



APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2008**

The Board of Directors (the “Directors”) of Applied Development Holdings Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2008 with comparative figures for the previous year are as follows:

	<i>Note</i>	2008 <i>HK\$'000</i>	<i>2007</i> <i>HK\$'000</i>
Continuing operations			
Turnover	3	5,876	6,785
Other income	4	9,226	4,179
Increase in fair values of investment properties		33,950	10,200
Gain on disposal of subsidiaries		3,648	127,331
Administrative expenses		(31,619)	(35,009)
Share-based payment expenses		–	(379)
Finance costs	6	(3,907)	(1,838)
Share of results of a jointly controlled entity		298	–
Profit before taxation		17,472	111,269
Tax credit	7	432	59
Profit for the year from continuing operations		17,904	111,328
Discontinued operations	8		
Loss attributable to discontinued operations		(81)	(2,013)
Profit for the year	9	17,823	109,315

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Attributable to:			
Equity holders of the parent		17,823	110,173
Minority interests		<u>–</u>	<u>(858)</u>
		<u>17,823</u>	<u>109,315</u>
 EARNINGS (LOSS) PER SHARE			
	<i>10</i>		
<i>From continuing and discontinued operations</i>			
Basic		<u>2.12 HK cents</u>	<u>12.83 HK cents</u>
 <i>From continuing operations</i>			
Basic		<u>2.12 HK cents</u>	<u>13.06 HK cents</u>
 <i>From discontinued operations</i>			
Basic		<u>–</u>	<u>(0.23) HK cents</u>

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2008

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Investment properties		190,900	159,030
Property, plant and equipment		178,429	178,313
Other assets		1,846	1,846
Interest in a jointly controlled entity		27,017	36,469
Prepaid lease payments – non-current portion		1,712	1,957
Available-for-sale investments		921	1,144
Deposits paid on acquisition of investment properties		<u>–</u>	<u>7,756</u>
		400,825	<u>386,515</u>
Current assets			
Inventories		–	1,898
Trade and other receivables	<i>11</i>	1,594	13,744
Promissory note receivable from a jointly controlled entity	<i>13</i>	171,600	171,600
Amount due from a jointly controlled entity	<i>14</i>	16,372	12,955
Prepaid lease payments – current portion		40	46
Pledged bank deposits		–	3,173
Bank balances and cash		1,766	<u>23,299</u>
		191,372	<u>226,715</u>
Non-current assets classified as properties held for sale		<u>–</u>	<u>59,000</u>
		191,372	<u>285,715</u>
Current liabilities			
Trade and other payables	<i>12</i>	2,116	7,623
Tax payables		–	712
Secured bank borrowings – due within one year		3,000	17,853
Obligations under finance leases – due within one year		572	3,582
Bank overdrafts		<u>–</u>	<u>4,539</u>
		5,688	34,309
Liabilities directly associated with properties held for sale		<u>–</u>	<u>8,880</u>
		5,688	<u>43,189</u>
Net current assets		185,684	<u>242,526</u>
		586,509	629,041

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Capital and reserves			
Share capital		8,734	8,804
Treasury shares		(8,911)	(8,911)
Share premium and reserves		547,416	534,731
		<hr/>	<hr/>
Total equity		547,239	534,624
		<hr/>	<hr/>
Non-current liabilities			
Secured bank borrowings – due after one year		39,000	92,269
Obligations under finance leases – due after one year		270	2,148
		<hr/>	<hr/>
		39,270	94,417
		<hr/>	<hr/>
		586,509	629,041
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by HKICPA, which are effective for the Group’s financial year beginning on 1 July 2007. The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding requirements and their Interaction ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 October 2008

The directors anticipate that the application of the above new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Continuing operation		
Rental income	5,876	6,785
Discontinued operation		
Sale of goods	<u>56,988</u>	<u>113,828</u>
Total turnover and revenue	<u>62,864</u>	<u>120,613</u>

4. OTHER INCOME

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Continuing operation		
Dividend income	17	805
Gain on disposal of investment properties	7,152	–
Gain on disposal of available-for-sale investments	–	1,959
Interest income	161	850
Sundry income	<u>1,896</u>	<u>565</u>
	<u>9,226</u>	<u>4,179</u>

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group's operations are organised into three operating divisions namely resort development, property investment and manufacture and distribution of electronic products. The Group's resort development division includes multi-purpose resort communities as well as sale of condo hotels, residential units and club memberships. These divisions are the basis on which the Group reports its primary segment information.

Business segment information for the year ended 30 June 2008 is presented below:

	Continuing operations			Discontinued operations	Consolidated HK\$'000
	Resort development HK\$'000	Property investment HK\$'000	Total HK\$'000	Manufacture and distribution of electronic products HK\$'000	
Turnover	<u>–</u>	<u>5,876</u>	<u>5,876</u>	<u>56,988</u>	<u>62,864</u>
Results					
Segment results	<u>67</u>	<u>37,962</u>	<u>38,029</u>	<u>1,040</u>	<u>39,069</u>
Unallocated corporate income			1,417	–	1,417
Unallocated corporate expenses			(22,013)	–	(22,013)
Gain on disposal of subsidiaries			3,648	–	3,648
Finance costs			(3,907)	(1,121)	(5,028)
Share of results of a jointly controlled entity	298		<u>298</u>	–	<u>298</u>
Profit before taxation			17,472	(81)	17,391
Tax credit			<u>432</u>	–	<u>432</u>
Profit for the year			<u>17,904</u>	<u>(81)</u>	<u>17,823</u>

	Continuing operations					Discontinued operations	Consolidated HK\$'000
	Resort development HK\$'000	Property investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000	Manufacture and distribution of electronic products HK\$'000	
Assets	<u>194,161</u>	<u>196,610</u>	<u>390,771</u>	<u>201,426</u>	<u>592,197</u>	<u>–</u>	<u>592,197</u>
Liabilities	<u>–</u>	<u>1,734</u>	<u>1,734</u>	<u>43,224</u>	<u>44,958</u>	<u>–</u>	<u>44,958</u>
Other information:							
Additions to property, plant and equipment	15,080	743	15,823	809	16,632	249	16,881
Depreciation of property, plant and equipment	–	2,878	2,878	2,083	4,961	1,420	6,381
Release of prepaid lease payments	<u>–</u>	<u>40</u>	<u>40</u>	<u>–</u>	<u>40</u>	<u>3</u>	<u>43</u>

Business segment information for the year ended 30 June 2007 is presented below:

	Continuing operations			Discontinued operations	Consolidated HK\$'000		
	Resort development HK\$'000	Property investment HK\$'000	Total HK\$'000	Manufacture and distribution of electronic products HK\$'000			
Turnover	<u>–</u>	<u>6,785</u>	<u>6,785</u>	<u>113,828</u>	<u>120,613</u>		
Results							
Segment results	<u>(563)</u>	<u>12,339</u>	11,776	27	11,803		
Unallocated corporate income			3,627	–	3,627		
Unallocated corporate expenses			(29,627)	–	(29,627)		
Gain on disposal of subsidiaries			127,331	–	127,331		
Finance costs			<u>(1,838)</u>	<u>(2,040)</u>	<u>(3,878)</u>		
Profit before taxation			111,269	(2,013)	109,256		
Tax credit			<u>59</u>	<u>–</u>	<u>59</u>		
Profit for the year			<u>111,328</u>	<u>(2,013)</u>	<u>109,315</u>		
	Continuing operation				Discontinued operations	Consolidated HK\$'000	
	Resort development HK\$'000	Property investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000		Manufacture and distribution of electronic products HK\$'000
Assets	<u>192,236</u>	<u>226,034</u>	<u>418,270</u>	<u>227,994</u>	<u>646,264</u>	<u>25,966</u>	<u>672,230</u>
Liabilities	<u>–</u>	<u>11,180</u>	<u>11,180</u>	<u>121,266</u>	<u>132,446</u>	<u>5,160</u>	<u>137,606</u>
Other information:							
Additions to property, plant and equipment	151,986	482	152,468	804	153,272	4,575	157,847
Depreciation of property, plant and equipment	–	253	253	4,498	4,751	2,952	7,703
Release of prepaid lease payments	<u>–</u>	<u>41</u>	<u>41</u>	<u>–</u>	<u>41</u>	<u>5</u>	<u>46</u>

Geographical segments

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC"), the British Virgin Islands (the "BVI") and Panama.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market	
	2008 HK\$'000	2007 HK\$'000
Continuing operations		
Hong Kong	973	1,826
The PRC	4,903	4,032
The BVI	—	927
	<u>5,876</u>	<u>6,785</u>
Discontinued operations		
Hong Kong	<u>56,988</u>	<u>113,828</u>

The following is an analysis of the carrying amounts of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located:

	Carrying amounts of segment assets		Additions to property, plant and equipment	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Continued operations				
Hong Kong	157,776	182,949	845	1,286
The PRC	38,834	40,694	707	—
The BVI	27,017	38,860	—	—
Panama	167,144	155,767	15,080	151,986
	<u>390,771</u>	<u>418,270</u>	<u>16,632</u>	<u>153,272</u>
Discontinued operations				
Hong Kong	<u>—</u>	<u>25,966</u>	<u>249</u>	<u>4,575</u>

6. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Interest expense on bank borrowings wholly repayable within five years	3,871	1,783	931	1,604	4,802	3,387
Finance charges on obligations under finance leases	36	55	190	436	226	491
	<u>3,907</u>	<u>1,838</u>	<u>1,121</u>	<u>2,040</u>	<u>5,028</u>	<u>3,878</u>

7. TAX CREDIT

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the Group's estimated assessable profits for the year.

The tax (credit) charge comprises:

	2008 HK\$'000	2007 HK\$'000
Continuing operation		
Hong Kong Profits Tax		
Current year	-	473
Over-provision in previous years	(432)	(532)
	<u>(432)</u>	<u>(59)</u>
Discontinued operation		
Hong Kong Profits Tax	-	-
	<u>-</u>	<u>-</u>

The tax credit for the year can be reconciled to the profit before taxation as follows:

	2008 HK\$'000	2007 HK\$'000
Profit before taxation		
From continuing operations	17,472	111,269
From discontinued operations	(81)	(2,013)
	<u>17,391</u>	<u>109,256</u>
Tax at Hong Kong Profits Tax rate of 16.5% (2007: 17.5%)	2,870	19,120
Tax effect of expenses not deductible in determining taxable profit	5,768	7,678
Tax effect of income not taxable in determining taxable profit	(8,638)	(26,528)
Tax effect of tax losses not recognised	-	203
Over-provision in previous years	(432)	(532)
	<u>(432)</u>	<u>(59)</u>
Tax credit for the year	<u>(432)</u>	<u>(59)</u>

8. DISCONTINUED OPERATIONS

On 5 November 2007, the Group entered into an agreement with an independent third party to dispose of its manufacture business, Wideland Electronics Limited (“Wideland”). The disposal of the manufacture business is consistent with the Group’s long-term strategy to focus its resources in the resort development and property investment business. The disposal was completed on 3 January 2008 on which date the control of the manufacture business was passed to the acquirer.

Certain comparative figures of last financial year were restated in these consolidated financial statements to reflect the discontinued operations of the manufacture business. The results and cash flows of the discontinued operations have been analysed as follows:

(a) Loss for the year from discontinued operations

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	56,988	113,828
Cost of sales	<u>(52,638)</u>	<u>(108,332)</u>
Gross profit	4,350	5,496
Other income	95	595
Increase in fair values of investment properties	–	330
Distribution costs	(526)	(1,532)
Administrative expenses	(2,879)	(4,862)
Finance costs	<u>(1,121)</u>	<u>(2,040)</u>
Loss before taxation	(81)	(2,013)
Taxation	<u>–</u>	<u>–</u>
Loss for the year from discontinued operations	<u><u>(81)</u></u>	<u><u>(2,013)</u></u>

(b) The net cash flows inflow (outflow) attributable to discontinued operations

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<i>Net cash flows</i>		
Operating activities	545	(15)
Investing activities	(247)	(836)
Financing activities	<u>(683)</u>	<u>(727)</u>
Total net cash flows	<u><u>(385)</u></u>	<u><u>(1,578)</u></u>

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Cost of inventories recognised as expenses	–	–	52,638	108,332	52,638	108,332
Donations	1,570	1,144	–	–	1,570	1,144
Depreciation of property, plant and equipment	4,961	4,751	1,420	2,952	6,381	7,703
Impairment loss on trade and other receivables	979	–	–	–	979	–
Loss on disposal of property, plant and equipment	94	–	–	–	94	–
Operating lease payments on premises	2,256	2,028	926	1,129	3,182	3,157
Release of prepaid lease payments	40	41	3	5	43	46

10. EARNINGS (LOSS) PER SHARE

Diluted earnings (loss) per share has not been presented because the exercise price of the share options granted is higher than the average market price of shares for both years.

For continuing and discontinued operations

The calculation of the basic earnings per share attributable to the equity holders of the parent is based on the following data:

	2008 HK\$'000	2007 HK\$'000
Earnings for the purposes of basic earnings per share	<u>17,823</u>	<u>110,173</u>
	2008 No. of shares	2007 No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share (arrived after eliminating the shares in the Company held by Applied Investment (Asia) Limited (“Applied Investment”))	<u>840,443,073</u>	<u>858,835,347</u>

For continued operations

The calculation of the basic earnings per share from continuing operations attributable to the equity holders of the parent is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings for the purposes of basic earnings per share	17,823	110,173
Add: Loss for the year from the discontinued operations	81	2,013
Earnings for the purposes of basic earnings per share from continuing operations	<u>17,904</u>	<u>112,186</u>
	2008 No. of shares	2007 No. of shares
Weighted average number of ordinary shares for the purposes of basic earnings per share (arrived after eliminating the shares in the Company held by Applied Investment)	<u>840,443,073</u>	<u>858,835,347</u>

For discontinued operations

The calculation of the basic loss per share from discontinued operations attributable to the equity holders of the parent is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss for the purposes of basic loss per share	<u>(81)</u>	<u>(2,013)</u>
	2008 No. of shares	2007 No. of shares
Weighted average number of ordinary shares for the purposes of basic loss per share (arrived after eliminating the shares in the Company held by Applied Investment)	<u>840,443,073</u>	<u>858,835,347</u>

11. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranging within 90 days to its trade customers.

Included in trade and other receivables of the Group are trade receivables of HK\$292,000 (2007: HK\$6,151,000) and their aging analysis is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 90 days	292	5,851
More than 90 days and within 180 days	<u>—</u>	<u>300</u>
	<u>292</u>	<u>6,151</u>

12. TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of HK\$Nil (2007: HK\$3,459,000) and their aging analysis is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 90 days	–	1,661
More than 90 days and within 180 days	<u>–</u>	<u>1,798</u>
	<u><u>–</u></u>	<u><u>3,459</u></u>

13. PROMISSORY NOTE RECEIVABLE FROM A JOINTLY CONTROLLED ENTITY

The amount is unsecured, interest-free and repayable on or before 9 April 2009 (2007: 9 April 2008).

14. AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

The amount is unsecured, interest-free and has no fixed repayment term.

DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 30 June 2008 (2007: Nil).

ANNUAL GENERAL MEETING

The 2008 Annual General Meeting of the Company will be held on Thursday, 20 November 2008 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The transfer of books and register of members of the Company will be closed from Monday, 17 November 2008 to Thursday, 20 November 2008, both days inclusive. To qualify for attending the forthcoming Annual General Meeting of the Company to be held on 20 November 2008, shareholders should ensure that transfers are lodged at the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 14 November 2008.

CHAIRMAN'S STATEMENT HIGHLIGHT

During the year under review, the Group has strengthened its business segment in property and resort development and investment after its disposal of 51% of the issued share capital of Wideland, a company principally engaged in the manufacturing and trading of electronic products, in January 2008.

The Group is in negotiations with J&J Land Acquisition and Development LLC (“J&J”), an independent third party with respect to a possible sale and purchase of the resort development project in Panama (“Panama Project”) for a total purchase price of US\$39 million (approximately HK\$304.2 million). Details of the sale and purchase can be found in the Company’s announcement dated 18 September 2008. The management believes that this transaction, if completed smoothly, will not only contribute a profit of approximately HK\$137.2 million to the Group representing 82% over the total investment cost of the Panama Project when it was acquired by the Group, but also provide immediate funds of US\$39 million (approximately HK\$304.2 million) to the Group.

In relation to our resort development project in the Beef Island, the British Virgin Islands (the “BVI Project”), it was announced by the Company on 18 April 2008 that pursuant to the agreement entered into by and among Quorum Island (BVI) Limited (“Quorum Island”), InterIsle Holdings Ltd. (“InterIsle”), Applied Enterprises Limited (“Applied Enterprises”) and Applied Toys Limited on 11 August 2006 (the “Agreement”) as amended by the Second Memorandum of Amendments to the Agreement on 9 April 2007, the parties to the Agreement have entered into Third Memorandum of Amendments to the Agreement and a letter agreement (the “Letter Agreement”) on 16 April 2008 to further amend the terms stated in the Second Memorandum of Amendments to the Agreement. Upon signing of the Third Memorandum of Amendments to the Agreement and the Letter Agreement on 16 April 2008, InterIsle had directly paid to Applied Enterprises an amount of US\$1.25 million (approximately HK\$9,750,000) representing the first installment of Deferred Purchase Price (as defined in the Agreement). In line with the relevant Hong Kong Financial Reporting Standards and accounting general practice, the receipt of US\$1.25 million (approximately HK\$9,750,000) has reduced the cost of investment in the joint venture in the BVI, Quorum Island, from HK\$36,469,000 to HK\$26,719,000 which has a market value of approximately US\$19,750,000 (equivalent to HK\$154,050,000), there is still an unrecognized gain of approximately HK\$127,331,000.

Based on the above accounting treatment, the management noted that there was a significant variance between the book value and the fair value of those assets held by the Group like the BVI Project. For that reason, the management is under consideration for the change of accounting treatment from cost model to fair value model which can truly reflect the fair values of those assets. If those assets were restated with change of accounting treatment in this Annual Report 2008, the total net assets value (the “NAV”) of the Group would be approximately HK\$818 million and HK97 cents per share as opposed to HK\$547 million and HK65 cents per share as stated in this Annual Report 2008.

RESULTS

The Group’s consolidated profit from continuing operations for the year ended 30 June 2008 amounted to approximately HK\$17,904,000 as compared with the profit of HK\$111,328,000 for the corresponding year. The decrease in consolidated profit from continuing operations was mainly due to the significant gain on disposal of a 50% equity interest in a wholly-owned subsidiary of the Group, Quorum Island, amounting to HK\$127,331,000 recognised in last year. Besides this recognition of extraordinary profit recognised last year, the results of the Group achieved a profit of HK\$17,904,000 as compared with a loss of HK\$16,003,000 for last year due to the increase in fair value of certain investment properties, a gain on disposal of investments properties and a reduction of administration expenses during the year ended 30 June 2008.

PLEDGE OF ASSETS

As at 30 June 2008, the carrying values of investment properties pledged by the Group to secure banking facilities granted to the Group amounted to HK\$153,500,000 (2007: HK\$125,000,000).

BUSINESS REVIEW

In January 2008, the Group completed the disposal of 51% of the issued share capital of Wideland, a company principally engaged in the manufacture and trading of electronic products. After the disposal, there remain two major resort investments in the BVI and Panama and certain properties investment in Hong Kong and the PRC with the Group. The Group is then principally engaged in (i) resort and property development and (ii) investment and property holding.

(i) Resort and Property Development

BVI Project

The Company formed a joint venture with InterIsle to develop the BVI Project in the BVI, sized approximately 660 acres (approximately 267 hectares or 28.75 million square feet). The Group has received US\$8 million (approximately HK\$62.4 million) and US\$1.25 million (approximately HK\$9.75 million) in cash from InterIsle in April 2007 and April 2008 respectively, totally US\$9.25 million (approximately HK\$72.15 million) in cash and the balance of US\$22 million is secured by a promissory note (the “Quorum Note”) issued by Quorum Island, the jointly controlled entity of the Group and InterIsle, to the Group. As announced by the Company on 18 April 2008, pursuant to the Third Memorandum of Amendments to the Agreement entered on 16 April 2008, both the latest date on which Quorum Island is obliged to pay the remaining balance under the Quorum Note to the Company and the latest date on which Quorum Island shall obtain the initial land and development loan which is to be arranged by InterIsle, were changed to 9 April 2009.

In relation to the management of the BVI Project, Quorum Island has hired key staff members in July 2007, including the managing director who is the lead business person in the development process of the BVI Project, and the BVI Project manager who not only has 35 years of experience in construction in the luxury hotel/resort segment, but is also the former head of design and construction of The Ritz Carlton hotel group.

As announced by the Company in the interim results announcement dated 17 March 2008, there was a change in the Prime Minister of the British Virgin Islands in late 2007 and the Virgin Islands Environmental Council (“VIEC”), a non-profit civil environmental organization, has been challenging several current development projects in BVI that were approved by the former BVI government, including the BVI Project. The VIEC has filed a judicial challenge against the BVI government challenging the government’s interpretation of the local environmental regulations, and Quorum Island, an interested party to the BVI Project, is actively participating in the defense against the challenge. Judicial proceedings are underway and the Company will provide shareholders with updates on the status of the proceedings and any final judgment when appropriate. The Company believes that the BVI Project will commence upon the settlement of the challenge, and will provide long-lasting and meaningful economic benefit to the BVI.

The BVI Project is envisioned to be a master-planned resort community which will include: a five-star luxury resort hotel with approximately 200 hotel and condo-hotel units, destination spa, signature restaurant and conference rooms; a first-class marina with approximately 135 slips, including facilities for 15 mega-yachts over 80 feet; an 18-hole Jack Nicklaus Signature golf course and up to 600 high-end residential units including townhomes, beachfront residences, oceanview villas, and secluded mountain estate homes; as well as a unique artisan and retail village at Trellis Bay.

Panama Project

In June 2007, the Company also acquired land sized approximately 1,223 acres (approximately 495 hectares or 53.27 million square feet) named Playa Grande in the Province of Chiriqui in Panama (“Panama Land”), which has a 2.2 km beach for a consideration of approximately US\$19,500,000 (approximately HK\$152,100,000). To replicate the business model of the BVI Project, the Company will partner with renowned expertise in the resort development industry to study and design the Panama Project. The project team members will be similar to those of the BVI Project and funded by project finance.

The Panama Project is planned to feature a 5-star luxury hotel, a branded boutique hotel and a luxury condo hotel, a marina facility and a marina village, an 18-hole signature golf course, a branded fractional ownership club, branded ocean-view villas and branded residential lots. After completion, 800-1,000 residential units in the various branded residential will be offered.

In October 2007, the Group acquired a hot spring located in Borough of San Felix, Chiriqui, Panama. This hot spring has been certified by ASOTEMPA, an affiliate of an international medical thermal association, as one of the medical hot springs in the world. This hot spring will be an amenity to the Panama Project. Further to the acquisition of the hot spring, the Group has signed another golf course agreement with Jack Nicklaus in respect of the Panama Project.

After the acquisition of the Panama Land, the Group has developed a master plan for the project, devised golf course routing plans, conducted market studies, environmental studies, IRR studies, and various studies and tests on the project.

As per announcement of the Company dated 18 September 2008, the Group is in negotiation with J&J, an independent third party with more than 15 years of real estate sales, development, project management and property management experience, who is currently working with four national banks, with respect to a possible sale and purchase of the Panama Project for a total purchase price of US\$39 million (approximately HK\$304.2 million). The Panama Project comprises the Panama Land together with the hot spring at Playa Grande in Boca Chica District of San Lorenzo, Province of Chiriqui, Panama. The total cost and the book value of Panama Project acquired by the Group amounts approximately US\$21.4 million (approximately HK\$167 million) and if the disposal of the Panama Project is completed, the Group will achieve an estimated profit of approximately HK\$137.2 million, representing 82% over the cost of the investment of the Panama Project when it was acquired by the Group. The management believes that the return of profit of 82% on this transaction is satisfactory.

(ii) Investment and Property Holding

The Group’s investment properties, mainly in Hong Kong and the PRC continue to generate a total rental income of approximately HK\$5,876,000 for the year ended 30 June 2008.

OUTLOOK

After the disposal of Wideland, a company engaged in the manufacture of the OEM business which had brought high revenue but a comparative low profit margin to the Group before the disposal, the liquidity and working capital of the Group have improved (as at 30 June 2008, the current ratio of the Group was 33.6 times as compared with the current ratio of the Group including Wideland of 6.6 times) and the Group will concentrate its resources in higher profit margin business such as resort development and property development and investment.

BVI Project

Although the challenge of the BVI Project raised by the VIEC delayed the BVI Project, the management believes that as the BVI Project is beneficial to the economy and BVI's future domestic national income, it will start very soon upon the settlement of the challenge.

Panama Project

If the disposal of the Panama Project is completed, the estimated profit of approximately HK\$137.2 million will be recorded by the Group and an immediate fund of US\$39 million (approximately HK\$304.2 million) will be available to the Group for other good investment opportunities in the resort and property market in the PRC and other Asian Regional Area. The management believes that where the immediate funds are invested in the new project, it will also bring satisfactory return to the Group.

In view of the prospects of the resort and property sector, we will continue to be strategically allied with world-renowned architects, designers, and resort developers to develop future resort projects and to bring good profits to the Group and seek for other appropriate property investment opportunities in the Asian Region in the future to boom up the sources of income to the Group.

PORTAL OPERATION

The Group has established a corporate website www.applieddev.com. The website serves as an electronic channel to enhance relationships between the Company and the shareholders by informing them of the most updated corporate and investor information.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 June 2008, the Group's total net asset value and borrowings amount to HK\$547.2 million and HK\$42.8 million respectively, representing a gearing ratio of 7.8% as compared to 22.5% of the corresponding year. In addition, the majority of the Group's assets were in Hong Kong and US dollars, and hence the exposure to foreign exchange were insignificant to the Group.

EMPLOYEE INFORMATION

As at 30 June 2008, the Group employed a total of 21 (2007: 26 (excluding the disposal company of Wideland)) full-time employees.

The Group's emolument policies are formulated on the basis of performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and provident fund scheme (as the case may be) to its employees depending on the location of such employees.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, the Company repurchased 7,605,000 ordinary shares of the Company ("Shares") on the Stock Exchange at an aggregate consideration of HK\$4,854,000. All of the Shares were subsequently cancelled. The nominal value of the cancelled Shares being HK\$76,050 was credited to the capital redemption reserve and the relevant aggregate consideration of HK\$4,854,000 was paid out from the Company's retained profits. Details of the repurchases are as follows:

Purchase price per share

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration HK\$'000
July 2007	3,115,000	0.890	0.540	2,101
August 2007	2,560,000	0.810	0.500	1,790
September 2007	440,000	0.640	0.610	281
October 2007	90,000	0.640	0.580	57
November 2007	430,000	0.550	0.455	219
December 2007	55,000	0.610	0.550	32
January 2008	175,000	0.520	0.415	80
February 2008	20,000	0.415	0.410	8
March 2008	190,000	0.380	0.360	71
April 2008	500,000	0.415	0.390	203
May 2008	—	—	—	—
June 2008	30,000	0.390	0.380	12
	<u>7,605,000</u>			<u>4,854</u>

The repurchases were made for the benefit of the shareholders as a whole as they enhance the net asset value and/or earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year.

CORPORATE GOVERNANCE

The Company is committed to adopt best corporate governance practices and procedures of the Group. It strives to enhance transparency and independency of operation through the use of effective accountability system to enable a healthy and sustainable development of the Company. The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2008.

In order to reinforce independence and accountability, the role of the Chairman is separated from that of the Group's Managing Director in which their respective responsibilities were endorsed by the Board in writing and more than one-third of the Board comprises of Independent Non-Executive Directors.

RESIGNATION OF DIRECTORS

The Company regrets to inform shareholders that Mr. Soo Hung Leung, Lincoln, J.P. resigned on 24 January 2008. Mr. Soo had served the Company as non-executive director since 14 November 1988 prior to his appointment as independent non-executive director of the Company on 30 September 2004. The Board would like to acknowledge the long term valuable contributions of Mr. Soo to the Company in the past years with the highest regard and deepest gratitude.

AUDIT COMMITTEE

The Audit Committee currently comprises of Independent Non-Executive Directors, namely, Mr. Lo Yun Tai (Chairman of the Audit Committee), Mr. Lun Tsan Kau and Mr. Lam Ka Wai, Graham. All of them have related professional qualifications, accounting or related financial management expertise. The Audit Committee has the responsibility to review with the senior management and the Company's external auditors the internal and external audit findings, the accounting principles and practices adopted by the Group pursuant to the Listing Rules, and to discuss with them issues relating to auditing, internal controls, risk management financial reporting matters (including the final financial report for the year ended 30 June 2008 before recommending it to the Board for approval) and statutory compliance. The Audit Committee is satisfied that the internal controls and accounting systems of the Group are adequate.

REMUNERATION COMMITTEE

The Remuneration Committee was formed by a majority of Independent Non-Executive Directors which comprises of one executive director, Mr. Hung Kin Sang, Raymond, and two Independent Non-Executive Directors, namely, Mr. Lo Yun Tai (Chairman of the Remuneration Committee) and Mr. Lam Ka Wai, Graham, who was appointed after the resignation of Mr. Soo Hung Leung, Lincoln, J.P. on 24 January 2008. The Remuneration Committee has the responsibility to make recommendations to the Board on the remuneration policy of the Company and its structure. It also reviews specific remuneration packages of all executive Directors and senior management in accordance with the corporate goals and objectives as resolved by the Board from time to time.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiries of all the Directors, all the Directors have confirmed that they had complied with the required standard set out in the Model Code during the accounting period covered by the final report for the year ended from 1 July 2007 to 30 June 2008.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

The Group does not engage in interest rate or foreign exchange speculative activities. It is the Group's policy to manage foreign exchange risk through matching foreign exchange income with expenses, and where exposure to foreign exchange is anticipated, appropriate hedging instrument will be used.

AUDITORS

Messrs. Deloitte Touche Tohmatsu resigned as auditors of the Company with effect from 20 May 2008 and Mazars CPA Limited were appointed as auditors of the Company on 20 May 2008 to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditors of the Company.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 30 June 2008 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Stock Exchange at <http://www.hkex.com.hk> and on the website of the Company at <http://www.applieddev.com>.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all of the staff and business partners for their hard work and dedication.

MEMBERS OF THE BOARD

At the date hereof, the members of the board are as follows:

Executive directors:

Hung Kin Sang, Raymond (*Managing Director*)
Hung Wong Kar Gee, Mimi (*Chairman*)
Hung Kai Mau, Marcus
Fang Chin Ping

Independent non-executive directors:

Lo Yun Tai
Lun Tsan Kau
Lam Ka Wai, Graham

By order of the Board
Applied Development Holdings Limited
Hung Kin Sang, Raymond
Managing Director

Hong Kong, 13 October 2008

* For identification purpose only