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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)

**(I) TERMINATION OF AGREEMENT TO DISPOSE THE ENTIRE ISSUED
SHARE CAPITAL OF GENIUS WISE INTERNATIONAL LIMITED AND
ASSIGNMENT OF LOAN;
AND
(II) DISCLOSEABLE TRANSACTION – DISPOSAL OF THE PROPERTY**

THE TERMINATION

On 15 February 2018 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Termination Agreement and mutually agreed to terminate the Agreement. Upon the signing of the Termination Agreement, the Vendor would pay an amount of HK\$10,400,000 (including refundable deposit and compensation) to the Purchaser pursuant to the terms of the Termination Agreement.

THE DISPOSAL

The Board is pleased to announce that on 15 February 2018 (after trading hours), the Property Vendor (a wholly-owned subsidiary of the Company) has entered into the Property Agreement with the Property Purchaser, pursuant to which the Property Vendor agreed to sell, and the Property Purchaser agreed to purchase, the Property, at a consideration of HK\$63,000,000.

LISTING RULES IMPLICATIONS

This announcement in relation to the Termination is made pursuant to the disclosure obligation of the Company under Rule 14.36 of the Listing Rules.

As one or more of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the announcement made by the Company dated 29 November 2017 in relation to the proposed disposal of the Sale Share and the Sale Loan (the “**Announcement**”).

The Agreement was entered into between the Vendor and the Purchaser on 29 November 2017 (after trading hours) in relation to the disposal of the Sale Share and the Sale Loan at a total cash consideration of HK\$52,000,000. Since the signing of the Agreement, the parties have taken necessary actions to fulfil the conditions precedent for the completion of the Agreement. As at the date of this announcement, all the conditions precedent of the Agreement have been fulfilled. The parties were prepared to proceed to complete the Agreement, however, for reasons set out in the paragraph headed “Reasons for the Termination” below, the parties mutually agreed to terminate the Agreement (the “**Termination**”).

THE TERMINATION

On 15 February 2018 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) and the Purchaser entered into the Termination Agreement and mutually agreed to terminate the Agreement. Upon the signing of the Termination Agreement, the Vendor would pay an amount of HK\$10,400,000 (being the aggregate amount of (i) the payment of the amount of HK\$5,200,000, being the refundable deposit as referred in the Agreement, and (ii) a compensation fee of HK\$5,200,000 (the “**Compensation**”)) to the Purchaser pursuant to the terms of the Termination Agreement. The Compensation refers to costs incurred by the Purchaser in relation to the negotiation of the Agreement and the performance of their obligations thereunder. Upon the signing of the Termination Agreement, none of the parties to the Agreement has any liability towards the other parties under the Agreement.

REASONS FOR THE TERMINATION

Although the parties were prepared to proceed to complete the Agreement, the Company has received a higher purchase price from Property Purchaser at HK\$63,000,000. As the Termination is initiated by the Company and with reference to the Agreement, the Directors are of the view that (i) the refund of the initial deposit and (ii) the payment of the Compensation, which amount is equivalent to the initial deposit and the costs incurred by the Purchaser in relation to and under the Agreement, is fair and reasonable. Having considered the above and the Disposal as set out below, the Directors are of the view that the Termination does not have any material impact on the operation and business of the Group and that the Termination and the payment pursuant to the Termination Agreement is in the best interest of the Company and the shareholders as a whole.

THE DISPOSAL

The Board is pleased to announce that on 15 February 2018 (after trading hours), the Property Vendor (a wholly-owned subsidiary of the Company) has entered into the Property Agreement with the Property Purchaser.

THE PROPERTY AGREEMENT

The principle terms of the Property Agreement are as follows:

Date

15 February 2018 (after trading hours)

Parties

Property Vendor : Applied Hong Kong Properties Ltd., a wholly-owned subsidiary of the Company

Property Purchaser : AHK International Ltd., a company incorporated under the laws of Hong Kong. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Information of the Property

The Property is at Unit 3316, 33rd Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong. The Property is a commercial property, with a gross floor area of approximately 2,062 square feet and is currently leased out with rental agreed at HK\$129,000 per month (exclusive of rates, management fees and all other outgoings) for a term up to 30 September 2019. The audited net carrying value as at 30 June 2017 amounted to approximately HK\$52,000,000.

Consideration

The consideration payable by the Purchaser for the Property is HK\$63,000,000, of which:

- (i) HK\$3,150,000 has been paid as an initial deposit on 15 February 2018;
- (ii) HK\$3,150,000 shall be paid on 20 February 2018; and
- (iii) HK\$56,700,000 shall be paid as the balance upon completion of the Disposal.

The consideration for the Disposal was determined after arm's length negotiations between the Property Vendor and the Property Purchaser in open market, after taking into account the prevailing property market rate in Hong Kong and with reference to comparable properties.

Completion

Completion of the Disposal will take place on or before 15 March 2018.

FINANCIAL IMPACT ON THE DISPOSAL AND USE OF PROCEEDS

Based on the total consideration for the Disposal of HK\$63,000,000 and (i) the carrying value of the Property of approximately HK\$52,000,000 as at 31 October 2017; and (ii) the related expenses of approximately HK\$1,260,000, it is expected that, upon Completion, for illustrative purpose, an unaudited gain before taxation of approximately HK\$61,740,000 will be recognised from the Disposal.

The net proceeds from the Disposal (after deducting the expenses directly related to the Disposal) are estimated to be approximately HK\$61,740,000. The Group intends to apply the net proceeds from the Disposal for working capital of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and the Group is principally engaged in resort and property development, property investment and investment holding. The Property was acquired by the Company as investment property at a total consideration of HK\$47,148,000 in early 2016. The Directors believe that the total consideration of HK\$63,000,000 for the Disposal will provide a satisfactory return to the Company, as compared to the carrying value of the Property of approximately HK\$52,000,000 as at 30 June 2017. After the Disposal, the Group will continue to explore appropriate investment opportunities with higher return.

On the basis of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Property Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PROPERTY VENDOR AND THE GROUP

The Company is an investment holding company and the Group is principally engaged in resort and property development, property investment and investment holding.

The Property Vendor is a company incorporated under the laws of Hong Kong and is a direct wholly-owned subsidiary of the Company which engages in investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company incorporated under the laws of Hong Kong. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

To the best of the Directors' knowledge, the principal business activity of the Property Purchaser is investment holding.

LISTING RULES IMPLICATIONS

The entering into of the Termination Agreement constitutes a termination of a transaction of the Company previously announced pursuant to Chapter 14 of the Listing Rules and is disclosable under Rule 14.36 of the Listing Rules.

As one or more of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Announcement”	has the meaning ascribed to it in the section headed “Background” in this announcement
“Agreement”	the sale and purchase agreement dated 29 November 2017 entered into between the Vendor and the Purchaser in relation to the disposal of the Sale Share and the Sale Loan to the Purchaser pursuant to the terms and conditions of the Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“Company”	Applied Development Holdings Limited (實力建業集團有限公司*), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 519)
“Compensation”	has the meaning ascribed to it in the section headed “The Termination” in this announcement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Property to the Property Purchaser pursuant to the terms and conditions of the Property Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	Unit 3316, 33rd Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong
“Property Purchaser”	AHK International Ltd., a company incorporated under the laws of Hong Kong
“Property Vendor”	Applied Hong Kong Properties Ltd., a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company as at the date of this announcement
“Purchaser”	Platinum Ocean Consultancy Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Loan”	a shareholder’s loan advanced by the Vendor to the Target Company for the purpose of acquiring the Property with an outstanding principal amount of HK\$50,856,000 as at 29 November 2017
“Sale Share”	1 ordinary share of US\$1.00 each of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination”	has the meaning ascribed to it in the section headed “Background” in this announcement
“Termination Agreement”	the termination agreement dated 15 February 2018 entered into between the Vendor and the Purchaser in relation to the Agreement
“Target Company”	Genius Wise International Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Vendor as at the date of this announcement

“Vendor” Advantage Performance Limited, a company incorporated under the laws of the British Virgin Islands and a direct wholly owned subsidiary of the Company as at the date of this announcement

“%” per cent.

By Order of the Board
Applied Development Holdings Limited
Yao Wei Rong
Chairman and Executive Director

Hong Kong, 15 February 2018

As at the date of this announcement, the Non-executive Director is Mr. Guo Shun Gen; the Executive Directors are Mr. Yao Wei Rong (Chairman), Mr. Yuen Chi Ping (Chief Executive Officer) and Ms. Ng Kit Ling and the Independent Non-executive Directors are Mr. Lau Chi Keung, Mr. Yu Tat Chi, Michael and Mr. Chiu Kit Man, Calvin.

* *For identification purpose only*

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