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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

Reference is made to the announcements of Applied Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 3 June 2020 and 10 June 2020 (the “**Announcements**”). Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board was informed that Mr. Yuen Chi Ping (“**Mr. Yuen**”), a former executive Director and the Chief Executive Officer (the “**CEO**”) of the Company was charged by the ICAC that, among others, along with his wife and another person, for allegedly conspiring together to defraud the Stock Exchange and the Company, by concealing the wife’s interests in On Tai International Credit Limited (“**On Tai**”) when the Company granted two loans totalling over HK\$70,000,000 to On Tai. Mr. Yuen was also charged with fraud for allegedly concealing his wife’s interests in On Tai in another loan of HK\$40,000,000 (collectively, the “**Prosecution**”). Please refer to the press release issued by the ICAC on 2 June 2022 in the following link for details of the Prosecution:

https://www.icac.org.hk/en/press/index_id_1348.html

As disclosed in the announcement of the Company dated 10 June 2020, all administrative and executive duties of Mr. Yuen as an executive Director and the CEO has been suspended with effect from 10 June 2020 in order to alleviate the concerns of the Shareholders and the public as regards the discharge of duties by Mr. Yuen under Rules 3.08 and 3.09 of the Listing Rules. Mr. Yuen formally resigned as an executive Director and the CEO of the Company with effect from 19 August 2020.

As disclosed in the annual report of the Company for the year ended 30 June 2020, the Group recognised loss allowances on loans and interest receivables in the aggregated balance of HK\$63,824,000 as at 30 June 2020, which encompassed a loss allowance of HK\$48,107,000 regarding the loan receivables due from On Tai (the “**On Tai Loans**”) and 100% bad debt provision had been provided in relation to the On Tai Loans as these loans have been defaulted and remained outstanding for a prolonged period. The Group subsequently recorded a reversal of impairment loss on loans and interest receivables of HK\$17,362,000 for the year ended 30 June 2021 and it is estimated that the Group will further record a reversal of impairment loss of HK\$3,000,000 for the year ending 30 June 2022, as partial repayments in the aggregate amount of HK\$20,000,000 have been received from On Tai up to the date of this announcement. Apart from the loss allowances recognised by the Group in relation to the On Tai Loans, the Board does not expect the Prosecution and the circumstances leading to the Prosecution will have any material adverse effect on the business and financial position of the Group. Please refer to the announcements of the Company dated 11 November 2020, 3 December 2020 and 8 September 2021 for details of the loans granted by the Company to On Tai.

Since the Prosecution is still on-going, the Company will monitor the development closely. The Company is also seeking legal advice in relation to the Prosecution and will take appropriate and necessary follow-up actions against Mr. Yuen in order to protect the legitimate interests of the Group and the Shareholders as a whole. Further announcement(s) will be made to update the shareholders and potential investors of the Company as and when appropriate.

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 CEO and Executive Director

Hong Kong, 5 June 2022

As at the date of this announcement, the Executive Directors are Mr. Wu Zhanming (Chairman and Acting CEO) and Mr. Wu Tao; and the Independent Non-executive Directors are Mr. Yu Tat Chi, Michael, Mr. Chiu Kit Man, Calvin and Mr. Zhu Xinhui.

** For identification purposes only*

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