall be third party(ies) independent of, not acting in concert (as such term is defined in the Takeovers Code) with and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective Associates; (ii) shall not, together with party(ies) acting in concert (as such term is defined in the Takeovers Code) with each of them, hold 29.9% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (iii) will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue and are not otherwise connected persons of the Company.

Commission

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate subscription price of the Rights Shares underwritten by it. The Directors believe that the underwriting commission accords with market rates and that the commission and other terms of the Underwriting Agreements are fair and reasonable.

Undertaking

As at the date of this announcement, Mr. Hung is interested in a total of 567,140,584 Shares of which he is the beneficial owner of 492,117,701 Shares, 44,362,883 Shares are held by Malcolm Trading and 30,660,000 Shares are held by Jaytime. Pursuant to the Underwriting Agreement, Mr. Hung, Malcolm Trading and Jaytime have signed the Undertaking in favour of the Company and the Underwriter pursuant to which they have conditionally undertaken, inter alia, that the Shares held by them or in which they are interested on the date of the Undertaking will remain registered in their names or that they will remain beneficially owned by them at the close of business on the Record Date and that the Rights Shares to be provisionally allotted to them in respect of those Shares (representing 283,570,291 Rights Shares) will be taken up and paid for in full by them. The obligations of Mr. Hung, Malcolm Trading and Jaytime under the Undertaking are conditional upon the Underwriting Agreement becoming unconditional in accordance with its terms. If this condition is not fulfilled, all liabilities of Mr. Hung, Malcolm Trading and Jaytime under the Undertaking shall cease and determine and the Undertaking shall lapse. Mr. Hung, Malcolm Trading and Jaytime will not apply for any excess Rights Shares.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to 4:00 p.m. on the Settlement Date if there occurs:

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the absolute opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) the Company commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter receives notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable opinion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (iii) the Company shall, after any matter or event referred to in the relevant clauses of the Underwriting Agreement has occurred or comes to the Underwriter's attention fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents), as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine, and neither it nor the Company shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

3. WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Friday, 18 July 2014. Dealings in the Rights Shares in the nil-paid form will take place between Tuesday, 29 July 2014 and Tuesday, 5 August 2014 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

Any Shareholder or other person contemplating any dealings in the Shares and/or nil-paid Rights Shares are recommended to consult their own professional advisers.

4. EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Last day of dealings in Shares on a cum-rights basis Thursday, 17 July 2014

First day of dealings in Shares on an ex-rights basis..... Friday, 18 July 2014

Latest time for lodging transfers of Shares in
order to qualify for the Rights Issue 4:30 p.m, on Monday, 21 July 2014

Register of members closes
(both dates inclusive) from Tuesday, 22 July to
Thursday, 24 July 2014

Record Date Thursday, 24 July 2014

Register of members re-opens..... Friday, 25 July 2014

Despatch of Prospectus Documents Friday, 25 July 2014

First day of dealings in nil-paid Rights Shares..... Tuesday, 29 July 2014

Latest time for splitting of nil-paid Rights Shares4:30 p.m, on Thursday, 31 July 2014

Last day of dealings in nil-paid Rights Shares Tuesday, 5 August 2014

Latest time for acceptance of the Rights Issue
as well as application for excess Rights Shares
and payment of consideration thereof4:00 p.m. on Friday,
8 August 2014

Latest time for termination of
the Underwriting Agreement4:00 p.m. on Tuesday,
12 August 2014

Announcement of results of acceptance and
excess applications of the Rights Issue Thursday, 14 August 2014

Despatch of refund cheques for wholly and
partially unsuccessful excess applications Friday, 15 August 2014

Despatch of certificates for fully-paid Rights Shares Friday, 15 August 2014

First day of dealings in fully-paid Rights SharesMonday, 18 August 2014

Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue refer to Hong Kong local time and are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be notified to Shareholders.

5. SHAREHOLDING IN THE COMPANY

The shareholdings in the Company (i) before the Rights Issue; (ii) immediately after completion of the Rights Issue assuming all Rights Shares are taken up by Qualifying Shareholders or sold in the market; and (iii) immediately after completion of the Rights Issue assuming only Mr. Hung, Malcolm Trading and Jaytime take up their provisional allotment of Rights Shares are and will be as follows:

| | Existing shareholding | | After completion of Rights Issue (assuming all Rights Shares are taken up by Qualifying Shareholders or sold in the market) | | After completion of the Rights Issue (assuming only Mr. Hung, Malcolm Trading and Jaytime take up their Rights Shares) | |
|--------------------------------|-----------------------|---------------|--|---------------|---|---------------|
| | Shares | % | Shares | % | Shares | % |
| Mr. Hung (Note 1) | 567,140,584 | 48.90 | 850,710,875 | 48.90 | 850,710,875 | 48.90 |
| Mr. Marcus Hung (Note 2) | 2,960,000 | 0.26 | 4,440,000 | 0.26 | 2,960,000 | 0.17 |
| Ms. Ng Kit Ling (Note 3) | 10,000 | 0.00 | 15,000 | 0.00 | 10,000 | 0.00 |
| Public | 589,663,242 | 50.84 | 884,494,864 | 50.84 | 589,663,242 | 33.90 |
| Underwriter (Notes 4 and 5) | 0 | 0.00 | 0 | 0.00 | 296,316,622 | 17.03 |
| Total | 1,159,773,826 | 100.00 | 1,739,660,739 | 100.00 | 1,739,660,739 | 100.00 |

1. *Mr. Hung is an executive Director and is the beneficial owner of 492,117,701 Shares. 44,362,883 Shares are held by Malcolm Trading and 30,660,000 Shares are held by Jaytime, Malcolm Trading and Jaytime are wholly owned by Mr. Hung. Mr. Hung is the father of Mr. Marcus Hung.*
2. *Mr. Marcus Hung Kai Mau (“Mr. Marcus Hung”) is an executive Director and the son of Mr. Hung.*
3. *Ms. Ng Kit Ling is an executive Director.*
4. *In the Underwriting Agreement, the Underwriter has confirmed that (a) the Underwriter shall and shall cause the sub-underwriters (if any) to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with; and (b) each of the Underwriter and the sub-underwriters (if any) (in each case together with their respective ultimate beneficial owners) do not have any shareholding in the Company which, in aggregate, represent 10% or more of the issued share capital of the Company, and that they are not otherwise connected persons of the Company.*
5. *Under the Underwriting Agreement, the Underwriter has undertaken that it shall use its best endeavours to ensure that each of the subscribers or purchasers (in each case together with their respective ultimate beneficial owners) of the Right Shares procured by it: (i) shall be third party(ies) independent of, not acting in concert (as such term is defined in the Takeovers Code) with and shall not be connected with the Directors, chief executive or substantial shareholders of the Company or their respective Associates; (ii) shall not, together with party(ies) acting in concert (as such term is defined in the Takeovers Code) with each of them, hold 29.9% (or such other percentage which shall trigger a general offer to be made for the Shares under the Takeovers Code) or more of the voting rights of the Company upon completion of the Rights Issue; and (iii) will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue and are not otherwise connected persons of the Company.*

6. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in resort and property development, property and investment holding.

The gross proceeds of the Rights Issue will be approximately HK\$80.6 million. The estimated expenses of the Rights Issue amount to approximately HK\$3.6 million and will be borne by the Company. The estimated net proceeds of the Rights Issue will therefore be approximately HK\$77 million and the net price per Rights Share will be approximately HK\$0.133 (assuming no Shares have been allotted and issued or repurchased on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue (i) as to approximately HK\$15 million for the payment of pre-development costs of existing overseas projects including overseas property tax; and (ii) as to approximately HK\$22 million for opportunistic investment by the Group in properties and/or other businesses that operate within the same business segments of the Group, although no suitable targets have been identified as at the date of this announcement. The balance of the net proceeds of approximately HK\$40 million is earmarked as general working capital of the Group.

The Directors consider that it is prudent to finance the Group’s long term growth by way of the Rights Issue which will strengthen the Group’s capital base and enhance its financial position without increasing finance costs. The Rights Issue also enables the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and participate in the growth of the Group through the Rights Issue. The Board considers that the fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

7. CAPITAL RAISING ACTIVITIES DURING PAST 12 MONTHS

The Company has not carried out any capital raising activities in the past 12 months immediately preceding the date of this announcement.

8. GENERAL

As the Rights Issue will not increase the issued share capital of the Company by more than 50%, the Rights Issue is not subject to approval of the Shareholders.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions, the Prospectus (without the PAL and EAF) will be despatched to the Non-Qualifying Shareholders for their information only.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

| | |
|---------------------|---|
| “Acceptance Date” | 4:00 p.m. on Friday, 8 August 2014 (or such other time or date as the Underwriter may agree in writing with the Company as the latest time for acceptance of, and payment for, the Rights Shares) |
| “acting in concert” | the meaning ascribed thereto in the Takeovers Code |
| “Associates” | the meaning ascribed thereto in the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Company” | Applied Development Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange |
| “connected persons” | the meanings ascribed thereto in the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “EAF(s)” | the excess application form(s) for application for excess Rights Shares proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Group” | the Company and its subsidiaries |
| “HKSCC” | the Hong Kong Securities Clearing Company Limited |

| | |
|---------------------------------|---|
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Jaytime” | Jaytime Overseas Ltd, a company incorporated under the laws of the British Virgin Islands and wholly owned by Mr. Hung |
| “Last Trading Day” | 3 July 2014, being the last trading day before the issue of this announcement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Malcolm Trading” | Malcolm Trading Inc, a company incorporated under the laws of the People’s Republic of Panama and wholly owned by Mr. Hung |
| “Mr. Hung” | Mr. Hung Kin Sang, Raymond, the Managing Director of the Company |
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) in respect of whom the Directors, based on advice provided by legal advisers, consider it necessary or expedient to exclude such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place |
| “Overseas Shareholder(s)” | Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong |
| “PAL(s)” | the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Posting Date” | Friday, 25 July 2014 (or such other date as the Underwriter may agree in writing with the Company as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)) |
| “Prospectus” | a prospectus containing details of the Rights Issue to be despatched to Shareholders on the Posting Date in connection with the Rights Issue |
| “Prospectus Documents” | the Prospectus, PAL and EAF |
| “Qualifying Shareholder(s)” | Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date |
| “Record Date” | Thursday, 24 July 2014 (or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are to be determined) |

| | |
|--------------------------|--|
| “Rights Issue” | the proposed issue of the Rights Shares on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date to the Qualifying Shareholders at a subscription price of HK\$0.139 per Rights Share; |
| “Rights Share(s)” | the 579,886,913 new Shares proposed to be allotted and issued under the Rights Issue with an aggregate nominal value of HK\$5,798,869.13; |
| “Settlement Date” | Tuesday, 12 August 2014, being the second Business Day following the Acceptance Date (or such other time or date as the Underwriter and the Company may agree in writing as the date for settlement of the Rights Issue); |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.139 per Rights Share |
| “subsidiaries” | the subsidiaries (as “subsidiary” is defined in the Listing Rules) of the Company |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Undertaking” | the irrevocable undertaking dated 3 July 2014 from Mr. Hung, Malcolm Trading and Jaytime to the Company and the Underwriter as described in the section headed “Undertaking” in this announcement |
| “Underwriter” | Get Nice Securities Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on corporate finance), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO |
| “Underwriting Agreement” | the underwriting agreement dated 3 July 2014, entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue |

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%” or “per cent.”

percentage or per centum

By order of the Board of
Applied Development Holdings Limited
Hung Kai Mau, Marcus
Chairman

Hong Kong, 3 July 2014

As at the date of this announcement, the Board comprises Mr. Hung Kin Sang, Raymond, Mr. Hung Kai Mau, Marcus and Ms. Ng Kit Ling as executive Directors; Mr. Lun Tsan Kau, Mr. Su Ru Jia, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence as independent non-executive Directors.

** For identification only*