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**APPLIED DEVELOPMENT HOLDINGS LTD.**

**實力建業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock code: 00519)**

## **ANNOUNCEMENT**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF ASSETS**

On 4 January 2011, the Company was confirmed and completed the disposal of Painting (the “Disposal”) with the Purchaser, under an auction arranged by the Christie’s.

As the applicable percentage ratios exceed 5% but are less than 25%, the transaction contemplated under the Asset Disposal Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **ASSET DISPOSAL AGREEMENT**

### **Date of Agreement and Effective Date**

The Asset Disposal Agreement is confirmed to enter and completed on the payment date on which determined by the Purchaser. Pursuant to the agreement, the Purchaser will confirm to buy the Painting, 100% owned by the Company on the payment date and pays the total consideration to the Christie’s and then the Christie’s will pay the net proceeds to the Company anytime after the completion of the disposal of the Painting (the “Disposal”). As advised by Christie’s on 4 January 2011, the Company was confirmed and completed the Disposal with the Purchaser.

### **Parties**

- (i) The Seller : the Company
- (ii) The Purchaser : unknown. As advised by the Christie’s, the identity of the Purchaser cannot be disclosed to the public pursuant to the auction conditions.

To the best of the Directors’ knowledge, information and belief and having made all reasonable

enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

### **Consideration**

The total consideration for the Disposal was approximately HK\$13,000,000 in cash.

The consideration was determined at arm's length negotiations between the Seller and the Purchaser as the Painting was open sales via the auction process arranged by the Christie's.

### **Assets to be disposal of**

The Painting was acquired by a wholly-owned subsidiary Applied Electronics Limited ("AEL") of the Company for a total consideration of approximately HK\$345,000 in 1998. It's net book value as at 30 June 2010 was approximately HK\$280,000. In December 2010, AEL has transferred the ownership of the Painting to the Company before the completion date of this agreement.

The Management believes that the total consideration of HK\$13,000,000 for this Disposal should be satisfied by the Company and at a good price as the net book value as at 30 June 2010 of the Painting was HK\$280,000. After the Disposal, the Company will record an estimated gain on the disposal of approximately HK\$12,000,000, being taking up the related commission and expenses of approximately HK\$720,000. The sales proceeds will be utilized as the Group's working capital.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal will bring the Company an immediate cash of approximately HK\$12,000,000 and the Management believes that the sales proceeds is good and best price in the current market.

### **INFORMATION ON THE PARTIES TO THE AGREEMENTS**

#### **The Company**

The Group is principally engaged in resort and property development, property and investment holding.

#### **The Purchaser**

The Purchaser is unknown. As advised by the Christie's, the identity of the Purchaser cannot be disclosed to the public pursuant to the auction conditions.

### **GENERAL**

#### **Listing Rules Implications**

As the applicable percentage ratios exceed 5% but are less than 25%, the transaction contemplated under the Asset Disposal Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

#### **Financial Impact of the Disposal**

The gain of the Disposal is approximately HK\$12,000,000, which represents the consideration of the Disposal deducted by (i) the total net book value of the Painting as at 30 June 2010 was HK\$280,000 and (ii) the estimated amount of commission and expenses in relation to the Disposal of approximately HK\$720,000.

The net book value of the Painting for the financial year ended 30 June 2010 was HK\$280,000 (2008: HK\$280,000 and 2009: HK\$280,000).

### **Use of Proceeds from the Disposal**

The Directors currently intend to use the proceeds from the Disposal as general working capital of the Group.

### **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“AEL”	Applied Electronics Limited, a Hong Kong company, a wholly owned subsidiary of the Company
“Asset Disposal Agreement”	the asset disposal agreement between the Seller and the Purchaser was confirmed to enter and determined by the Purchaser on which the payment was made by the Purchaser
“Board”	the board of directors of the Company
“Christie’s”	Christie’s Hong Kong Limited, an auction company
“Company”	Applied Development Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Painting by the Company to the unknown person, the purchaser
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Management”	all executive directors and senior management of the Company (excluding all non-executive directors of the Company)

“Painting”

Artist: Xu Beihong, Title: Two Pig  
Inscribed with a poem and signed, with one seal of the  
artist, dated summer, jia Shen year (1944)

By order of the Board  
**Applied Development Holdings Limited**  
**Hung Kai Mau, Marcus**  
*Chairman*

Hong Kong, 4 January 2011

As at the date of this announcement, Mr. Hung Kin Sang, Raymond and Mr. Hung Kai Mau, Marcus are executive directors of the Company; Mr. Lun Tsan Kau, Mr. Lam Ka Wai, Graham and Mr. Su Ru Jia are independent non-executive directors of the Company and Ms. Wong Kar Gee, Mimi is a non-executive director of the Company.

*\* For identification purposes only*