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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 LITIGATION 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 recently received a writ of summon issued by the People’s Court of Huishan District, Wuxi* (無錫市惠山區人民法院) (the “**Court**”) regarding a civil litigation (the “**Litigation**”) filed by Mr. Su Keru (the “**Plaintiff**”) against Mr. Chen Yonghua (“**Mr. Chen**”) and Wuxi Shengye as the defendants. The hearing of the Litigation is fixed on 27 June 2023.

BACKGROUND OF THE LITIGATION

In the statement of claim, it was alleged that, among others: (i) in December 2013, the Plaintiff paid the deposits for construction works of RMB20,000,000 to Mr. Chen and Mr. Chen failed to refund such deposits to the Plaintiff despite all conditions for refund have been satisfied; (ii) in July 2015, the Plaintiff provided a loan of RMB20,000,000 to Mr. Chen and Mr. Chen failed to repay such loan; and (iii) in May 2017, Wuxi Shengye acknowledged that such deposits and loan (together, the “**Alleged Debt**”) were used in its development projects and agreed to repay the Alleged Debt jointly with Mr. Chen.

The Plaintiff is now seeking from the Court for ordering that (i) Mr. Chen and Wuxi Shengye to jointly repay the Alleged Debt of RMB40,000,000 together with interests of approximately RMB34,300,000 (calculated up to 13 April 2023); and (ii) Mr. Chen and Wuxi Shengye to bear the costs of the Litigation. Further, the Court issued an order for the seizure and freezing of the bank deposits and other assets of Mr. Chen and Wuxi Shengye as property preservation measures.

ACTIONS TAKEN/TO BE TAKEN BY THE GROUP

Wuxi Shengye have engaged a PRC legal adviser to handle the Litigation and was advised by the PRC legal adviser that there is no sufficient legal or factual basis to support the Plaintiff's claims primarily as follows:

- (a) Wuxi Shengye has never received the Alleged Debt of RMB40,000,000;
- (b) there is no remittance record or fund proof to show that the Alleged Debt of RMB40,000,000 was received by Wuxi Shengye and used in its development project; and
- (c) Mr. Chen is a former employee of Wuxi Shengye and an independent third party of the Company, the Alleged Debt was personal disputes between the Plaintiff and Mr. Chen and has nothing to do with Wuxi Shengye.

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, save for the property preservation order as disclosed above, the Litigation has 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 Litigation 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, 21 June 2023

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 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.