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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: 519)

RECENT DEVELOPMENTS IN RESPECT, AND CLOSING, OF THE STOCK PURCHASE AND JOINT VENTURE AGREEMENT

The Directors wish to update the shareholders of the Company and the public investors about the recent developments relating to the Agreement entered into by and among Quorum, InterIsle, Applied Enterprises and Applied Toys on 11 August 2006 regarding the joint venture arrangement to develop the property in Beef Island, the British Virgin Islands which was completed on 9 April 2007. A Fourth Memorandum of Amendments to the Agreement and two Amendments to (i) the Quorum Note and (ii) the Purchase Price Note were signed on 16 July 2009 at after 4:00 p.m. Hong Kong time.

I. RECENT DEVELOPMENTS IN RESPECT OF THE AGREEMENT

Reference is made to the circular issued by the Company dated 31 August 2006 (the “Circular”) about, amongst other things, the Agreement entered into by and among Quorum, InterIsle, Applied Enterprises and Applied Toys on 11 August 2006 in relation to the joint venture arrangement to develop the property in Beef Island, the British Virgin Islands (the “Agreement”) and the announcements dated 30 November 2006 regarding a delay in the Closing Date of the Agreement, dated 30 January 2007 regarding recent developments in relation to it dated 10 April 2007 regarding the completion of the Agreement and dated 18 April 2008 regarding a Third Memorandum of Amendments to the Agreement and the Letter Agreement signed on 16 April 2008 (“Announcements”). Terms used herein have the meanings ascribed to them in the Circular and the Announcements unless the context otherwise requires.

The Agreement was completed on 9 April 2007 British Virgin Islands time. Prior to the completion of the Agreement, Quorum, InterIsle, Applied Enterprises and Applied Toys entered into the Second Memorandum of Amendments to the Agreement which specified the payment terms and obligations of Quorum and InterIsle.

On 16 April 2008 British Virgin Islands time Quorum, InterIsle, Applied Enterprises and Applied Toys entered into the Third Memorandum of Amendments to the Agreement and the Letter Agreement both dated “as of” 9 April 2008.

Quorum, InterIsle, Applied Enterprises and Applied Toys agreed to further amend the terms stated in the Agreement, the Second Memorandum of Amendments to the Agreement, the Third Memorandum of Amendments to the Agreement and for that purpose entered into the Fourth Memorandum of Amendments to the Agreement dated 9 April 2009 and two Amendments to (i) the Quorum Note and (ii) the Purchase Price Note and signed on 16 July 2009 at after 4:00 p.m. Hong Kong time under amongst other things:-

INITIAL LAND AND DEVELOPMENT LOAN

The date on or before which Quorum shall obtain the Initial Land and Development Loan to be arranged by InterIsle with a reputable commercial bank or financial institution (the “Bank or Financial Institution”) in the aggregate principal amount of at least US\$51 million (approximately HK\$397,800,000) was changed from 9 April 2009 to 9 April 2010.

QUORUM OBLIGATION

The latest date which Quorum is obliged to pay the Quorum Note of US\$22 million (approximately HK\$171,600,000) was changed from 9 April 2009 to 9 April 2010.

INTERISLE OBLIGATION

The date of InterIsle’s obligation to pay the final instalment of the Deferred Purchase Price in the amount of US\$10.5 million (approximately HK\$81,900,000) which shall be due and payable on the earlier of 15 December 2009 and the date of the first Development Loan unless InterIsle makes certain payments to Applied Enterprises was changed to 9 April 2010.

II. PROGRESS OF THE JOINT VENTURE AGREEMENT FOR THE BEEF ISLAND PROJECT

Since the Third Memorandum of Amendments to the Agreement and the Letter Agreement, the progress of the Beef Island project has included:

As announced by the Company in its Annual Report of 2008, there was a change in the Prime Minister of the British Virgin Islands in late 2007 and the Virgin Islands Environmental Council (“VIEC”), a non-profit civil environmental organization, has been challenging several development projects in the BVI that were approved by the former BVI government, including the BVI Project. Since the VIEC filed a judicial challenge, several legal proceedings in respect of the challenges have been conducted. Upon the Judge’s decision has been rendered, the Company will keep the shareholders of the Company informed. The management believes that the development will start upon the settlement of the challenge.

III. REASONS FOR ENTERING INTO THE FOURTH MEMORANDUM OF AMENDMENTS TO THE AGREEMENT DATED 9 APRIL 2009 AND TWO AMENDMENTS TO (i) THE QUORUM NOTE AND (ii) THE PURCHASE PRICE NOTE

Taking into account of the current adverse impact on the economy in all world market caused by the outbreak of the financial crisis and the current challenge of the Group's BVI project raised by the VIEC, the Board agreed to accept the extension of certain expiry dates of (i) the date of the Initial Land and Development Loan to be arranged by InterIsle with a reputable commercial bank of financial institution, (ii) Quorum Note and (iii) the Deferred Purchase Price both changed to 9 April 2010 as requested by InterIsle to have more time to obtain the Initial Land and Development Loan after the settlement of the current challenge of the BVI project. Also, the Board believes that the acceptance of the extension is the best decision to bring the most benefit to the shareholders of the Company and the Group as there are currently no other potential joint venture partners with a good experience in property development in Caribbean Region to be considered.

Although the Company is looking forward to the Judge's decision, the Board believes that the two payments of (i) Quorum Note and (ii) the Deferred Purchase Price may be affected by the current credit market in Caribbean Region. Based on current property market trend, the Board foresees that the property market in Caribbean Region may continually suffer from adverse impacts caused by the financial crisis in the forthcoming year.

The Board does not consider that the Fourth Memorandum of Amendments to the Agreement and two Amendments to (i) the Quorum Note and (ii) the Purchase Price Note constitutes a material variation of the terms of the Agreement of the type contemplated by Rule 14.36. It involves only a delay of certain payments and the Board considers that this is an unremarkable event, common in major projects.

The Board also considers that the entering into of the Fourth Memorandum of Amendments to the Agreement and two Amendments to (i) the Quorum Note and (ii) the Purchase Price Note is within the scope of the shareholders approval in relation to the Agreement.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the board
Applied Development Holdings Limited
Hung Kin Sang, Raymond
Managing Director
Hong Kong, 16 July 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Hung Kin Sang, Raymond, Ms. Hung Wong Kar Gee, Mimi, Mr. Hung Kai Mau, Marcus and Mr. Fang Chin Ping and the Independent Non-executive Directors of the Company are Mr. Lo Yun Tai, Mr. Lun Tsan Kau and Mr. Lam Ka Wai, Graham.

** For identification only*