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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

ACQUISITION OF NOTES

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On 29 October 2020, the Purchaser has acquired through ICBC International the Notes to be issued by the Issuer in the principal amount of US\$3,000,000 (equivalent to approximately HK\$23,400,000) at the total consideration of US\$2,969,400 (equivalent to approximately HK\$23,161,320).

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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The principal terms of the Notes are set out below:

Issuer of the Notes:	the Issuer
Principal amount of the Notes acquired:	US\$3,000,000
Settlement date:	4 November 2020
Issue size:	US\$200,000,000
Offering price:	98.98% of the principal amount of the Notes
Interest rate:	12.0% per annum, payable on 4 May 2021 and 3 November 2021.
Maturity date	3 November 2021

Status: The Notes are (1) general obligations of the Issuer; (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations (if any) of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the non-guarantor subsidiaries of the Issuer.

Securities and guarantees: Guarantees will be provided by the Subsidiary Guarantors and JV Subsidiary Guarantors.

Optional redemption by the Issuer: At any time prior to 3 November 2021, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 3 November 2021, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Issuer in an equity offering at a redemption price of 112% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

Listing: Application has been made by the Issuer to the Stock Exchange for listing of, and permission to deal in, the Notes by way of debt issue to professional investors only.

ICBC International act as the joint bookrunners and joint lead managers in respect of the offer and sale of the Notes.

INFORMATION OF THE PARTIES

The Purchaser and the Group

The Purchaser is a company incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of the Company. The Group is principally engaged in (i) resort and property development; (ii) property investment; and (iii) investment holding.

The Issuer

The Issuer is an established property developer in the PRC focusing on developing quality residential properties in the Yangtze River Delta Megalopolis for customers of all ages. The Issuer commenced its property development operations in Nanjing and successfully expanded its footprint to other cities in the Yangtze River Delta Megalopolis. The Issuer was primarily engaged in the development and sale of residential properties targeting middle to upper-middle income households. Its main business operations include (i) the development and sale of residential and commercial properties; (ii) the project management services; (iii) the hotel operations; and (iv) the leasing of investment properties owned and developed by the Issuer.

The Issuer is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (Stock Code: 1902). Based on publicly available information, the Issuer is ultimately owned as to approximately 37.26% by Mr. Huang Qingping.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Issuer and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS OF ACQUISITION OF NOTES

The Group has endeavoured in exploring opportunities for potential investments with a view to generating revenue and achieving better return for its shareholders. As the interest rate of the Notes is generally more favourable and higher than the interest rate of fixed deposits offered by well-recognised financial institutions in Hong Kong, the Directors believe that the Acquisition is complementary to the Group's investment strategy and can provide the Group with an opportunity to balance its investment portfolio and diversify the Group's income sources, as well as to generate stable income for the Group.

Having considered the above, the Directors are of the view that the Acquisition is entered into on normal commercial terms and the terms of the Acquisition are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Notes by the Purchaser in the principal amount of US\$3,000,000
“Board”	the board of Directors
“Company”	Applied Development Holdings Limited, a company incorporated in Bermuda with limited liability, the 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
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“ICBC International”	ICBC International Securities Limited
“Independent Third Parties”	a third party independent of the Company and its connected persons and are not connected persons of the Company
“Issuer”	Yincheng International Holding Co., Ltd., an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1902)
“JV Subsidiary Guarantors”	certain subsidiaries of the Issuer, other than the Subsidiary Guarantors, that guarantee the Issuer’s obligations under the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	US\$200,000,000 12% senior notes due 2021 to be issued by the Issuer
“PRC”	The People’s Republic of China
“Purchaser”	Applied Investment (Asia) Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain existing subsidiaries of the Issuer providing guarantees for the Notes
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States 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, 29 October 2020

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 purposes only*