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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)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2016**

The Board of Directors (the “Board” or “Directors”) of Applied Development Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2016 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Revenue	3	7,622	2,652
Other revenue	3	690	3
Other income	4	226	139
Other operating expenses	7	–	(751)
Net gain (loss) on disposal of financial assets at fair value through profit or loss		1,233	(3,788)
Net decrease in fair value of financial assets at fair value through profit or loss		(571)	(514)
Net increase in fair value of investment properties		56,928	23,407
Gain on disposal of subsidiaries	14	318,937	1,002
Administrative expenses		(13,250)	(23,769)
Interest income on promissory note receivable from a joint venture		5,713	10,931
Finance costs	6	(1,819)	(1,633)
Impairment loss on amount due from a joint venture		(5,607)	–
Share of results of a joint venture		–	–
Profit before tax	7	370,102	7,679
Taxation	8	(66)	–
Profit for the year, attributable to equity holders of the Company		370,036	7,679

	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Other comprehensive income (loss)			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss</i>			
– Change in fair value of available-for-sale investments		(96)	92
– Release of translation reserve upon disposal of a subsidiary	14	276	–
<i>Items that will not be reclassified subsequently to profit or loss</i>			
– Charge of deferred tax arising from surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties		–	(1,088)
– Surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties		–	3,694
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		180	2,698
		<hr/>	<hr/>
Total comprehensive income for the year, attributable to equity holders of the Company		370,216	10,377
		<hr/> <hr/>	<hr/> <hr/>
EARNINGS PER SHARE	9		
Basic		19.27 HK cents	0.45 HK cent
		<hr/> <hr/>	<hr/> <hr/>
Diluted		19.27 HK cents	0.45 HK cent
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Investment properties	<i>10</i>	440,000	356,320
Property, plant and equipment		100	2,152
Promissory note receivable from a joint venture		–	132,388
Other assets		174	174
Interest in a joint venture		–	–
Available-for-sale investments		175	271
		<hr/> 440,449 <hr/>	<hr/> 491,305 <hr/>
Current assets			
Financial assets at fair value through profit or loss		72,809	23,469
Other receivables	<i>11</i>	25,770	1,867
Amount due from a joint venture		–	16,763
Bank balances and cash		422,422	27,394
		<hr/> 521,001 <hr/>	<hr/> 69,493 <hr/>
Current liabilities			
Other payables		2,941	6,991
Interest-bearing borrowings		–	75,181
		<hr/> 2,941 <hr/>	<hr/> 82,172 <hr/>
Net current assets (liabilities)		<hr/> 518,060 <hr/>	<hr/> (12,679) <hr/>
Total assets less current liabilities		<hr/> 958,509 <hr/>	<hr/> 478,626 <hr/>
Capital and reserves			
Share capital	<i>12</i>	20,876	17,397
Share premium and reserves		935,297	460,141
Total equity		<hr/> 956,173 <hr/>	<hr/> 477,538 <hr/>
Non-current liabilities			
Deferred tax liabilities		2,336	1,088
		<hr/> 958,509 <hr/>	<hr/> 478,626 <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 the Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2015 consolidated financial statements.

Impact of the amendments of the Listing Rules

The Group has adopted the amendments to the Listing Rules issued by the Stock Exchange to the disclosure of financial information with reference to the financial reporting requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) during the current year and, as a result, there are changes to the presentation and disclosures of certain information as compared with the 2015 consolidated financial statements. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

3. REVENUE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Gross rental income from investment properties	2,590	817
Interest income from financial assets at fair value through profit or loss	4,391	1,835
Dividend income from financial assets at fair value through profit or loss	641	–
	<u>7,622</u>	<u>2,652</u>
Other revenue		
Bank interest income	690	3
	<u>8,312</u>	<u>2,655</u>

4. OTHER INCOME

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment	–	49
Reversal of impairment loss on other receivables	–	28
Sundry income	226	62
	<u>226</u>	<u>139</u>

5. SEGMENT INFORMATION

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision maker, who are the directors, for the purposes of allocating resources to segments and assessing their performance. The directors consider resort and property development, property investment and investment holding are the Group's major operating segments.

During the year ended 30 June 2016, as described in note 14, the Group disposed of two subsidiaries, Applied Enterprises Limited (“Applied Enterprises”) and Beachside Investments Limited (“Beachside”) which were engaged in resort and property development business. For the year ended 30 June 2015, the Group's resort and property development segment included multi-purpose resort communities as well as sale of condo hotels, residential units and club memberships. No revenue had been earned by the resort and property development segment which was still under development. The property investment segment includes mainly residential and commercial properties that are held for capital appreciation or to earn rental income. The investment holding segment includes holding of equity securities, debt instruments, equity-linked notes and other assets. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2016 are presented below:

	Resort and property development	Property investment	Investment holding	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	–	2,590	5,032	7,622
Other revenue and income	–	116	190	306
	<u>–</u>	<u>2,706</u>	<u>5,222</u>	<u>7,928</u>
Results				
Segment results	<u>(1,305)</u>	<u>58,684</u>	<u>5,307</u>	62,686
Unallocated corporate income				610
Unallocated corporate expenses				(10,418)
Gain on disposal of subsidiaries	4,067	313,168		317,235
Gain on disposal of subsidiaries – unallocated				1,702
Interest income on promissory note receivable from a joint venture	5,713			5,713
Finance costs				(1,819)
Impairment loss on amount due from a joint venture	(5,607)			(5,607)
Profit before tax				370,102
Taxation				(66)
Profit for the year				<u>370,036</u>

Segment assets and liabilities as at 30 June 2016 and other segment information for the year ended 30 June 2016 are presented below:

	Resort and property development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	<u>87</u>	<u>441,165</u>	<u>95,882</u>	<u>537,134</u>	<u>424,316</u>	<u>961,450</u>
Liabilities	<u>10</u>	<u>4,680</u>	<u>565</u>	<u>5,255</u>	<u>22</u>	<u>5,277</u>
Other segment information:						
Additions to property, plant and equipment	-	335	-	335	-	335
Additions to investment properties	-	51,784	-	51,784	-	51,784
Depreciation of property, plant and equipment	-	165	95	260	357	617
Gain on disposal of subsidiaries	4,067	313,168	-	317,235	1,702	318,937
Net decrease in fair value of financial assets at fair value through profit or loss	-	-	571	571	-	571
Net increase in fair value of investment properties	-	56,928	-	56,928	-	56,928
Net gain on disposal of financial assets at fair value through profit or loss	-	-	1,233	1,233	-	1,233

Segment revenue and results for the year ended 30 June 2015 are presented below:

	Resort and property development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Total HK\$'000
Revenue	-	817	1,835	2,652
Other revenue and income	-	-	6	6
	<u>-</u>	<u>817</u>	<u>1,841</u>	<u>2,658</u>
Results				
Segment results	<u>1,923</u>	<u>18,741</u>	<u>(3,539)</u>	17,125
Unallocated corporate income				136
Unallocated corporate expenses				(19,882)
Gain on disposal of a subsidiary – unallocated				1,002
Finance costs				(1,633)
Interest income on promissory note receivable from a joint venture	10,931			10,931
Profit before tax				7,679
Taxation				-
Profit for the year				<u>7,679</u>

Segment assets and liabilities as at 30 June 2015 and other segment information for the year ended 30 June 2015 are presented below:

	Resort and property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets	251,540	257,423	24,110	533,073	27,725	560,798
Liabilities	4,695	1,450	891	7,036	76,224	83,260
Other segment information:						
Additions to property, plant and equipment	–	375	–	375	724	1,099
Additions to investment properties	1,283	–	–	1,283	–	1,283
Depreciation of property, plant and equipment	–	192	125	317	1,053	1,370
Gain on disposal of a subsidiary	–	–	–	–	1,002	1,002
Gain on disposal of property, plant and equipment	–	–	–	–	49	49
Impairment loss on other assets	–	–	138	138	–	138
Net decrease in fair value of financial assets at fair value through profit or loss	–	–	514	514	–	514
Net increase in fair value of investment properties	3,407	20,000	–	23,407	–	23,407
Net loss on disposal of financial assets at fair value through profit or loss	–	–	3,788	3,788	–	3,788
Release of prepaid lease payments	–	40	–	40	–	40

There was no revenue generated from inter-segment transactions for both years. Revenue from the property investment segment reported above represents rental income earned from external customers. Segment results represent profit or loss attributable to each segment without allocation of corporate income, central administration costs, gain on disposal of subsidiaries, finance costs, interest income on promissory note receivable from a joint venture, impairment loss on amount due from a joint venture and income tax expense. Total assets and liabilities represent all assets and liabilities under each segment together with unallocated corporate assets and liabilities other than those that have been eliminated in consolidation.

Geographical information

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

The following table provides an analysis of the Group's revenue from external customers by geographical market, which interest income from financial assets at fair value through profit or loss is based on the location of the markets of the respective investments:

	Revenue by geographical market	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	5,405	1,367
Singapore	2,217	1,285
	<u>7,622</u>	<u>2,652</u>

The following is an analysis of the carrying amounts of non-current assets by geographical area in which the assets are located:

	Carrying amounts of non-current assets	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	440,274	253,288
Panama	–	99,690
PRC	–	5,668
	<u>440,274</u>	<u>358,646</u>

Non-current assets presented above exclude financial instruments. The Group does not have deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Information about major customers

Revenue from three external customers (2015: three) individually contributing over 10% of the revenue from the Group's property investment segment is as follows:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	1,191	–
Customer B	730	–
Customer C	423	480
Customer D	–	203
Customer E	–	134
	<u>2,344</u>	<u>817</u>

6. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest expenses on bank borrowings	1,635	1,494
Interest expenses on other borrowing	184	133
Finance charges on obligation under a finance lease	–	6
	<u>1,819</u>	<u>1,633</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Staff costs, including directors' emoluments		
Salaries and other benefits	3,221	12,324
Retirement benefit scheme contributions	82	91
	<u>3,303</u>	<u>12,415</u>
Other operating expenses		
Impairment loss on other assets	–	138
Loss on disposal of non-current assets classified as held for sale	–	613
	<u>–</u>	<u>751</u>
Other items		
Auditor's remuneration	460	540
Depreciation of property, plant and equipment	617	1,370
Direct operating expenses relating to investment properties that generated rental income	301	105
Direct operating expenses relating to investment properties that did not generate rental income	1,010	2,474
Exchange loss, net	77	11
Legal and professional fees	2,555	1,868
Operating lease payments on premises	1,962	1,823
Release of prepaid lease payments	–	40
	<u>–</u>	<u>40</u>

8. TAXATION

Hong Kong Profits Tax has not been provided as the Group's estimated assessable profits for the year ended 30 June 2016 are wholly absorbed by unrelieved tax losses brought forward from previous years. Hong Kong Profits Tax had not been provided as the Group incurred a loss for taxation purposes for the year ended 30 June 2015.

Taxation arising in the PRC and overseas jurisdictions, if applicable, are calculated at the rates prevailing in the relevant jurisdictions based on existing legislation, interpretations and practices in respect thereof.

The tax charge comprises:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<i>Current tax</i>	–	–
<i>Deferred taxation</i>		
Recognition of temporary differences	<u>66</u>	<u>–</u>
Total tax charge for the year	<u><u>66</u></u>	<u><u>–</u></u>

9. EARNINGS PER SHARE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year for the purposes of calculating basic earnings per share	<u><u>370,036</u></u>	<u><u>7,679</u></u>
	2016 <i>No. of shares</i>	2015 <i>No. of shares</i>
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	<u><u>1,920,280,138</u></u>	<u><u>1,707,257,168</u></u>

The number of shares for the purpose of calculating basic earnings per share for the year ended 30 June 2015 has been adjusted to reflect the bonus element of rights issue of shares as set out in note 12(a).

For the years ended 30 June 2016 and 2015, diluted earnings per share is the same as basic earnings per share. The Company did not have any dilutive potential ordinary shares during the years ended 30 June 2016 and 2015.

10. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
Fair value	
At 1 July 2014	326,000
Additions – subsequent expenditure	1,283
Net increase in fair value	23,407
Transferred from property, plant and equipment and prepaid lease payments	5,630
	<hr/>
At 30 June 2015	356,320
Additions – acquisition	51,784
Acquisition of subsidiaries (<i>Note 13</i>)	380,288
Disposal of subsidiaries (<i>Note 14</i>)	(405,320)
Net increase in fair value	56,928
	<hr/>
At 30 June 2016	440,000
	<hr/> <hr/>

11. OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deposits, prepayments and other debtors	1,288	1,867
Amount due from security brokers	24,482	–
	<hr/>	<hr/>
	25,770	1,867
	<hr/> <hr/>	<hr/> <hr/>

12. SHARE CAPITAL

	<i>Notes</i>	No. of shares	<i>HK\$'000</i>
Authorised:			
At 1 July 2014, 30 June 2015 and 30 June 2016, ordinary shares of HK\$0.01 each		6,000,000,000	60,000
		<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:			
At 1 July 2014, ordinary shares of HK\$0.01 each		1,159,773,826	11,598
Issue of shares upon rights issue	<i>(a)</i>	579,886,913	5,799
		<hr/>	<hr/>
At 30 June 2015, ordinary shares of HK\$0.01 each		1,739,660,739	17,397
Issue of shares upon placing of shares	<i>(b)</i>	347,930,000	3,479
		<hr/>	<hr/>
At 30 June 2016, ordinary shares of HK\$0.01 each		2,087,590,739	20,876
		<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) On 15 August 2014, the Company issued 579,886,913 rights shares (the “Rights Shares”) by way of rights issue (the “Rights Issue”), on the basis of one Rights Share for every two existing shares of the Company at a subscription price of HK\$0.139 per Rights Share. The net proceeds from the Rights Issue after deducting related expenses were HK\$78,421,000.

- (b) On 24 December 2015, the Company issued 347,930,000 placing shares (the “Placing Shares”) by way of placing (the “Placing”), at a placing price of HK\$0.32 per Placing Share. The net proceeds from the Placing after deducting related expenses were HK\$108,419,000.

These shares rank pari passu with all existing shares in all respects.

13. ACQUISITION OF SUBSIDIARIES

In May 2016, Advantage Performance Limited, a wholly owned subsidiary of the Company, acquired the entire equity interests in and shareholder’s loans to Legacy Billion Limited and Superform Investment Limited (“Superform”) (together the “Acquired Group”) from independent third parties at total consideration of HK\$374,352,000. The principal activity of Legacy Billion Limited and Superform is investment holding and property investment respectively. The major asset owned by Superform is the whole 24th office floor of Lippo Centre Tower 1 in Admiralty, Hong Kong. For details, please refer to the Company’s circular dated 27 April 2016.

In the opinion of directors, the acquisition does not constitute business combinations as defined in HKFRS 3, therefore, the acquisition has been accounted for as acquisition of assets and liabilities during the year.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	<i>HK\$’000</i>
Consideration – cash paid:	
Total cash consideration	374,352
Direct expenses capitalised in investment properties	3,018
	<u>377,370</u>
	<u><u>377,370</u></u>
Recognised amounts of identifiable assets acquired and liabilities assumed:	
	<i>HK\$’000</i>
Investment property	380,288
Other receivables	240
Other payables	(888)
Deferred tax liabilities	(2,270)
	<u>377,370</u>
Total identifiable net assets	<u><u>377,370</u></u>
	<i>HK\$’000</i>
Net cash outflow on acquisition of subsidiaries – cash paid	<u><u>377,370</u></u>

Since acquisition, the Acquired Group has contributed HK\$1,191,000 and HK\$12,630,000 to the revenue and results of the Group respectively. If the acquisition effected during the year had taken place at the beginning of the year, the revenue and profit for the Group would have been approximately HK\$14,246,000 and approximately HK\$434,694,000 respectively.

14. DISPOSAL OF SUBSIDIARIES

Year ended 30 June 2016

- (a) In September 2015, Applied Enterprises entered into sale and purchase agreements with an independent third party to dispose of the entire issued share capital of and shareholder's loan to Applied Toys Limited ("Applied Toys") and Applied Mission Limited ("Applied Mission"), both were wholly owned subsidiaries of the Company, for cash considerations of HK\$1,550,000 and HK\$4,600,000 respectively. At the time of disposal, the major asset of Applied Toys was a motor vehicle whereas the major assets of Applied Mission were investment properties in the PRC. The aggregate gain on disposal of these subsidiaries was approximately HK\$1,557,000.
- (b) In September 2015, Applied Enterprises entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in and shareholder's loan to Quorum Electronics (Shenzhen) Company Limited 盈聯多科技企業(深圳)有限公司 ("Quorum Electronics") for a cash consideration of HK\$620,000. The major assets of Quorum Electronics at the time of disposal were two motor vehicles. The gain on disposal of this subsidiary was approximately HK\$331,000.
- (c) In September 2015, Supreme Success Company Holdings Limited ("Supreme Success"), a wholly owned subsidiary of the Company, disposed of the entire equity interest in and shareholder's loan to a wholly owned subsidiary to an independent third party for a cash consideration of HK\$210,000. The major asset of this subsidiary and its subsidiaries which had not commenced business at the time of disposal was bank balances of HK\$124,000. The gain on disposal of these subsidiaries was approximately HK\$86,000.
- (d) In October 2015, the Company entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in and shareholder's loan to Supreme Success for a cash consideration of HK\$300,000. The major asset of Supreme Success and its subsidiaries at the time of disposal was bank balances of HK\$221,000. The gain on disposal of these subsidiaries was approximately HK\$79,000.
- (e) In November 2015, the Company entered into a disposal agreement with a purchaser, which is wholly and beneficially owned by Mr. Hung Kin Sang, Raymond ("Mr. Hung"), a former director of the Company who resigned on 15 July 2015, to dispose of the entire issued share capital of and shareholder's loan to Applied Enterprises and Beachside and its wholly owned subsidiaries, Playa Grande Development Holdings Inc., Playa Grande Hot Spring Development Holdings, Inc. and Playa Grande Management Company Limited Inc. (together the "Beachside Group"), all were wholly owned subsidiaries of the Company, for cash considerations of HK\$153,000,000 and HK\$102,000,000 respectively. At the time of disposal, the major assets of Applied Enterprises were its 50% interest in Quorum Island (BVI) Limited ("Quorum") and the promissory note receivable from Quorum whereas the major assets of the Beachside Group were investment properties in the Panama. The gain on disposal of Applied Enterprises and the Beachside Group was approximately HK\$1,706,000 and HK\$2,361,000 respectively. The disposals were completed in December 2015.

- (f) In January 2016, Applied Investment (Asia) Limited (“Applied Investment”) and Applied International Holdings Limited, both are wholly owned subsidiaries of the Company, as vendors (the “Vendors”), entered into a sale and purchase agreement (the “Agreement”) with the purchaser, who is an independent third party, pursuant to which (i) the Vendors have conditionally agreed to sell, and the purchaser has conditionally agreed to purchase, the entire issued share capital of Severn Villa Limited; and (ii) Applied Investment has conditionally agreed to sell and the purchaser has conditionally agreed to purchase a shareholder’s loan owed by Severn Villa Limited to Applied Investment, at a total consideration of HK\$636,800,000. At the time of disposal, the major assets of Severn Villa Limited are four residential apartments, one roof area, one whole garden area and part of another garden area, and six parking spaces located at Severn Villa, No.3 Severn Road, Hong Kong. The gain on disposal of Severn Villa Limited is approximately HK\$312,817,000. The disposal was completed in May 2016.

The aggregated net assets of the subsidiaries as at the date of disposal are set out as follows:

	<i>HK\$’000</i>
Net assets disposed of:	
Investment properties	405,320
Property, plant and equipment	1,770
Promissory note receivable from a joint venture	138,101
Other receivables	991
Amount due from a joint venture	11,156
Bank balances and cash	1,151
Other payables	(1,947)
Deferred tax liabilities	(1,088)
	<hr/>
	555,454
	<hr/> <hr/>
	<i>HK\$’000</i>
Gain on disposal of subsidiaries:	
Consideration received	899,080
Net assets disposed of	(555,454)
Release of translation reserve upon disposal of a subsidiary	(276)
Direct expenses	(24,413)
	<hr/>
Gain on disposal of subsidiaries	318,937
	<hr/> <hr/>

Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	<i>HK\$'000</i>
Total cash consideration	899,080
Cash and cash equivalents in subsidiaries disposed of	(1,151)
Direct expenses	(24,413)
	<hr/>
Net inflow of cash and cash equivalents	873,516
	<hr/> <hr/>

Year ended 30 June 2015

In February 2015, the Group disposed of the entire issued share capital of and shareholder's loan to Data Pen Limited ("Data Pen") to Mr. Hung for a cash consideration of HK\$2,191,000. The major assets of Data Pen at the time of the disposal comprised two motor vehicles. The disposal was completed in February 2015. The details are as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	1,189
Gain on disposal	1,002
	<hr/>
Consideration, satisfied by cash	2,191
	<hr/> <hr/>

Analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary:

	<i>HK\$'000</i>
Cash consideration and net inflow of cash and cash equivalents	2,191
	<hr/> <hr/>

Conforming to current year's presentation, the gain on disposal of a subsidiary that was included in other income has been reclassified as a separate line item in the consolidated statement of comprehensive income for the year ended 30 June 2016.

DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 30 June 2016 (2015: nil).

RESULTS

The financial year ended 30 June 2016 (“FY2016”) was a very successful year for the Group. During FY2016, the Group had disposed of its properties in Severn Villa located at The Peak in Hong Kong and realised the substantial profits embedded in such properties, and had newly acquired the office properties in Lippo Centre and China Merchants Tower which significantly enlarged the Group’s income base. The Group posted a remarkable results in FY2016 by reporting an over 47 times increase in profit reaching HK\$370,036,000 (2015: HK\$7,679,000), and achieving earnings per share of HK19.27 cents (2015: HK0.45 cent). Such substantial increase in profit was primarily attributable to (i) the gain on disposal of subsidiaries totaling HK\$318,937,000 which mainly related to the disposal of subsidiaries that respectively held the properties in Severn Villa and the resort and property development projects in BVI and Panama; (ii) the net increase in fair value of investment properties of HK\$56,928,000 and (iii) the decrease in administrative expenses of HK\$10,519,000 compared to the previous financial year.

The Group’s revenue also reported an 187% increase in FY2016 reaching HK\$7,622,000 (2015: HK\$2,652,000), the increase was mainly contributed by (i) the additional rental income generated by the newly acquired office properties in Lippo Centre and China Merchants Tower; and (ii) the increase in interest and dividend income generated by the Group’s investments in corporate bonds, convertible bonds, equity-linked notes and listed equity securities during the financial year.

BUSINESS REVIEW

During FY2016, the Group continued to engage in its principal business of property investment, resort and property development and investment holding.

Property Investment

For FY2016, the Group’s investment properties in Hong Kong generated rental income totaling HK\$2,590,000, which showed a significant increase of 217% over the previous financial year (2015: HK\$817,000). The Group’s investment properties portfolio currently comprises the office properties in Lippo Centre and China Merchants Tower and the increase in rental income in FY2016 was contributed by these newly acquired properties. The office properties in Lippo Centre and China Merchants Tower were valued at HK\$392,000,000 and HK\$48,000,000 respectively at 30 June 2016 and a net revaluation gain on investment properties of HK\$56,928,000 was recorded by the Group for FY2016 (2015: HK\$23,407,000).

Disposal of properties in Severn Villa

On 27 January 2016, the Company and its two wholly owned subsidiaries entered into a conditional sale and purchase agreement with an independent third party to dispose of the entire issued share capital of, and the shareholder's loan, to Severn Villa Limited, a wholly owned subsidiary of the Company which held the properties in Severn Villa located at The Peak in Hong Kong, for a total consideration of HK\$636,800,000. The properties owned by Severn Villa Limited are the four residential apartments, one roof area, one whole garden area and part of another garden area, and six parking spaces located at Severn Villa.

The agreement was duly approved by the shareholders in a special general meeting of the Company held on 16 May 2016 and the transactions contemplated thereunder were completed on 19 May 2016. The Company received net proceeds of approximately HK\$613,478,000 from the disposal and recorded a gain on disposal of subsidiaries of approximately HK\$312,817,000 (further details of the transactions are contained in the Company's circular dated 27 April 2016).

Acquisition of an office unit in China Merchants Tower

The Company's wholly owned subsidiary entered into a provisional agreement and a formal agreement on 4 February 2016 and 29 February 2016 respectively with an independent third party to purchase an office property in China Merchants Tower in Sheung Wan, Hong Kong at a cash consideration of HK\$47,148,000. The office property has a gross floor area of approximately 2,062 square feet ("sq.ft.") and is located on the 33rd floor of China Merchants Tower with good sea view. The aggregate consideration for the property, including valorem stamp duty and other miscellaneous costs and charges was approximately HK\$51,784,000. The acquisition was duly approved by the shareholders in a special general meeting of the Company held on 7 April 2016 and the transaction was completed on 8 April 2016 (further details of the transaction are contained in the Company's circular dated 18 March 2016).

Acquisition of the whole 24th office floor of Lippo Centre Tower 1

On 8 April 2016, the Company's wholly owned subsidiary entered into an agreement with an independent third party to acquire the entire issued share capital of, and the shareholder's loan, to Legacy Billion Limited at a total consideration of HK\$39,882,840, whereas Legacy Billion Limited as purchaser had entered into an agreement with the vendor on 24 March 2016 to acquire the entire issued share capital of, and the loan to, a company for a total consideration of HK\$372,352,400 (subject to adjustment). The major asset owned by the subject company is the whole 24th office floor of Lippo Centre Tower 1 in Admiralty, Hong Kong with a gross floor area of approximately 14,984 sq.ft. The effective aggregate consideration (including stamp duty and other miscellaneous costs and charges) paid for the acquisition of the property upon completion of all transactions contemplated was approximately HK\$377,370,000.

The acquisition agreement was duly approved by the shareholders in a special general meeting of the Company held on 16 May 2016 and all the transactions contemplated thereunder were completed on or prior to 18 May 2016 (further details of the transaction are contained in the Company's circular dated 27 April 2016).

Resort and Property Development

On 9 November 2015, a conditional disposal agreement was entered into between the Company and the purchaser, which was a company wholly and beneficially owned by Mr. Hung Kin Sang, Raymond, a former director of the Company, in relation to the disposal of the resort and property development projects in BVI and Panama (the "BVI and Panama Projects"). The disposal agreement was duly approved by the shareholders in a special general meeting of the Company held on 21 December 2015 and the transactions contemplated thereunder were completed on 22 December 2015. The Group received net proceeds of approximately HK\$253,908,000 from the disposal and recorded a gain on disposal of subsidiaries of approximately HK\$4,067,000 (further details of the transactions are contained in the Company's circular dated 4 December 2015).

Following the disposal, the Group currently has no ongoing resort and property development project. Nevertheless, the Group will continue to look for resort and property development business opportunities in Mainland China and Hong Kong, which are markets the Company's management is more familiar with. The recent slowdown of the Mainland and Hong Kong economy have caused the Board becomes more prudent in deciding on undertaking any new resort/property development projects, however, the Board remains optimistic about the prospects of the Mainland and Hong Kong in the medium to long term and the Board believes the current market conditions may provide an opportunity for the Group to capture premium resort/property development investment opportunities at lower prices.

Investment Holding

During FY2016, the Group had invested in corporate bonds, convertible bonds, equity-linked notes and listed equity securities which generated a total interest and dividend income of HK\$5,032,000, significantly increased by 174% when compared to the prior financial year (2015: HK\$1,835,000). For FY2016, the Group also recorded net realised gain of HK\$1,233,000 (2015: loss of HK\$3,788,000) from disposing all of its convertible bonds investments and part of its listed equity securities investments, and recorded net unrealised loss of HK\$571,000 (2015: HK\$514,000) due to the net decrease in fair value of the Group's investment portfolio measured at market value at the financial year end. At 30 June 2016, the carrying value of the Group's corporate bonds, equity-linked notes and listed equity securities investment portfolio amounted to HK\$72,809,000 (2015: HK\$23,469,000).

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

In December 2015, the Company successfully completed a placing of 347,930,000 new shares to independent investors at a price of HK\$0.32 per placing share (the “Shares Placing”), representing a discount of approximately 17.95% to the closing price of HK\$0.39 per share as quoted on the Stock Exchange on 15 December 2015, being the date of the placing agreement (further details of the placing are contained in the Company’s announcements dated 15 December 2015). The net proceeds of the placing amounted to approximately HK\$108,419,000, representing a net price per placing share of approximately HK\$0.31, were intended to be used as general working capital of the Group and/or for attractive investment opportunities which might arise in future.

In December 2015, the Group received aggregate net proceeds amounted to approximately HK\$253,908,000 from the disposal of the BVI and Panama Projects as mentioned. It was intended that approximately HK\$50,000,000 of the net proceeds would be utilised by the Group’s investment holding business to acquire corporate bonds and the remaining balance to be applied as general working capital of the Group and/or for attractive investment opportunities, particularly those that are property-related, which might arise in future and would bring substantial value to the Group.

In addition, in May 2016, the Group also received net proceeds amounted to approximately HK\$613,478,000 from the disposal of Severn Villa Limited as mentioned. The net proceeds were intended to be used as to (i) approximately HK\$62,000,000 for the repayment of bank borrowings and release of mortgage of the properties in Severn Villa; (ii) approximately HK\$140,000,000 for the repayment of a bridging loan raised for the acquisition of the office properties in Lippo Centre as mentioned; (iii) approximately HK\$310,000,000 for property/resort related projects to be undertaken by the Group in future; (iv) approximately HK\$50,000,000 for investments in corporate bonds and listed equity securities; and (v) the remaining balance for general working capital of the Group and other investment opportunities that might arise in future and would bring substantial value to the Group.

At 30 June 2016, the net proceeds from the Shares Placing and the disposal of the BVI and Panama Projects totaling approximately HK\$362,327,000 had been utilised for (i) the acquisition of the office unit in China Merchant Towers of approximately HK\$51,784,000, (ii) part of the consideration for the whole 24th office floor in Lippo Centre (excluding the part financed by a bridging loan) of approximately HK\$237,370,000 and (iii) investments in corporate bonds, equity-linked notes of approximately HK\$50,000,000, with the remaining balance of approximately HK\$23,173,000 as working capital of the Group. In respect of the net proceeds of HK\$613,478,000 received from the sale of the Severn Villa properties, an aggregate amount of approximately HK\$202,000,000 had been utilised to repay the bank borrowings and a bridging loan as intended, with the balance of approximately HK\$411,478,000, being included in the Group’s cash on hand at the financial year end, is pending to be applied as planned.

At 30 June 2016, the Group had current assets of HK\$521,001,000 (2015: HK\$69,493,000) and current liabilities of HK\$2,941,000 (2015: HK\$82,172,000), representing a very strong current ratio of about 177.2 times (2015: ratio of 0.85). The Group's current assets at the financial year end comprised mainly bank balances and cash of HK\$422,422,000 and financial assets including corporate bonds, equity-linked notes and listed equity shares of HK\$72,809,000. At 30 June 2016, the Group's total equity amounted to HK\$956,173,000 and the Group had no bank borrowing. At 30 June 2015, the Group's total equity and bank borrowings amounted to HK\$477,538,000 and HK\$75,181,000 respectively, representing a gearing ratio of 15.7%. The Group's borrowings at 30 June 2015 represented bank loans which were denominated in Hong Kong dollar, bore interest at floating rate and secured by the Group's investment properties.

The substantial increase in the Group's bank and cash balances to HK\$422,422,000 at 30 June 2016 was mainly attributable to the net proceeds received from the disposal of Severn Villa Limited that were yet to be utilised. With the amount of liquid assets and cash on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

PROSPECTS

Despite the Board's decision to dispose of the properties in Severn Villa in order to realise the substantial profits embedded in such properties, the Board remains optimistic about the medium to long term prospect of property market in Hong Kong. The Board believes the acquisitions of the office properties in Lippo Centre and China Merchants Tower are good investments as the Group will earn a stream of rental income from the properties and will benefit from medium to long term capital gains in the event that such properties appreciate in value in the future.

Looking forward, the Group will continue its principal business in property investment, resort and property development and investment holding. For the property investment business, the management will continue to seize acquisition opportunities in prime office properties located in core business districts in Hong Kong in view that demands for high grade offices will continue to steadily increase in the coming years. In respect of the resort and property development business, the Group will continue to look for resort and property development business opportunities in Mainland China and Hong Kong, being markets the Company's management is more familiar with. As for the investment holding business, the Group will continue with its investment business, being part of its treasury management activities, in effectively utilising surplus funds on hand to earn income. The Group will continue to invest in securities and bonds including equity securities listed on the Hong Kong Stock Exchange or overseas exchanges, equity-linked notes, convertible bonds as well as in corporate bonds.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions ("Code Provisions") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2016, save in respect of Code Provisions (i) A.4.2, (ii) A.6.7 and (iii) A.2.1. Details of the deviations with reasons are set out in the paragraphs below:

(i) Code Provision A.4.2

Under Code Provision A.4.2 of the CG Code, all directors who are appointed to fill casual vacancies are subject to re-election at the first general meeting after their appointments by the Board, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company (the "Bye-laws") deviates from this Code Provision in the following aspects:

- (a) Under Bye-law 86(2) of the Bye-laws, amongst other things, the directors have the power to appoint any person as a director, either to fill a casual vacancy on the Board, or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any director so appointed by the Board shall hold office until the next following annual general meeting of the Company.

The reason for retaining this Bye-law is for the purpose of compliance with paragraph 4(2) of Appendix 3 of the Listing Rules. The requirement for directors appointed to fill casual vacancies or as additional members of the Board to retire only at the next annual general meeting, rather than at the next general meeting also allows the shareholders to consider re-election of such new directors at the same time as the re-election of the directors who are subject to retirement by rotation, at the same general meeting.

(b) Under Bye-law 87(1) of the Bye-laws, at the annual general meetings of the Company, one third of the directors for the time being (or where the number is not a multiple of three, the number nearest to, but not greater than one third), including the independent non-executive directors, shall retire from office by rotation, provided that the chairman of the Board and/or the managing director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. Notwithstanding the provisions of Bye-law 87(1), in practice, the Chairlady of the Board and the Managing Director of the Company, Ms. Wang Jingyu (“Ms. Wang”) will voluntarily submit herself for re-election by the shareholders at the annual general meeting of the Company at least once every three years. Accordingly in practice, all directors of the Company (including the independent non-executive directors), are subject to retirement by rotation at least once every three years. All independent non-executive directors are appointed for a term of three years, and are subject to retirement by rotation in accordance with the Bye-laws.

(ii) Code Provision A.6.7

Under Code Provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, Mr. Lo Yun Tai, one of the Independent Non-executive Directors, was unable to attend the special general meeting held on 21 December 2015 due to his personal commitment and Mr. Su Ru Jia, one of the Independent Non-executive Directors, was unable to attend the special general meetings held on 7 April 2016 and 16 May 2016 both due to his other business engagements. However, the other two Independent Non-executive Directors present at the aforesaid special general meetings had enabled the Board to develop a balanced understanding of the views of shareholders of the Company.

(iii) Code Provision A.2.1

Mr. Hung Kin Sang, Raymond took the roles of both Chairman and Managing Director of the Company for the period from 18 December 2014 to 15 July 2015 which was not in compliance with Code Provision A.2.1 of the CG Code which requires the roles of chairman and chief executive to be separate and not performed by the same person. Subsequent to the resignation of Mr. Hung, Ms. Wang Jingyu has been appointed as the Chairlady and the Managing Director of the Company since 15 July 2015 and is not in compliance with the requirement of Code Provision A.2.1 of the CG Code. As such, the Company will continue to identify suitable candidate in order to separate the roles of chairman and managing director of the Company.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 30 June 2016 have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by Directors. 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 year ended 30 June 2016.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 30 June 2016 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 ended 30 June 2016.

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 HKICPA 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 the Stock Exchange at <http://www.hkex.com.hk> and on the website of the Company at <http://www.applieddev.com>.

By Order of the Board
Applied Development Holdings Limited
Wang Jingyu
Chairlady & Managing Director

Hong Kong, 24 August 2016

As at the date of this announcement, the Executive Directors are Ms. Wang Jingyu, Ms. Ng Kit Ling and Mr. Tsao Hoi Ho; the Independent Non-executive Directors are Mr. Su Ru Jia, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence.

* *For identification purpose only*

In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text thereof.