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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)**

### **DISCLOSEABLE TRANSACTION CORNERSTONE INVESTMENT IN REDSUN PROPERTIES**

#### **CORNERSTONE INVESTMENT IN REDSUN PROPERTIES**

The Board is pleased to announce that on 28 June 2018, Dragon Bell (a wholly-owned subsidiary of the Company, as an investor) and the Company (as guarantor of Dragon Bell) entered into the Cornerstone Investment Agreement with Redsun Properties, CCBI, Huatai Financial and ABCI Capital, pursuant to which Dragon Bell has agreed to subscribe for the Investor Shares to be issued by Redsun Properties at the Offer Price. The maximum Aggregate Subscription Price for the Investor Shares payable by Dragon Bell under the Cornerstone Investment Agreement is HK\$300 million.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios for the Cornerstone Investment exceeds 5% but are all less than 25%, the transactions contemplated under the Cornerstone Investment Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 28 June 2018, Dragon Bell (a wholly-owned subsidiary of the Company, as an investor) and the Company (as guarantor of Dragon Bell) entered into the Cornerstone Investment Agreement with Redsun Properties, CCBI, Huatai Financial and ABCI Capital, pursuant to which Dragon Bell has agreed to subscribe for the Investor Shares to be issued by Redsun Properties at the Offer Price. The maximum Aggregate Subscription Price for the Investor Shares payable by Dragon Bell under the Cornerstone Investment Agreement is HK\$300 million.

## THE CORNERSTONE INVESTMENT AGREEMENT

The principal terms of the Cornerstone Investment Agreement are as follows:

Date: 28 June 2018

Parties: (1) Redsun Properties as issuer;

(2) Dragon Bell as investor;

(3) The Company as guarantor to ensure the due and punctual performance of the Cornerstone Investment Agreement by Dragon Bell;

(4) CCBI as one of the Joint Global Coordinators;

(5) Huatai Financial as one of the Joint Global Coordinators; and

(6) ABCI Capital as one of the Joint Global Coordinators.

The Cornerstone Investment: Subject to the terms and conditions of the Cornerstone Investment Agreement, Dragon Bell has agreed to subscribe for, and Redsun Properties has agreed to allot and issue to Dragon Bell, the Investor Shares at the Offer Price.

Dragon Bell will be allocated the Investor Shares, which will be equal to HK\$300 million divided by the Offer Price (excluding brokerage and levies in respect of the Investor Shares), rounded down to the nearest whole board lot.

The Investor Shares will, when issued and delivered, be fully paid and free from all options, liens, charges, mortgages, pledges, claims, equities, encumbrances and other third party rights and shall rank pari passu with the Redsun Properties Shares then in issue and to be listed on the Stock Exchange.

Redsun Properties is seeking a listing on the Main Board of the Stock Exchange by way of Global Offering comprising (i) the Hong Kong Public Offering and (ii) the International Offering. The Cornerstone Investment forms part of the International Offering.

Redsun Properties has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, among other things, the Investor Shares.

Consideration and payment: The maximum Aggregate Subscription Price for the Investor Shares payable by Dragon Bell under the Cornerstone Investment Agreement is HK\$300 million, exclusive of the related brokerage and levies in respect of the Investor Shares. The Aggregate Subscription Price will be settled in cash by the internal resources of the Group and/or external financing if necessary.

Dragon Bell will pay the Aggregate Subscription Price for all of the Investor Shares, together with the related brokerage and levies on the Listing Date.

The consideration was determined after arm's length negotiations between the parties to the Cornerstone Investment Agreement based on the current market condition, size of investment as offered by Redsun Properties and accepted by Dragon Bell.

### **Conditions precedent**

The parties' respective obligations under the Cornerstone Investment Agreement are conditional upon, among other things, the following conditions having been satisfied at or prior to the closing:

- (a) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between Redsun Properties and the Joint Global Coordinators (for themselves and on behalf of the underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Redsun Properties Shares (including the Investor Shares as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Redsun Properties Shares on the Stock Exchange;
- (d) no laws have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or under the Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of Dragon Bell and the Company.

If any of the above conditions has not been fulfilled or waived by the parties to the Cornerstone Investment Agreement (except that the conditions set out in paragraphs (a), (b), (c) and (d) cannot be waived and the condition under paragraph (e) can only be waived by Redsun Properties, the Joint Global Coordinators and the joint sponsors of the Global Offering) on or before the date that is 180 days after the date of the Cornerstone Investment Agreement (or such other date as may be agreed among the parties), the obligation of the parties under the Cornerstone Investment Agreement shall cease and any amount paid by Dragon Bell under the Cornerstone Investment Agreement will be repaid without interest and the Cornerstone Investment Agreement will terminate and be of no effect.

### **Restrictions on Disposal**

Dragon Bell and its subsidiaries will be subject to, among other restrictions, a lock up period of six months from and inclusive of the Listing Date in accordance with the terms of the Cornerstone Investment Agreement.

### **Closing**

The Investor Shares will be subscribed for contemporaneously with the closing of the International Offering or at such time and in such manner as shall be determined by the Joint Global Coordinators.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CORNERSTONE INVESTMENT AGREEMENT**

The Group is principally engaged in resort and property development, property investment and investment holding. As disclosed in the 2018 interim report of the Company, the Group will continue to look for the best opportunities or investments including but not limited to the investments in property investment, resort and property development and investment holding business. The Board considers that the Cornerstone Investment to be in line with the Group's investment strategy and through investing in the Investor Shares, the Group can indirectly invest in the property market in the People's Republic of China.

In view of the aforesaid, the Directors are of the view that the terms of the Cornerstone Investment Agreement are on normal commercial terms, fair and reasonable, and the Cornerstone Investment is in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON PARTIES TO THE CORNERSTONE INVESTMENT AGREEMENT**

### **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.

### **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.

Set out below is a summary of the combined financial information of Redsun Properties for each of the two financial years ended 31 December 2016 and 31 December 2017 prepared in accordance with IFRS extracted from the post hearing information pack of Redsun Properties posted on the Stock Exchange's website on 28 June 2018:

	<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	1,661,854	1,990,784
Profit after taxation	931,080	1,195,483

The combined net asset value of Redsun Properties as at 31 December 2017 was approximately RMB8,456,866,000.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Redsun Properties and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

### **CCBI, Huatai Financial and ABCI Capital**

CCBI is a company incorporated in Hong Kong with limited liability and is a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

Huatai Financial is a company incorporated in Hong Kong with limited liability and is a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

ABCI Capital is a company incorporated in Hong Kong with limited liability and is a corporation licensed under the SFO to carry out type type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CCBI, Huatai Financial and ABCI Capital and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios for the Cornerstone Investment exceeds 5% but are all less than 25%, the transactions contemplated under the Cornerstone Investment Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

## DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meaning:

“ABCI Capital”	ABCI Capital Limited, a company incorporated in Hong Kong with limited liability, one of the Joint Global Coordinators
“Aggregate Subscription Price”	the amount equal to the Offer Price multiplied by the number of Investor Shares to be purchased by Dragon Bell pursuant to the Cornerstone Investment Agreement
“Board”	the board of Directors
“CCBI”	CCB International Capital Limited, a company incorporated in Hong Kong with limited liability, one of the Joint Global Coordinators
“Company”	Applied Development Holdings Limited (實力建業集團有限公司*), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 519)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Cornerstone Investment”	the subscription of the Investor Shares contemplated under the Cornerstone Investment Agreement
“Cornerstone Investment Agreement”	the cornerstone investment agreement dated 28 June 2018 entered into among Redsun Properties, Dragon Bell, the Company, CCBI, Huatai Financial and ABCI Capital in relation to the Cornerstone Investment
“Director(s)”	director(s) of 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
“Global Offering”	the global offering of the Redsun Properties Shares comprising the Hong Kong Public Offering and the International Offering
“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

“Hong Kong Public Offering”	a public offering by Redsun Properties for subscription of Redsun Properties Shares by the public in Hong Kong
“Huatai Financial”	Huatai Financial Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, one of the Joint Global Coordinators
“IFRS”	International Financial Reporting Standards
“International Offering”	a conditional placing of Redsun Properties Shares offered by Redsun Properties outside the United States to investors (including placing to professional and institutional investors in Hong Kong) in reliance on Regulation S under the United States Securities Act of 1933
“Investor Shares”	such number of Redsun Properties Shares to be subscribed by Dragon Bell pursuant to the Cornerstone Investment Agreement for an amount up to HK\$300 million at the Offer Price, rounded down to the nearest whole board lot of Redsun Properties Shares (excluding brokerage and levies in respect of the Investor Shares)
“Joint Global Coordinators”	the joint global coordinators appointed by Redsun Properties in relation to the Global Offering
“Listing Date”	the date on which the Redsun Properties are first listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	the final Hong Kong dollar price per Redsun Properties Share (exclusive of brokerage and levies) at which the Redsun Properties Shares are to be offered and sold pursuant to the Global Offering
“Redsun Properties”	Redsun Properties Group Limited, a company incorporated in the Cayman Islands
“Redsun Properties Shares”	the shares in the share capital of Redsun Properties with a nominal value of HK\$0.01 each
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited

“substantial shareholder”            has the meaning ascribed to it under the Listing Rules

“%”    per cent

By order of the Board of  
**Applied Development Holdings Limited**  
**Yao Wei Rong**  
*Executive Director & Chairman*

Hong Kong, 28 June 2018

*As at the date of this announcement, the Executive Directors are Mr. Yao Wei Rong (Chairman), Mr. Yuen Chi Ping (Chief Executive Officer) and Ms. Ng Kit Ling; the Non-executive Director is Mr. Guo Shun Gen and the Independent Non-executive Directors are Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin.*

\* *For identification purpose only*

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