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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)**

### **MAJOR TRANSACTION IN RELATION TO ACQUISITION OF ENTIRE ISSUED SHARE CAPITAL OF WUXI SHENGYE HAIGANG JOINT STOCK COMPANY LIMITED\***

#### **THE SHARE TRANSFER AGREEMENT**

The Board is pleased to announce that on 24 February 2017 (after trading hours), (i) the Company (as the purchaser), (ii) National Trust and Mr. Wang (each as a Vendor) and (iii) Wuxi Shengye entered into the Share Transfer Agreement, pursuant to which the Company (or indirectly through its subsidiary) has conditionally agreed to purchase, and National Trust and Mr. Wang have conditionally agreed to sell 99% and 1% equity interest in Wuxi Shengye respectively, at a total consideration of RMB234,000,000.

Upon completion of the Wuxi Shengye Acquisition, Wuxi Shengye will become a subsidiary of the Company.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable ratios set forth under Rule 14.07 of the Listing Rules in respect of the Wuxi Shengye Acquisition are more than 25% but less than 100%, the Wuxi Shengye Acquisition under the Share Transfer Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

#### **GENERAL**

The SGM will be convened and held for the Shareholders to consider, and if thought fit, pass the resolutions to approve, among other things, the Share Transfer Agreement and the transactions contemplated thereunder.

\* *for identification purposes only*

As more time is needed to prepare the relevant financial and other information to be included in the circular in accordance with the relevant requirements of the Listing Rules, a circular containing, among others, (i) further details of the Share Transfer Agreement and the transactions contemplated thereunder, the accountants' report on Wuxi Shengye, and the unaudited pro forma financial information of the enlarged Group after the completion of the Wuxi Shengye Acquisition, and (ii) a notice of the SGM, will be despatched to the Shareholders in accordance with the Listing Rules on or before 31 March 2017.

**Shareholders and investors of the Company should note that the completion of the Share Transfer Agreement is conditional upon the fulfillment (or waiver, if applicable) of the relevant conditions precedent contained therein, and the Wuxi Shengye Acquisition may or may not proceed. Shareholders and investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.**

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### **Date**

24 February 2017 (after trading hours)

### **Parties**

- (i) National Trust and Mr. Wang (each as a Vendor);
- (ii) the Company (as the purchaser); and
- (iii) Wuxi Shengye (as the target company).

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, each of National Trust and its ultimate beneficial owners and Mr. Wang and his associates are third parties independent of the Company and its connected persons.

### **Assets to be acquired**

Pursuant to the Share Transfer Agreement, the Company (or indirectly through its subsidiary) has conditionally agreed to purchase, and National Trust and Mr. Wang have conditionally agreed to sell 99% and 1% equity interest in Wuxi Shengye respectively. As at the date of this announcement, National Trust and Mr. Wang directly hold 99% and 1% equity interest in Wuxi Shengye respectively.

Upon completion of the Wuxi Shengye Acquisition, Wuxi Shengye will become a subsidiary of the Company.

The principal asset of Wuxi Shengye is the land located in 中國無錫市惠山新城天一新城天河路兩側 (the side of Tianhe Road, Tianyi New Town, Huishan New Town, Wuxi City, the PRC\*), with land area of approximately 29,326 sq.m.. The total gross floor area of the land is approximately 191,984 sq.m., and the land will be used for commercial and service apartment purposes.

### **Consideration**

Subject to the terms and conditions of the Share Transfer Agreement, the total consideration of RMB234,000,000 for the Wuxi Shengye Acquisition will be paid in cash to the relevant Vendor by installments in the following manner:

- (1) as to RMB187,200,000, representing 80% of the total consideration for the Wuxi Shengye Acquisition (the “**First Installment**”), will be paid within five (5) business days after all of the Wuxi Shengye Conditions have been fulfilled or waived (as the case may be); and
- (2) as to the balance of the total consideration, being RMB46,800,000, will be paid within five (5) business days upon fulfillment of all of the Post-completion Obligations.

The total consideration for the Wuxi Shengye Acquisition was determined after arm’s length negotiations between the Company and the Vendors with reference to the net assets value of Wuxi Shengye as at 31 December 2016 and the value of the principal asset of Wuxi Shengye. Payment of consideration for the Wuxi Shengye Acquisition will be funded by internal resources and/or external borrowings of the Group.

### **Conditions Precedent**

The payment of the First Installment and the completion of the Wuxi Shengye Acquisition are conditional upon the fulfillment (or waiver, if applicable) of the following conditions precedent (the “**Wuxi Shengye Conditions**”):

- (1) the Company being satisfied with the results of the due diligence reviews conducted by a third party consultant on, among others, the financial, legal and valuation aspects of Wuxi Shengye, and there having been no change to the results of the due diligence review that are not acceptable to the Company prior to the completion of the Wuxi Shengye Acquisition; and based the results of the due diligence reviews, Wuxi Shengye and the Vendors having taken appropriate remedial actions (where necessary) (including but not limited to the confirmation and verification of the payment method and date of payment in respect of the accounts receivable, accounts payable and other debts, and dealing with any litigation cases, unless otherwise agreed under the Share Transfer Agreement), which are satisfactory and acceptable to the Company;

- (2) the Share Transfer Agreement and all related documents in relation to the transactions contemplated thereunder having been duly executed by the parties, and each of the Vendors having obtained all necessary approvals, consents and authorizations in relation to the execution and performance of such documents; and the execution of such documents having not violated the relevant laws and regulations, articles of association or agreements;
- (3) the Company having published the relevant announcement(s) and/or circular(s) (if applicable) and having obtained the Shareholders' approval (if applicable) in accordance with the relevant requirements of the Listing Rules and the Stock Exchange in relation to the Share Transfer Agreement and the transactions contemplated thereunder;
- (4) each of the Vendors, the Company and Wuxi Shengye having obtained all necessary government approvals required under the relevant laws and regulations and all necessary consents from third parties which are required for the Share Transfer Agreement and the transactions contemplated thereunder;
- (5) subject to the fulfillment of conditions set out in paragraphs (3) and (4) above, Wuxi Shengye having applied for all relevant registration with the local administration for industry and commerce in respect of the Share Transfer Agreement and the transactions contemplated thereunder and such registration having been completed, and Wuxi Shengye having received and obtained the notice of approval of such registration and the new business licence;
- (6) all subsidiaries or branches (if any) of Wuxi Shengye having been deregistered in accordance with the relevant laws;
- (7) the status of assets, liabilities, credit and debt of Wuxi Shengye as disclosed to the Company in the Share Transfer Agreement having remained unchanged since the date of the Share Transfer Agreement, and there having been no other liabilities of Wuxi Shengye other than those which have been disclosed to the Company in the Share Transfer Agreement;
- (8) all employees or management of Wuxi Shengye having been settled by Wuxi Shengye;
- (9) each of the Vendors' representations and warranties contained in the Share Transfer Agreement having remained complete, true and accurate, and not contained false or misleading statements or major omissions;
- (10) there having been no force majeure events which may lead to breach of obligations under the Share Transfer Agreement, or if such events materialise, the effects have been mitigated and will not adversely affect the transactions contemplated under the Share Transfer Agreement;
- (11) Wuxi Shengye having obtained all necessary approvals in relation to its licenses and qualifications, and there having been no legal and/or substantial restrictions in relation to the re-apply or renewal of such licenses and qualifications;
- (12) there having been no material adverse change or reasonable expectation of event which may have a material adverse effect in relation to Wuxi Shengye, its assets and the transactions contemplated under the Share Transfer Agreement;

- (13) there having been no restriction, prohibition, injunction, invalidation or any kind which prevents (or seeks to prevent) the Share Transfer Agreement and the transactions contemplated under the Share Transfer Agreement by any government authorities; and
- (14) each of the Vendors having complied with all of their respective obligations under the Share Transfer Agreement.

The Company may waive, in whole or in part, conditionally or unconditionally, conditions set out in paragraphs (1), (6), (7), (8), (9), (10), (11), (12) and (14) above by written notice to the Vendors. The conditions set out in paragraphs (2), (3), (4), (5) and (13) above cannot be waived. The Wuxi Shengye Conditions shall be fulfilled or waived (as the case may be) no later than nine (9) months from the date of the Share Transfer Agreement or such other date as may be agreed between the parties in writing (the “**Long Stop Date**”). As at the date of this announcement, none of the above Wuxi Shengye Conditions have been fulfilled.

### **Completion**

Completion of the Wuxi Shengye Acquisition shall take place after the fulfillment (or waiver, if applicable) of all of the Wuxi Shengye Conditions and the completion of the registration with the relevant administration for industry and commerce in the PRC in respect of the Wuxi Shengye Acquisition.

### **Post-completion Obligations**

Pursuant to the terms of the Share Transfer Agreement, the Vendors shall on the date of the fulfillment (or waiver, if applicable) of all of the Wuxi Shengye Conditions, provide all certificates and materials, including but not limited to corporate documents, land and project related certificates, bank accounts of Wuxi Shengye to the Company, and complete the relevant administrative hand-over procedures in accordance with the terms of the Share Transfer Agreement (the “**Post-completion Obligations**”).

### **Termination**

The Share Transfer Agreement may be terminated by all parties or by written notice from the non-defaulting party (as the case may be) (i) if there is a mutual agreement among the parties; (ii) if there is any force majeure or other events or non-foreseeable factors that will make the Share Transfer Agreement not enforceable; (iii) if any of the Wuxi Shengye Conditions are not fulfilled (or waived, if applicable) on or before the Long Stop Date; (iv) if the Vendors breach their pre-completion obligations in relation to the operation of Wuxi Shengye under the Share Transfer Agreement; (v) if there is any material breach of the representations, warranties and undertakings by the Vendors under the Share Transfer Agreement; (vi) if there is fraud in or material breach of the Share Transfer Agreement; or (vii) if there is any delay in payment of the consideration for the Wuxi Shengye Acquisition for over 30 days by the Company (excluding the the delay in payment which is not caused by the Company).

If the Share Transfer Agreement is terminated as a result of any of the events set out in paragraphs (iii), (iv), (v) and (vi) above and the Vendors are the defaulting parties, the Company is entitled to a liquidated damage in a sum of RMB1,000,000 payable by the Vendors within five (5) business days after receiving the written notice of termination from the Company.

If the Share Transfer Agreement is terminated as a result of the any of the events set out in paragraphs (vi) and (vii) above and the Company is the defaulting party, the Vendors are entitled to a liquidated damage in a sum of RMB1,000,000 payable by the Company within five (5) business days after receiving the written notice of termination from the Vendors.

### **Information on National Trust, Mr. Wang and Wuxi Shengye**

National Trust is a limited company established under the laws of the PRC, and is principally engaged in capital trust, movable and immovable property trust, equity trust, fund investment, business restructuring, mergers and acquisitions, project financing, corporate finance and financial consultancy.

Mr. Wang is a citizen of the PRC and a third party independent of the Company and its connected persons.

Wuxi Shengye is a limited company established under the laws of the PRC, and is principally engaged in property development in the PRC. As at the date of this announcement, Wuxi Shengye is owned as to 99% and 1% by National Trust and Mr. Wang respectively.

Set out below is the unaudited financial information of Wuxi Shengye for the two financial years ended 31 December 2015 and 2016 prepared in accordance with the generally accepted accounting principles in the PRC:

	<b>For the financial year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before and after taxation and extraordinary items	(88,488)	(13,837)
	<b>As at 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net assets	288,051	274,214

The valuation report of the principal asset of Wuxi Shengye, the land and project thereon, will be carried by an independent valuer, and the valuation report will be included in the circular to be despatched to the Shareholders on or before 31 March 2017.

### **REASONS FOR AND BENEFIT OF THE WUXI SHENGYE ACQUISITION**

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

It was mentioned in the announcement of the Company dated 20 February 2017 for its interim results for the six months ended 31 December 2016 that the Group will continue to seek for good investment opportunities in investments and property development projects. The Group has been actively identifying investment opportunities in pursuit of its business strategy.

Upon completion of the Wuxi Shengye Acquisition, Wuxi Shengye will become a subsidiary of the Company. Having considered that: (i) the principal activity of Wuxi Shengye is in line with the business strategy of the Group; (ii) the principal asset of Wuxi Shengye has a land area of approximately 29,326 sq.m.; and (iii) the projects thereon are commercial and service apartment in nature with approximately gross floor area of 191,984 sq.m., the Directors consider the terms of the Wuxi Shengye Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the applicable ratios set forth under Rule 14.07 of the Listing Rules in respect of the Wuxi Shengye Acquisition are more than 25% but less than 100%, the Wuxi Shengye Acquisition under the Share Transfer Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

The SGM will be convened and held for the Shareholders to consider, and if thought fit, pass the resolutions to approve, among other things, the Share Transfer Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has material interest in the Share Transfer Agreement as at the date of this announcement. As such, no Shareholder will be required to abstain from voting at the SGM in respect of the Share Transfer Agreement and the transactions contemplated thereunder.

As more time is needed to prepare the relevant financial and other information to be included in the circular in accordance with the relevant requirements of the Listing Rules, a circular containing, among others, (i) further details of the Share Transfer Agreement and the transactions contemplated thereunder, the accountants' report on Wuxi Shengye, and the unaudited pro forma financial information of the enlarged Group after the completion of the Wuxi Shengye Acquisition, and (ii) a notice of the SGM, will be despatched to the Shareholders in accordance with the Listing Rules on or before 31 March 2017.

**Shareholders and investors of the Company should note that the completion of the Share Transfer Agreement is conditional upon the fulfillment (or waiver, if applicable) of the relevant conditions precedent contained therein, and the Wuxi Shengye Acquisition may or may not proceed. Shareholders and investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“business day(s)”	means a day other than Saturday, Sunday and public holiday in the PRC;

“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);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“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 of Hong Kong Limited;
“Mr. Wang”	being an independent third party of the Company and its connected persons, and the owner of 1% equity interest in Wuxi Shengye as at the date of this announcement;
“National Trust”	National Trust* (國民信託有限公司), a limited company established under laws of the PRC, directly holding 99% of the equity interests of Wuxi Shengye as at the date of this announcement;
“Post-completion Obligations”	has the meaning ascribed to it in the paragraph “Post-completion Obligations” under the section headed “The Share Transfer Agreement” in this announcement;
“PRC”	the People’s Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SGM”	the special general meeting of the Shareholders to be convened by the Company to consider and approve, among others, the Share Transfer Agreement and the transactions contemplated thereunder;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the issued Share(s);

“Share Transfer Agreement”	the agreement dated 24 February 2017 entered into among the Company, National Trust, Mr. Wang and Wuxi Shengye in relation to the Wuxi Shengye Acquisition;
“sq.m.”	square metre(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Vendors”	collectively, National Trust and Mr. Wang, and each a Vendor;
“Wuxi Shengye”	Wuxi Shengye Haigang Joint Stock Company Limited* (無錫盛業海港股份有限公司), a limited company established under laws of the PRC and is owned as to 99% and 1% by National Trust and Mr. Wang respectively as at the date of this announcement;
“Wuxi Shengye Acquisition”	the proposed acquisition of the entire equity interest in Wuxi Shengye by the Company (or indirectly through its subsidiary) from the Vendors pursuant to the terms and conditions of the Share Transfer Agreement;
“Wuxi Shengye Conditions”	the conditions precedent set out in the paragraph “Conditions Precedent” under the section headed “The Share Transfer Agreement” in this announcement;
“%”	per cent.

By Order of the Board  
**Applied Development Holdings Limited**  
**Wang Bo**  
*Chairman and Non-executive Director*

Hong Kong, 24 February 2017

*As at the date of this announcement, the Non-executive Director is Mr. Wang Bo (Chairman); the Executive Directors are 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 purposes only*

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