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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)

VOLUNTARY ANNOUNCEMENT LEGAL PROCEEDINGS INVOLVING A WHOLLY-OWNED SUBSIDIARY

This announcement is made by Applied Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

Wuxi Shengye Haigang Joint Stock Company Limited* (無錫盛業海港股份有限公司) (“**Wuxi Shengye**”), a wholly owned subsidiary of the Company was recently involved, as defendant, in a lawsuit (the “**Legal Proceedings**”) filed by Wuxi Shidai Shengye Real Estate Development Co., Ltd.* (無錫時代盛業房地產開發有限公司) (the “**Shidai Shengye**”) with the People’s Court of Xinwu District, Wuxi City* (無錫市新吳區人民法院) (the “**Court**”) in relation to an alleged debt of RMB30 million (the “**Alleged Debt**”).

BACKGROUND OF THE LEGAL PROCEEDINGS

According to the statement of claim, Shidai Shengye is currently in a bankruptcy proceeding and the Legal Proceedings were initiated by the bankruptcy administrator acting for and on behalf of Shidai Shengye. It was alleged that: (i) in June 2013, Shidai Shengye entered into a loan agreement (the “**Loan Agreement**”) with three individuals (namely Mr. Wang Dian Lai, Mr. Wu Yi Chun and Mr. Li Zhen Yang) (the “**Lenders**”), pursuant to which the Lenders agreed to provide to Shidai Shengye a loan in the principal amount of RMB33 million with

a term of two years (the “**Loan**”); (ii) in June 2013, the Lenders, Shidai Shengye, Wuxi Shengye and certain associates of Shidai Shengye entered into a supplementary agreement (the “**Supplementary Agreement**”), which stated that the Loan was for Wuxi Shengye to pay for the land transfer fees of a land to be developed by Wuxi Shengye (the “**Land**”) and the parties agreed that after the expiry of the term of Loan, Shidai Shengye shall remit the interest of the Loan directly to Wuxi Shengye, and such amounts shall be used by the Lenders to purchase the apartments on the Land to be developed by Wuxi Shengye; and (iii) a total of RMB30 million were remitted from Shidai Shengye to Wuxi Shengye in June and July of 2013.

Shidai Shengye is now seeking from the Court for ordering that (i) Wuxi Shengye to repay the Alleged Debt of RMB30 million and the interests from the date of the Legal Proceedings to the date of actual payment calculated based on the interest rate of loans with similar periods and natures as announced by the National Interbank Funding Center; and (ii) Wuxi Shengye to bear the costs of the Legal Proceedings.

ACTIONS TAKEN/TO BE TAKEN BY THE GROUP

Wuxi Shengye have engaged a PRC legal adviser to handle the Legal Proceedings and was advised by the PRC legal adviser that there is no sufficient legal or factual basis to support Shidai Shengye’s claims for main reasons as follows:

- (a) Wuxi Shengye was not a party to the Loan Agreement and there was nothing indicated in the Supplementary Agreement that Wuxi Shengye was the borrower of the Loan;
- (b) the remittance of RMB30 million by Shidai Shengye to Wuxi Shengye in June and July of 2013 was for the repayment of prior debts owed by Shidai Shengye to Wuxi Shengye; and
- (c) the statutory two-year limitation period for filing civil claims has already been expired as in June 2017.

Considering the advice from the PRC legal adviser, the board of directors of the Company believes that there are good grounds of defence on which Wuxi Shengye could rely. Wuxi Shengye will take proactive actions to protect its legitimate interest.

Based on the current assessment, the Legal Proceedings have no material impact on the overall business, operations or financial conditions of the Group. The Company will make further announcement(s) regarding any material developments of the Legal Proceedings as and when appropriate.

By Order of the Board

Applied Development Holdings Limited

Wu Zhanming

Chairman, Acting Chief Executive Officer and Executive Director

Hong Kong, 2 December 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*

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