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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



The Board is pleased to announce that on 6 September 2017 (after trading hours), the Placing Agreement was entered into between the Company and the Placing Agent.

The Placing Agent will place the Placing Shares, on a best effort basis, at the price of HK\$0.4 per Placing Share to not less than six (6) Placees, being independent individual, professional or institutional investors, who and whose ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of 417,515,000 Placing Shares under the Placing represents (i) approximately 19.999% of the existing issued share capital of the Company of 2,087,590,739 Shares as at the date of this announcement and (ii) approximately 16.667% of the issued share capital of the Company of 2,505,105,739 Shares as enlarged by the full allotment and issue of such Placing Shares.

The Placing Price of HK\$0.4 per Placing Share represents (i) a discount of approximately 19.19% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 19.52% to the average closing price of HK\$0.497 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The maximum gross proceeds from the Placing will be HK\$167,006,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$166,106,000. The Company intends to use the net proceeds from the Placing to supplement the general working capital of the Group and for attractive investment opportunities which may arise in the future.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Completion of the Placing is subject to the satisfaction of the condition of the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 6 September 2017 (after trading hours), the Placing Agreement was entered into between the Company and the Placing Agent. Summarised below are the principal terms of the Placing Agreement.

THE PLACING AGREEMENT

Date

6 September 2017 (after trading hours)

Issuer

The Company

Placing Agent

Long Asia Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares, on a best effort basis, at the price of HK\$0.4 per Placing Share to not less than six (6) Placees, being independent individual, professional or institutional investors, who and whose ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of 417,515,000 Placing Shares under the Placing represents (i) approximately 19.999% of the existing issued share capital of the Company of 2,087,590,739 Shares as at the date of this announcement and (ii) approximately 16.667% of the issued share capital of the Company of 2,505,105,739 Shares as enlarged by the full allotment and issue of such Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$4,175,150.

Placing Price

The Placing Price of HK\$0.4 per Placing Share represents (i) a discount of approximately 19.19% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the date of this announcement, being the date of the Placing Agreement; and (ii) a discount of approximately 19.52% to the average closing price of HK\$0.497 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The net placing price under the Placing is approximately HK\$0.398 per Placing Share.

The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with all other Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Commission

The Placing Agent will receive a placing commission of 0.42% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent, but in any event the amount of the placing commission payable by the Company shall not exceed HK\$700,000. The Directors are of the view that such placing commission payable under the Placing which was negotiated on an arm's length basis between the Company and the Placing Agent is fair and reasonable after taking into account the prevailing commission rate by other placing agents.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and deal with new Shares subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 417,518,147 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. The maximum number of 417,515,000 Placing Shares to be allotted and issued will utilise approximately 99.999% of the General Mandate.

Condition of the Placing

Completion of the Placing under the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and the permission to deal in, the Placing Shares.

If the foregoing condition is not fulfilled on or before 29 September 2017 (or such later date as may be agreed by the Company and the Placing Agent), the Placing will lapse and all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

Rescission

If any of the following events occur at any time prior to 10:00 a.m. on the Placing Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Placing Completion Date provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Placing Completion Date, rescind the Placing Agreement without liability to the other parties:

- (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (ii) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (iv) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

In the event that the Placing Agent terminates the Placing Agreement due to any of the above events, the Placing Agreement shall thereupon cease to have effect and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

Completion of the Placing

Completion shall take place on the third Business Day following the satisfaction of the condition to the Placing (or such other date as may be agreed between the Company and the Placing Agent).

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to, deal in the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition of the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS OF THE PLACING AND USE OF PROCEEDS

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

The maximum gross proceeds from the Placing will be HK\$167,006,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$166,106,000. The Company intends to use the net proceeds from the Placing to supplement the general working capital of the Group and for attractive investment opportunities which may arise in the future.

The Directors are of the view that the Placing will (i) strengthen the financial position of the Group; and (ii) supplement general working capital for the Group. The Placing also represents a good opportunity to broaden the Shareholders' and the capital base of the Company. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company did not conduct any fund raising exercise in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon Completion (assuming there is no change in the issued share capital of the Company between the date of this agreement and the Placing Completion Date other than the issue of the maximum number of the Placing Shares) are set out below for illustration purposes:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholder				
Rich Unicorn Holdings Limited (<i>Note 1</i>)	559,865,959	26.82	559,865,959	22.35
Director:				
Ng Kit Ling	15,000	0.001	15,000	0.001
Public Shareholders:				
Placees	–	–	417,515,000	16.67
Others	1,527,709,780	73.18	1,527,709,780	60.98
Total	2,087,590,739	100.00	2,505,105,739	100.00

Notes:

- (1) Rich Unicorn Holdings Limited (“**Rich Unicorn**”) is a wholly-owned subsidiary of Fullshare Holdings Limited (“**Fullshare**”), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 607). Magnolia Wealth International Limited (“**Magnolia**”) holds 9,188,860,454 shares in Fullshare representing 46.58% of the issued share capital of Fullshare. Magnolia is wholly owned by Mr. Ji Changqun (“**Mr. Ji**”). Mr. Ji directly holds 942,910,000 shares in Fullshare. Accordingly, Mr. Ji is interested in 10,131,770,454 shares in Fullshare. Therefore, Fullshare, Magnolia and Mr. Ji are deemed to be interested in Rich Unicorn’s interest in the Company by virtue of the SFO.
- (2) Certain percentage figures included in the table above are subject to rounding adjustment.

GENERAL

The Placing is not subject to Shareholders’ approval as the Placing Shares will be issued under the General Mandate.

Pursuant to the termination provisions in the Placing Agreement, the Placing Agent has the right in certain circumstances, at the discretion of the Placing Agent, to terminate the Placing Agreement prior to the condition of the Placing Agreement being fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 9 November 2016 at which (among others) a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors of the Company from time to time
“Business Day(s)”	a day on which banks are open for business in Hong Kong (other than a Saturday, Sunday or a public holiday)
“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)
“Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Special Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent individual, professional or institutional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares on a best efforts basis pursuant to and in accordance with the Placing Agreement
“Placing”	placing of a maximum of 417,515,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement

“Placing Agent”	Long Asia Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	a conditional placing agreement dated 6 September 2017 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion Date”	the third Business Day following the satisfaction of the condition set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree at which the Completion shall take place
“Placing Price”	HK\$0.4 per Placing Share
“Placing Shares”	a maximum of 417,515,000 new Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent

By Order of the Board
Applied Development Holdings Limited
Wang Bo
Chairman and Non-executive Director

Hong Kong, 6 September 2017

As at the date of this announcement, the Non-executive Director is Mr. Wang Bo (Chairman); the Executive Directors are Mr. Yuen Chi Ping (Chief Executive Officer) and Ms. Ng Kit Ling; 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.