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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 directors of the Company (the "**Directors**"), the Board of Directors (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that the Group is expected to record a loss of approximately HK$23 million for the six months ended 31 December 2020, as compared to the loss of approximately HK$105 million for the six months ended 31 December 2019.

The Board considered that the reduction in loss was mainly attributable to, among others, the following factors:

(i) an increase in fair value of financial assets at fair value through profit or loss from a net loss of approximately HK$58 million in the six months ended 31 December 2019 to a net gain of approximately HK$6 million in the six months ended 31 December 2020;

(ii) an increase in a net gain on disposal of financial assets at fair value through profit or loss from a net loss of approximately HK$14 million in the six months ended 31 December 2019 to a net gain of approximately HK$0.2 million in the six months ended 31 December 2020;

(iii) a reversal of impairment loss on loans receivables of approximately HK$10 million in the six months ended 31 December 2020 while no reversal of impairment loss noted in the six months ended 31 December 2019;

(iv) an increase in the fair value loss of the Group's investment properties from approximately HK$18 million in the six months ended 31 December 2019 to approximately HK$35 million in the six months ended 31 December 2020; and

(v) a decrease in overall expenses on administrative, selling and marketing and finance costs from approximately HK$30 million in the six months ended 31 December 2019 to approximately HK$15 million in the six months ended 31 December 2020.

The Board wishes to emphasize that the above-mentioned factors items (i) 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 2020 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 2020 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 2020 which is expected to be released in late February 2021.

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, 2 February 2021

As at the date of this announcement, the Executive Director is Mr. Wu Zhanming (Chairman and Acting 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*