

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INTEREST IN A FUND

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that, on 28 April 2021, the Subscriber, being a wholly-owned subsidiary of Company, entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for 5,000,000 Class F-1 Shares attributable to the Segregated Portfolio, a segregated portfolio of the Fund Company, at a total subscription amount of US\$5 million in cash.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription under the Subscription Agreement exceed 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 28 April 2021, the Subscriber, being a wholly-owned subsidiary of Company, entered into the Subscription Agreement, pursuant to which the Subscriber agreed to subscribe for 5,000,000 Class F-1 Shares attributable to the Segregated Portfolio, a segregated portfolio of the Fund Company, at a total subscription amount of US\$5 million in cash.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarized as follows:

Date

28 April 2021

Parties

- (1) Applied Investment (Asia) Limited, a wholly-owned subsidiary of the Company, as the Subscriber; and
- (2) the Fund Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Fund Company and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired and subscription amount

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for 5,000,000 Class F-1 Shares attributable to the Segregated Portfolio, a segregated portfolio of the Fund Company, at a total subscription amount of US\$5 million in cash. The aforesaid subscription amount will be satisfied by the Group's internal resources.

The subscription amount of US\$5 million is determined based on the terms of the Subscription Agreement, the Offering Memorandum and the financial resources of the Group.

Upon completion of the Subscription, the Subscription will be accounted for as financial assets at fair value through profit or loss in the Group's financial statements.

Terms of the Segregated Portfolio

Name of the Segregated Portfolio : Huangpu River Capital SPC – Jinshan Segregated Portfolio

Participating Shares : The directors of the Fund Company have initially created and designated one class of Participating Share in respect of the Segregated Portfolio, being Class F-1 Shares, which are being offered under the terms of the Subscription Agreement and the Offering Memorandum. At any time, the directors of the Fund Company may create and designate additional classes and/or series in respect of the Segregated Portfolio without notice to, or the consent of, the holders of Participating Shares. The directors of the Fund Company may differentiate between classes and/or series on various bases, including as to the dealing currency, the fee payable, the level of information provided and redemption rights.

Investment objective and strategies : The primary investment objective of the Segregated Portfolio is to seek capital appreciation.

The Investment Manager will seek to achieve the investment objective by solely investing in the series C preferred stock of Horizon Robotics, a company incorporated under the laws of Cayman Islands with limited liability. Horizon Robotics and its subsidiaries are principally engaged in the business of the development and manufacturing of intelligent processors based on artificial intelligence algorithms, the development of relevant software and hardware, and the provision of cloud services.

Term : The term of the Segregated Portfolio is four years commencing from the date of the Subscription Agreement with the first year being the investment period and the next three years being the exit period. The term can be automatically extended for one year if the Horizon Liquidity Events (as defined below) cannot be completed within the exit period. The extension shall be limited to two times unless otherwise agreed by the Subscriber.

Distribution policy : It is not envisaged that any income or gains derived from investments will be distributed by way of dividend.

Management : The directors of the Fund Company have overall responsibility for the management and administration of the Fund Company. However, in respect of the Segregated Portfolio, the directors of the Fund Company have delegated responsibility for making day-to-day investment decisions to the Investment Manager.

Management service fee : The Fund Company will charge the Subscriber a management service fee equal to 2% of its subscription amount per annum. The management service fee for the first two years, namely 4% of the subscription amount, will be paid at the time of the subscription. If the actual management period of the third year or any subsequent years (if any) is less than 6 months, then the management service fee of that year will be 1% of the subscription amount. If the actual management period of the third year or any subsequent years (if any) exceeds 6 months, then the management service fee of that year will be 2% of the subscription amount. The accrued management service fee for the remaining years (if any) will be deducted from the proceeds from the Horizon Liquidity Event (as defined below) before any distributions are made to the holders of the Class F-1 Shares.

Performance fee : Upon such time as Horizon Robotics conducts an initial public offering of its shares or the series C preferred stock of Horizon Robotics are sold for cash or publicly traded securities (each a “**Horizon Liquidity Event**”) and before the Fund Company’s distribution to the Subscriber, the Fund Company shall, after the payment of all accrued management service fees, reasonable costs and expenses related to the Segregated Portfolio and transaction cost but prior to any distributions to the Subscriber, pay the Investment Manager a performance fee equal to (i) in the event that the Net Profit realized in the Horizon Liquidity Event represents an average annual return of less than 50% for the Subscriber, 20% of the entire Net Profit realized in the Horizon Liquidity Event; or (ii) in the event that the Net Profit realized in the Horizon Liquidity Event represents an average annual return of 50% or more for the Subscribers, 30% of the entire Net Profit realized in the Horizon Liquidity Event.

In the condition of loss, the Fund Company will receive no performance fee and will not charge further management service fee except for the management service fee for the first two years and only transaction cost will be deducted.

For the purpose of calculating the performance fee, “**Net Profit**” means the excess, if any, of the aggregate net asset value of the series C preferred stock of Horizon Robotics realized by the Fund Company in connection with the Horizon Liquidity Event (minus management service fees paid at the time with the Horizon Liquidity Event (if any, not including the management service fees paid at the time of subscription), reasonable costs and expenses related to the Segregated Portfolio and transaction cost and taxes over the aggregate subscription price of the series C preferred stock of Horizon Robotics.

- Redemption : The Class F-1 Shares may not be redeemed at the option of the holders. The directors of the Fund Company may cause the Fund Company to compulsorily redeem and repurchase all Class F-1 Shares held by holders at a price of US\$1 per share at the time of such compulsory redemption or repurchase, or to require such holder to transfer all of his/her Class F-1 Shares to a suitable person, if the directors of the Fund Company determine in good faith that such holder ceases to meet the suitability standards specified in the Offering Memorandum.
- Transfer of Participating Shares : Participating Shares may not be transferred without the prior written consent of the directors of the Fund Company.

Distribution upon a Horizon Liquidity Event : A distribution of cash or property will be made upon a Horizon Liquidity Event and in accordance with the articles of association of the Fund Company in the following priorities:

- (i) firstly, to the repayment of outstanding debts and liabilities, if any, of the Segregated Portfolio, including the payment of the management service fee and the performance fee to the Investment Manager; and
- (ii) secondly, to the distribution to the holders of Class F-1 Shares on a pro rata basis.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The principal purpose of the Company of the Subscription is to diversify the investment portfolio of the Company with an aim to enhancing its profitability. The Subscription provides an opportunity to the Company to enhance return by utilising the idle cash of the Company.

Having considered the investment objective of the Fund Company as well as the prospect of Horizon Robotics and by leveraging the experience and skills of the Investment Manager, the Directors believe that the terms of the Subscription and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE GROUP AND THE SUBSCRIBER

The Group and the Subscriber

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

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

INFORMATION OF THE FUND COMPANY AND THE SEGREGATED PORTFOLIO

The Fund Company is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability on 4 September 2015. The Fund Company has an authorised share capital of US\$50,000 which is made up of 100 management shares of US\$1 par value each and 49,900,000 Participating Shares of US\$0.001 par value each which may be issued in respect of different segregated portfolios and in different classes. The Fund Company issued 100 management shares, representing 100% shareholding to the Fund, to the Investment Manager.

The Segregated Portfolio was launched on 1 March 2021 and, as at the date of this announcement, the number of units of the Segregated Portfolio in issue and proposed to be issued (including the units to be issued pursuant to the Subscription) shall be no more than 40,000,000 Class F-1 shares.

As the Segregated Portfolio was newly established on 1 March 2021, the Segregated Portfolio does not have historical financial results.

INFORMATION OF THE INVESTMENT MANAGER

The Investment Manager is Huangpu River Ventures Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability and is principally engaged in asset management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investment Manager and its ultimate beneficial owners are Independent Third Parties. The Investment Manager is owned as to (i) 30% by Zhao Bowen; (ii) 30% by PreAngello Management LLC, a company incorporated under the laws of the United States of America with limited liability and is wholly owned by Wang Lijie; and (iii) 40% by China Alliance Investment Limited, a company incorporated under the laws of British Virgin Islands with limited liability and is wholly owned by The R.V. Gold Trust, the beneficiaries of which are Chen Lin, Fu Yuanzhe, Chen Zhenhan and Chen Zhenzhen, representing an ownership of 10%, 30%, 30% and 30% respectively.

The directors of the Investment Manager are Ms. Zhao Bowen, Ms. Fu Yuanzhe and Mr. Ng Chakkeung, all of which have years of experience in the areas of investment or asset management.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Subscription under the Subscription Agreement exceed 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meaning:

“Board”	the board of Directors
“Class F-1 Share(s)”	the Participating Share(s) designated as Class F-1 Share(s)
“Company”	Applied Development Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 519)
“Director(s)”	the director(s) of the Company
“Fund Company”	Huangpu River Capital SPC, an exempted company incorporated under the laws of the Cayman Islands with limited liability and registered as a segregated portfolio company in the Cayman Islands
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who, together with his/her ultimate beneficial owner(s), is/are persons independent of and not connected with the Company and its connected persons (within the meaning of the Listing Rules)
“Investment Manager”	Huangpu River Ventures Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offering Memorandum”	the offering memorandum issued on 1 March 2021 by the Fund Company setting out, among others, the terms of the Segregated Portfolio and the offer for subscription of Class F-1 Shares in the capital of the Fund Company
“Participating Share(s)”	the participating and non-voting share(s) of par value US\$0.001 each in the capital of the Fund Company
“Segregated Portfolio”	Huangpu River Capital SPC – Jinshan Segregated Portfolio, a segregated portfolio of the Fund Company
“Subscriber”	Applied Investment (Asia) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“Subscription”	the subscription of 5,000,000 Class F-1 Shares at a total subscription amount of US\$5 million pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 April 2021 entered into between the Subscriber and the Fund Company in relation to the Subscription
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United State dollar, the lawful currency of United State of America
“%”	per cent

By order of the Board
Applied Development Holdings Limited
Wu Zhanming
Chairman, Acting Chief Executive Officer and Executive Director

Hong Kong, 28 April 2021

As at the date of this announcement, the executive Director is Mr. Wu Zhanming (Chairman and Acting Chief Executive Officer), the non-executive Directors are Mr. Wu Tao and Mr. Yao Wei Rong 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.

* *For identification purpose only*