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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)

DISCLOSEABLE TRANSACTION

**SUBSCRIPTION OF NEW SHARES IN A JOINT VENTURE
COMPANY AND PROVISION OF LOAN**

On 12 December 2016, the Subscriber, Tian Yuan and the JV entered into the Subscription Agreement pursuant to which (i) the JV agrees to issue 99 new shares and meanwhile, Tian Yuan and the Subscriber agree to subscribe for 79 new shares at US\$79.00 and 20 new shares at US\$20.00 respectively and thereby to own 80% and 20% respectively of the JV's enlarged equity interest and (ii) the Subscriber agrees to provide the interest-free and security-free Shareholder's Loan of HK\$200 million to the JV upon completion. The Subscriber utilised certain idle funds in the Company for the provision of the Shareholder's Loan.

IMPLICATIONS UNDER THE LISTING RULES

Since the highest relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction(s) contemplated under the Subscription Agreement exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

As the assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the Shareholder's Loan exceeds 8%, the Shareholder's Loan is also subject to the general disclosure obligations under Rule 13.13 and Rule 13.15 of the Listing Rules.

* For identification purpose only

INTRODUCTION

On 12 December 2016, the Subscriber, Tian Yuan and the JV entered into the Subscription Agreement pursuant to which (i) the JV agrees to issue 99 new shares and meanwhile, Tian Yuan and the Subscriber agree to subscribe for 79 new shares at US\$79.00 and 20 new shares at US\$20.00 respectively and thereby to own 80% and 20% respectively of the JV's enlarged equity interest and (ii) the Subscriber agrees to provide the interest free and security-free Shareholder's Loan of HK\$200 million to the JV upon completion. The Subscriber utilised certain idle funds in the Company for the provision of the Shareholder's Loan.

Major terms of the Subscription Agreement is set out below:

- (1) Date: 12 December 2016
- (2) Parties: (i) the Subscriber;
(ii) Tian Yuan; and
(iii) the JV

To the best knowledge, information and belief of the Directors, the JV, Tian Yuan and its ultimate beneficial owner are parties independent of the Company and its connected persons.

- (3) Increase in registered capital of the JV

Prior to entering into the Subscription Agreement, the JV had 1 share in issue with a registered capital of US\$1.00, which was owned by Tian Yuan. Pursuant to the Subscription Agreement, the Subscriber shall subscribe for 20 new shares of the JV at US\$20.00 and thereby own 20% of its enlarged equity interests upon Completion while Tian Yuan shall subscribe for 79 new shares of the JV at US\$79.00 and thereby own 80% of its enlarged equity interests upon Completion.

Upon Completion, the JV will become an associated company of the Subscriber.

- (4) Provision of the Shareholder's Loan:

The Subscriber shall provide an interest-free and security-free loan of HK\$200 million to the JV upon Completion. This Shareholder's Loan is to be repaid upon the agreement of the Subscriber and Tian Yuan.

(5) Conditions Precedent

- (a) Completion is conditional upon the fulfillment of the following conditions:
- (i) there shall not have occurred any material breach or any event render untrue or inaccurate, any of the warranties under the Subscription Agreement and the warranties remaining true and accurate in all respects and not misleading in any respect, and the JV having performed all its obligations under the Subscription Agreement which are required to be performed by it at or prior to the date of Completion; and
 - (ii) all necessary approvals, consents, permits, registrations, filings, notices, acknowledgements, authorisations, waivers or resolutions of the directors of Tian Yuan, the Subscriber and the JV having been obtained or passed in respect of the signing of the Subscription Agreement, the transactions contemplated under the Subscription Agreement and the Completion.
- (b) Tian Yuan, the JV and the Subscriber shall use their respective best endeavours to procure that the conditions are fulfilled in accordance with their terms and for that purpose will execute such documents and do such other things as may be necessary in connection with the fulfilment of the conditions set out above.

FINANCIAL INFORMATION AND BACKGROUND OF THE JV

The JV was incorporated in June 2016 in the British Virgin Islands and its principal business is equity investment in companies of property development and related products and services. According to its latest unaudited management account prepared in accordance with generally accepted accounting principles in Hong Kong, as at 30 November 2016, the total asset and net liability of the JV was approximately HK\$790.82 million and HK\$1.24 million respectively. The revenue, net loss before tax and net loss after tax from its incorporation to 30 November 2016 was zero, HK\$1.24 million and HK\$1.24 million respectively.

The major investment held by the JV is certain domestic shares.

INFORMATION OF TIAN YUAN

Tian Yuan is a company incorporated in Hong Kong with limited liability which is principally engaged in brokerage and dealing of securities, futures and options contracts, financial advisory, investment, provision of management and consultancy services.

INFORMATION OF THE SUBSCRIBER AND THE GROUP

The Subscriber is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Board believes that with the financial strength of Tian Yuan, the entering into of the Subscription Agreement will enable the Group to source good opportunity in property market, and property market related investments and therefore, generate income to the Group.

In view of the above, the Directors are of the view that the terms of the Subscription Agreement are fair and reasonable and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITIONS

Unless the context otherwise requires, the following terms used herein have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day(s) on which banks are open for business in Hong Kong (excluding Saturday, Sundays and public holidays)
“Company”	Applied Development Holdings Limited, 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)
“Completion”	completion of the transaction in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	any date within 7 Business Days after the execution of the Agreement as agreed by the parties, subject to the fulfilment of all the conditions

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV”	Wealth Guide Global Limited, a company incorporated in British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shareholder’s Loan”	an interest-free and security-free loan in the principal amount of HK\$200,000,000 to be granted by the Subscriber to the JV pursuant to the terms of the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Applied Investment (Asia) Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Subscription Agreement”	the Subscription Agreement entered into between the Subscriber and Tian Yuan dated 12 December 2016
“Tian Yuan”	China Tian Yuan International Finance Limited, a company incorporated in Hong Kong with limited liability

“US\$” the United States dollars, the lawful currency of the United States of America

“%” per cent.

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

Hong Kong, 12 December 2016

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.

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

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