

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 however arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2009**

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 2009 with comparative figures for the previous year are as follows:

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operations			
Turnover	3	5,058	5,876
Other income	4	525	9,226
Net increase in fair values of investment properties		13,500	33,950
Gain on disposal of subsidiaries		–	3,648
Impairment loss on properties under development		(4,790)	–
Administrative expenses		(25,389)	(31,619)
Finance costs	6	(1,065)	(3,907)
Share of results of a jointly controlled entity		351	298
(Loss) Profit before taxation		(11,810)	17,472
Taxation	7	–	432
(Loss) Profit for the year from continuing operations		(11,810)	17,904
Discontinued operations	8		
Loss attributable to discontinued operations		–	(81)
(Loss) Profit for the year attributable to equity holders of the Company	9	(11,810)	17,823

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(LOSS) EARNINGS PER SHARE	<i>10</i>		
<i>From continuing and discontinued operations</i>			
Basic		<u>(1.41 HK cents)</u>	<u>2.12 HK cents</u>
<i>From continuing operations</i>			
Basic		<u>(1.41 HK cents)</u>	<u>2.12 HK cents</u>
<i>From discontinued operations</i>			
Basic		<u>N/A</u>	<u>–</u>

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2009

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current Assets			
Investment properties		204,400	190,900
Property, plant and equipment		172,338	178,429
Other assets		1,846	1,846
Interest in a jointly controlled entity		27,368	27,017
Prepaid lease payments – non-current portion		1,672	1,712
Available-for-sale investments		127	921
		<u>407,751</u>	<u>400,825</u>
Current Assets			
Trade and other receivables	<i>11</i>	1,580	1,594
Promissory note receivable from a jointly controlled entity	<i>12</i>	171,600	171,600
Amount due from a jointly controlled entity	<i>13</i>	16,377	16,372
Prepaid lease payments – current portion		40	40
Bank balances and cash		132	1,766
		<u>189,729</u>	<u>191,372</u>
Current Liabilities			
Other payables		3,094	2,116
Amounts due to directors	<i>14</i>	1,409	–
Secured bank borrowings – due within one year		3,000	3,000
Obligations under finance leases – due within one year		250	572
Bank overdrafts		959	–
		<u>8,712</u>	<u>5,688</u>
Net current assets		<u>181,017</u>	<u>185,684</u>
		<u>588,768</u>	<u>586,509</u>
Capital and reserves			
Share capital		8,732	8,734
Treasury shares		(8,911)	(8,911)
Share premium and reserves		534,926	547,416
Total equity		<u>534,747</u>	<u>547,239</u>
Non-current liabilities			
Secured bank borrowings – due more than one year		54,000	39,000
Obligations under finance leases – due more than one year		21	270
		<u>54,021</u>	<u>39,270</u>
		<u>588,768</u>	<u>586,509</u>

NOTES:

1. BASIS OF PREPARATION

These 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. These 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 2008. 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 not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRS 8	<i>Operating Segments¹</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements¹</i>
HKAS 23 (Revised)	<i>Borrowing Costs¹</i>
Amendments to HKFRS 2	<i>Share-based Payment – Vesting Conditions and Cancellations¹</i>
Amendments to HKAS 32 and HKAS 1	<i>Puttable Financial Instruments and Obligations Arising on Liquidations¹</i>
Amendments to HKFRS 1 and HKAS 27	<i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate¹</i>
HKFRS 3 (Revised)	<i>Business Combinations²</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements²</i>
HKFRS 1 (Revised)	<i>First-time adoption of HKFRS²</i>
Amendments to HKAS 39	<i>Eligible Hedge Items²</i>
Improvements to HKFRS	<i>Improvements to HKFRS³</i>
HK(IFRIC) – Int 16	<i>Hedges of a Net Investment in a Foreign Operation⁴</i>
HK(IFRIC) – Int 15	<i>Agreements for the Construction of Real Estate¹</i>
HK(IFRIC) – Int 17	<i>Distributions of non-cash Assets to Owners²</i>

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 2009 except for the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1 July 2009

⁴ 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 interpretation will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND REVENUE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operation		
Rental income	5,058	5,876
Discontinued operation		
Sale of goods	–	56,988
Total turnover and revenue	5,058	62,864

4. OTHER INCOME

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operation		
Dividend income	11	17
Gain on disposal of investment properties	–	7,152
Gain on disposal of available-for-sale investments	226	–
Interest income	34	161
Sundry income	254	1,896
	525	9,226

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group's operations are organised into two operating divisions namely resort development and property investment (2008: 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 2009 is presented below:

	Continuing operations		
	Resort development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	–	5,058	5,058
Results			
Segment results	(4,810)	12,311	7,501
Unallocated corporate income			96
Unallocated corporate expenses			(18,693)
Finance costs			(1,065)
Share of results of a jointly controlled entity	351		351
Loss before taxation			(11,810)
Taxation			–
Loss for the year			(11,810)

	Continuing operations				
	Resort development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets	364,755	207,441	572,196	25,284	597,480
Liabilities	–	1,298	1,298	61,435	62,733
Other information:					
Additions to property, plant and equipment	3,437	596	4,033	–	4,033
Depreciation of property, plant and equipment	–	2,750	2,750	1,732	4,482
Impairment loss on properties under development	4,790	–	4,790	–	4,790
Release of prepaid lease payments	–	40	40	–	40

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>	38,029	1,040	39,069
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>–</u>	<u>298</u>
Profit before taxation			17,472	(81)	17,391
Tax credit			<u>432</u>	<u>–</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>365,761</u>	<u>196,610</u>	<u>562,371</u>	<u>29,826</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>

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:

	Turnover by geographical market	
	2009 HK\$'000	2008 HK\$'000
Continuing operations		
Hong Kong	–	973
The PRC	5,058	4,903
	5,058	5,876
Discontinued operations		
Hong Kong	–	56,988

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	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Continued operations				
Canada	2,556	2,561	–	–
Hong Kong	191,983	182,646	596	845
The PRC	38,186	41,229	–	707
The BVI	198,969	198,617	–	–
Panama	165,786	167,144	3,437	15,080
	597,480	592,197	4,033	16,632
Discontinued operations				
Hong Kong	–	–	–	249

6. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Interest expense on bank borrowings wholly repayable within five years	1,032	3,871	–	931	1,032	4,802
Finance charges on obligations under finance leases	33	36	–	190	33	226
	1,065	3,907	–	1,121	1,065	5,028

7. TAXATION

Hong Kong Profits Tax has not been provided as the Group's had no assessable profits for the year.

The tax credit comprises:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Continuing operation		
Hong Kong Profits Tax		
Over-provision in previous years	—	(432)
	<u> </u>	<u> </u>
Reconciliation of taxation		
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) Profit before taxation		
From continuing operations	(11,810)	17,472
From discontinued operations	—	(81)
	<u> </u>	<u> </u>
	(11,810)	17,391
	<u> </u>	<u> </u>
Tax at Hong Kong Profits Tax rate of 16.5% (2008: 16.5%)	(1,949)	2,870
Tax effect of expenses not deductible in determining taxable profit	5,659	5,768
Tax effect of income not taxable in determining taxable profit	(3,710)	(8,638)
Over-provision in previous years	—	(432)
	<u> </u>	<u> </u>
Tax credit for the year	—	(432)
	<u> </u>	<u> </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.

The results and cash flows of the discontinued operations have been analysed as follows:

(a) Loss for the year from discontinued operations

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Turnover	–	56,988
Cost of sales	–	(52,638)
	<hr/>	<hr/>
Gross profit	–	4,350
Other income	–	95
Distribution costs	–	(526)
Administrative expenses	–	(2,879)
Finance costs	–	(1,121)
	<hr/>	<hr/>
Loss before taxation	–	(81)
Taxation	–	–
	<hr/>	<hr/>
Loss for the year from discontinued operations	<u>–</u>	<u>(81)</u>

(b) Net cash flows attributable to discontinued operations

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Net cash flows		
Operating activities	–	545
Investing activities	–	(247)
Financing activities	–	(683)
	<hr/>	<hr/>
Total net cash flows	<u>–</u>	<u>(385)</u>

9. (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging:

	Continuing operations		Discontinued operations		Consolidated	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Cost of inventories recognised as expenses	-	-	-	52,638	-	52,638
Donations	24	1,570	-	-	24	1,570
Depreciation of property, plant and equipment	4,482	4,961	-	1,420	4,482	6,381
Impairment loss on trade and other receivables	235	979	-	-	235	979
Loss on disposal of property, plant and equipment	186	94	-	-	186	94
Operating lease payments on premises	2,855	2,256	-	926	2,855	3,182
Release of prepaid lease payments	40	40	-	3	40	43
	<u>40</u>	<u>40</u>	<u>-</u>	<u>3</u>	<u>40</u>	<u>43</u>

10. (LOSS) EARNINGS PER SHARE

Diluted (loss) earnings 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 (loss) earnings per share attributable to the equity holders of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(Loss) Earnings for the purposes of basic (loss) earnings per share	<u>(11,810)</u>	<u>17,823</u>
	2009 <i>No. of shares</i>	2008 <i>No. of shares</i>
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share (arrived at after eliminating the shares in the Company held by Applied Investment (Asia) Limited ("Applied Investment"))	<u>838,931,990</u>	<u>840,443,073</u>

For continued operations

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
(Loss) Earnings for the purposes of basic (loss) earnings per share	(11,810)	17,823
Add: Loss for the year from the discontinued operations	<u>–</u>	<u>81</u>
(Loss) Earnings for the purposes of basic (loss) earnings per share from continuing operations	<u>(11,810)</u>	<u>17,904</u>
	2009 <i>No. of shares</i>	2008 <i>No. of shares</i>
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share (arrived at after eliminating the shares in the Company held by Applied Investment)	<u>838,931,990</u>	<u>840,443,073</u>

For discontinued operations

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss for the purposes of basic loss per share	<u>–</u>	<u>(81)</u>
	2009 <i>No. of shares</i>	2008 <i>No. of shares</i>
Weighted average number of ordinary shares for the purposes of basic loss per share (arrived at after eliminating the shares in the Company held by Applied Investment)	<u>838,931,990</u>	<u>840,443,073</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\$92,000 (2008: HK\$292,000) and their aging analysis is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 90 days	<u>92</u>	<u>292</u>

12. PROMISSORY NOTE RECEIVABLE FROM A JOINTLY CONTROLLED ENTITY

The amount is unsecured, interest-free and repayable on or before 9 April 2010 (2008: 9 April 2009).

13. AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

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

14. AMOUNTS DUE TO DIRECTORS

The amounts are unsecured, interest-free and have no fixed repayment term.

DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 30 June 2009 (2008: Nil).

ANNUAL GENERAL MEETING

The 2009 Annual General Meeting of the Company will be held on Tuesday, 24 November 2009 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 Thursday, 19 November 2009 to Tuesday, 24 November 2009, both days inclusive. To qualify for attending the forthcoming Annual General Meeting of the Company to be held on 24 November 2009, shareholders should ensure that transfers are lodged at the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 November 2009.

CHAIRMAN'S STATEMENT HIGHLIGHT

Many enterprises worldwide were adversely impacted by the downturn of the property markets caused by the global financial tsunami and the Group recorded a loss of HK\$11,810,000 which was principally due to a decrease in revaluation surplus [non-cash item] on the Group's investment properties for the financial year ended 30 June 2009 as compared to the financial year ended 30 June 2008.

On 16 July 2009, we agreed to the extension of all expiry dates of the Initial Land and Development Loan, Quorum Note and the Deferred Purchase Price to 9 April 2010 as requested by our joint venture partner, InterIsle, who sought more time to obtain the Initial Land and Development Loan after the settlement of the challenge of the BVI Project (the result of the settlement in details stated as below). We believe that this is in the best interests of, and will be most beneficial to the shareholders of the Company and the Group as our joint venture partner, InterIsle, is very experienced in property development in the Caribbean Region.

On 21 September 2009 (BVI time), we were informed that the High Court of the BVI had delivered the judgement on the judicial challenge filed by the Virgin Islands Environmental Council (“VIEC”) against the government of the BVI (the “Government”), challenging the Government’s grant of development approval for the BVI Project. The court found against the claimant, VIEC, on all but one ground of challenge. We are pleased that the court’s decision recognised there was no bias or irrationality by the Government in approving the project. However, as the proposed golf course is located in the Hans Creek area, which was found by the court to be a fisheries protected area, it was held that the approval granted by the Chief Minister was illegal. The honorable Judge also identified that several components of the proposed master plan, namely the hotel, inner marina, residential development, commercial development and infrastructural development may not have an adverse impact on Hans Creek and may not give rise to illegality. Two applications had been submitted by Quorum Island for approval (one for the golf course, and another for the master plan), but only one approval letter was received from the Government for both applications. Accordingly, the judge determined that she would have to quash the entire approval, and has directed the relevant authorities to reconsider the applications and reach a decision in accordance with the judgement. We believe that in case the plan for the golf course is terminated, there will be approximately 180 acres of land which can be used for further development. We will issue announcements as and when appropriate about the progress of this exercise.

On 17 February 2009, the Company informed the Purchaser of the Panama Project that it would not agree to the request for further extension of time for the completion of the due diligence exercise and completion of the sale and purchase of the Playa Grande Companies. As a result, the Purchaser decided not to proceed with the acquisition of the Playa Grande Companies. After termination of the sale and purchase agreement, the Group remains the 100% owner of the interests in the Playa Grande Companies and the Panama Project and will replicate the business model of the BVI Project, by partnering with renowned experts in the resort development industry to develop the Panama Project, which will be funded by project finance. Alternatively, disposal of the Panama Project may be considered if a suitably attractive offer is made by potential buyers.

RESULTS

The Group’s consolidated loss from continuing operations for the year ended 30 June 2009 amounted to approximately HK\$11,810,000 as compared with the profit of HK\$17,904,000 for the corresponding year. Such loss is mainly due to a decrease in revaluation surplus [non-cash item] on the Group’s investment properties for the financial year ended 30 June 2009 as compared to the financial year ended 30 June 2008.

PLEDGE OF ASSETS

As at 30 June 2009, the carrying values of investment properties pledged by the Group to secure banking facilities granted to the Group amounted to HK\$170,000,000 (2008: HK\$153,500,000).

BUSINESS REVIEW

(i) Resort and Property Development

BVI Project

In August 2006, the Group entered into an agreement (the “JV Agreement”) for the formation of a joint venture with InterIsle Holdings Ltd. (“InterIsle”) to develop the BVI Project of approximately 660 acres (approximately 267 hectares or 28.75 million square feet). Upon completion of the transaction contemplated under the JV Agreement (as amended), the Group has received a total of US\$9.25 million (approximately HK\$72.15 million) in cash and the balance of US\$22 million is secured by a promissory note with the maturity date of 9 April 2010 issued by Quorum Island, a jointly controlled entity of the Group and InterIsle, to the Group. On 16 July 2009, the Group further entered the Fourth Memorandum of Amendments to the Agreements dated 9 April 2009 with InterIsle. Pursuant to the Fourth Memorandum of Amendments to the Agreement, all parties agreed to further extend the expiry dates of (i) the date of the Initial Land and Development Loan to be arranged by InterIsle with a reputable commercial bank or financial institution and, (ii) Quorum Note and (iii) the Deferred Purchase Price, both changed to 9 April 2010 as requested by InterIsle who sought more time to arrange the Initial Land and Development Loan after the settlement of the judicial challenge filed by the VIEC against the government of the BVI (the “Government”), challenging the government’s grant of planning permission of the BVI Project.

On 21 September 2009 (BVI time), the Company was informed that the High court of the BVI had delivered the judgement on the judicial challenge filed by the VIEC against the Government of the BVI, challenging the government’s grant of development approval for the BVI Project. The court found against the claimant, VIEC, on all but one ground of challenge. The court upheld the claim of the VIEC that the granting of approval for construction of the golf course was illegal because it may adversely affect the Hans Creek fisheries protected area and the Decision (approval) made by the Chief Minister was illegal the BVI Fisheries Regulations prohibit any development which “may or is likely to” adversely impact upon a fisheries protected area. The judge also specified that there were two applications submitted by Quorum Island for approval (one for the golf course, and another for everything else (the “Master Plan”)), but only one approval letter was received from the Government of the BVI for both applications. The judge further identified that the approval for the Master Plan relates to several main components including a hotel, inner marina, residential development, commercial development and infrastructural development, which may not have an adverse impact on Hans Creek, and may not give rise to illegality. The judge determined that she would have to quash the entire approval, and has directed the relevant authorities to reconsider the applications and reach a decision in accordance with the judgement. The management believes that in case the plan for the golf course is terminated, there will be approximately 180 acres of land which can be used for further development. The Company will issue announcements as and when appropriate about the progress of this exercise.

The BVI Project is envisioned to be 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; and 18-hole Jack Nicklaus Signature golf course (if in case not to be deleted) and up to 600 high-end residential units including townhomes, beachfront residences, ocean-view villas, and secluded mountain estate homes; as well a unique artisan and retail village at Trellis Bay.

Panama Project

The Panama Project comprises two pieces of land: (i) a piece of land of approximately 494 hectares (approximately 1,223 acres or 53.27 million square feet) named Playa Grande in Boca Chica, District of San Lorenzo, Province of Chiriqui in Panama (the “Panama Land”); and (ii) a hot spring with a land size of approximately 9 hectares (approximately 22.3 acres or 0.97 million square feet) in Borough of San Felix, Province of Chiriqui, Panama (the “Hot Spring Property”). The Panama Project is wholly owned by the Group and was acquired by the Group at an aggregate cost of US\$20.25 million (approximately HK\$157.95 million) in mid of 2007. After the acquisition of the Panama Project, the Group has developed a master plan for the project, devised golf course routing plans, conducted market studies, environmental studies, IRR studies, and various other studies and tests on the project. As part of the development of the Panama Project, the Group has signed a golf course agreement with Jack Nicklaus in respect of the Panama Project.

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, a 18-hole signature golf course, a branded fractional ownership club, branded ocean-view villas and branded residential lots. After completion of the Panama Project, 800-1,000 residential units in the various branded residential lots will be offered for sale.

As announced in the Company’s announcement dated 17 February 2009, the disposal of the Playa Grande Companies was terminated. After the termination of the Disposal, the Company remains the 100% owner of the interests in the Playa Grande Companies. The Group will replicate the business model of the BVI Project to partner with renowned experts in resort development industry to develop the Panama Project and it will be funded by project finance. Alternatively, if a suitably attractive offer is made by potential buyers, the Board may consider the disposal of the Panama Land and/or the Hot Spring Property.

(ii) Investment and Property Holding

The Group’s investment properties, mainly in Hong Kong and the People’s Republic of China, generated rental income of HK\$5,058,000 for the Group for the year ended 30 June 2009.

OUTLOOK

The Group’s two developments in BVI and Panama and our certain properties held for investment were adversely impacted for the financial year ended 30 June 2009 due to the global financial tsunami. The management expects that a series of proactive measures by various governments and relevant authorities, such as substantially lowering of interest rates, aiming to restore the confidence of the global credit, will further stimulate the world economies and that the economic situation in the United States and Europe is improving.

Despite the global financial crisis, the rental income from the Group’s investment properties generated stable rental income for the financial year ended 30 June 2009 to the Group as the property market in PRC and Hong Kong remained strong.

In view of the prospects for the resort and property sector and investment properties market, we will continue to be strategically allied with high-quality architects, designers, and resort developers to develop future resort projects for development or for sale and seek other appropriate property investment opportunities in the Asian region.

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 FINANCING

As at 30 June 2009, the Group's total net asset value and borrowings amounted to HK\$534.7 million and HK\$58.2 million respectively, representing a gearing ratio of 10.9% as compared to 7.8% 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 2009, the Group employed a total of 18 (2008: 21) 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 220,000 ordinary shares of the Company ("Shares") on the Stock Exchange at an aggregate consideration of HK\$66,438. All of the Shares were subsequently cancelled. The nominal value of the cancelled Shares being HK\$2,200 was credited to the capital redemption reserve and the relevant aggregate consideration of HK\$66,438 was paid out from the Company's retained profits. Details of the repurchases are as follows:

Month of the repurchases	Total number of the ordinary shares repurchased	Purchase price per share		Aggregate consideration HK\$
		Highest price paid per share HK\$	Lowest price paid per share HK\$	
July 2008	40,000	0.360	0.325	13,920
August 2008	150,000	0.325	0.295	47,995
April 2009	30,000	0.149	0.145	4,523
	<u>220,000</u>			<u>66,438</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 2009.

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.

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 2009 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. 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 2008 to 30 June 2009.

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.

AUDITOR

Messrs. Deloitte Touche Tohmatsu resigned as auditor of the Company with effect from 20 May 2008 and Mazars CPA Limited were appointed as auditor 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 auditor 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 2009 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, 21 October 2009

* *For identification purpose only*