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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 DEBT RECOVERY AGAINST BORROWER

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

Reference is made to the announcements (the “**Announcements**”) of the Company dated 11 November 2020, 3 December 2020 and 8 September 2021 in relation to the First Partial Repayment and the First Extension of Loans, as well as the Second Partial Repayment and the Second Extension of Loans. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

Pursuant to the Second Extension of Loans, the Borrower shall repay the outstanding principals and interests payables of the Loans in the following manner: (i) HK\$3,000,000 on or before 31 January 2022; and (ii) the remaining balance of the outstanding principal amounts of the Loans together with all interests payable on or before 30 September 2022. The Borrower had repaid HK\$3,000,000 by January 2022 and HK\$9,119,000 in July 2022, but failed to repay the remaining balance of the outstanding principal amounts of Loan I together with all interests payable on or before 30 September 2022 as required under the terms of the Second Extension of Loans. As at the date of this announcement, the outstanding principal amounts of Loan I amounted to approximately HK\$19,394,000 and the accrued interest amounted to approximately HK\$435,000.

Since the Loan I became overdue in October, the Company has been actively communicating with the Borrower and demanding repayments. Despite repeated requests by the Company, the Borrower failed to repay the outstanding debt or provided a feasible repayment schedule. On 21 November 2022, the Company issued a statutory demand under section 178(1)(a) or 327(4) (a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Statutory Demand**”) against the Borrower demanding the Borrower to repay the outstanding debt within three weeks after the service of the Statutory Demand. As advised by the Company’s legal adviser, if the Borrower still fails to comply with the Statutory Demand within the said three-week period, the Company may present a winding-up petition against the Borrower.

For the year ended 30 June 2020, the Group had already made a full provision of approximately HK\$48,107,000 regarding the loans and interest receivables due from the Borrower. Due to the partial repayments subsequently made by the Borrower, the Group recorded a reversal of impairment loss on loans and interest receivables of HK\$17,362,000 for the year ended 30 June 2021 and HK\$3,000,000 for the year ended 30 June 2022, and it is expected a further reversal of impairment loss of approximately HK\$8,451,000 will be recorded for the year ending 30 June 2023. Apart from the loss allowances recognised by the Group in relation to the loans and interest receivables due from the Borrower, the Board does not expect the Statutory Demand will have any material adverse effect on the business and financial position of the Group.

As a result of the Company’s efforts, majority of the Loans has been repaid and the Company will continue its efforts to collect the remaining balance from the Borrower through legal means. The Company will keep the shareholders and potential investors informed of the latest progress of the debts recovery against the Borrower and will make further announcement as and when appropriate in accordance with the Listing Rules.

By order of the Board

Applied Development Holdings Limited

Wu Zhanming

Chairman, Acting Chief Executive Officer and Executive Director

Hong Kong, 21 November 2022

As at the date of this announcement, the Executive Directors are Mr. Wu Zhanming (Chairman and Acting Chief Executive Officer) 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.