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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 Third Memorandum of Amendments to the Agreement and the Letter Agreement were signed on 16 April 2008 British Virgin Islands time for the extension of certain dates contained in the Agreement.

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 and dated 10 April 2007 regarding the completion of the Agreement (“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.

Quorum, InterIsle, Applied Enterprises and Applied Toys agreed to further amend the terms stated in the Second Memorandum of Amendments to the Agreement and for that

purpose entered into the Third Memorandum of Amendments to the Agreement and a letter agreement (the "Letter Agreement") both dated "as of" 9 April 2008 and signed on 16 April 2008 British Virgin Islands time under which 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 2008 to 9 April 2009.

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 2008 to 9 April 2009.

INTERISLE OBLIGATION

The date of InterIsle's obligation to pay the second and 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 2008 and the date of the first Development Loan unless InterIsle makes certain payments to Applied Enterprises was changed to 15 December 2009 or the date of the first Development Loan unless InterIsle makes certain payments to Applied Enterprises.

THE LETTER AGREEMENT

Under the Letter Agreement, InterIsle and Applied Enterprises acknowledge that each has incurred certain expenses that are reimbursable to them by Quorum and agree to reconcile the expenses incurred by them for the period from 1 July 2006 through 30 September 2008 (the "Reimbursable Expenses"), by not later than 9 October 2008. If either InterIsle or Applied Enterprises has incurred a greater amount of Reimbursable Expenses than the other, such shareholder shall not be required to incur any further expenses on behalf of Quorum until such time as the other shareholder has incurred an equal amount of Reimbursable Expenses. As at 16 April 2008, Applied Enterprises has incurred Reimbursable expenses of over US\$2 million while InterIsle has spent approximately US\$1 million to date and has been covering, and will continue to cover, all day-to-day operating expenses of Quorum. In addition, Quorum shall use part of the proceeds of the Initial Land and Development Loan to repay the Reimbursable Expenses to InterIsle and Applied Enterprises to the extent that it is permitted by the Bank or Financial Institution.

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

Since the Second Memorandum of Amendments to the Agreement, the progress of the Beef Island project has included:

In July 2007, Quorum hired a managing director and he is the lead business person in the development process for the Beef Island project. In addition, Quorum also hired a project manager for all design and construction aspects of the Beef Island project. He has over 35 years of construction experience and in particular in the luxury hotel/resort segment. He is a former head of design and construction with The Ritz Carlton hotel group and, most recently, he was the development manager for the construction of the Ritz Carlton Grand Cayman.

In August 2007, Quorum made a loan application with a financial institution for an aggregate loan amount of US\$75 million towards financing of the project and it was delayed.

III. REASONS FOR ENTERING INTO THE THIRD MEMORANDUM OF AMENDMENTS TO THE AGREEMENT AND THE LETTER AGREEMENT

The Third Memorandum of Amendments to the Agreement became necessary because the bank in question has delayed its decision on the provision of loan which Quorum applied for in respect of the Beef Island project. Further details are explained in the results announcement of the Company dated 17 March 2008.

During the term of the Agreement, both Applied Enterprises and its JV partner, InterIsle, have incurred expenses on behalf of Quorum. The Letter Agreement enables Applied Enterprises and its JV partner, InterIsle, to secure repayment of the Reimbursable expenses which they have incurred.

Upon signing of the Third Memorandum of Amendments to the Agreement and the Letter Agreement, InterIsle has directly paid to Applied Enterprises an amount of US\$1.25 million (approximately HK\$9,750,000) representing the first instalment of the Deferred Purchase Price pursuant to the terms of the Agreement and the Second Memorandum of Amendments to the Agreement.

The Board believes that the direct payment shows InterIsle's strong confidence in the BVI's project.

The Board does not consider that the Third Memorandum of Amendments to the Agreement and the Letter Agreement 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 Third Memorandum of Amendments to the Agreement and the Letter Agreement 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
Executive Director
Hong Kong, 18 April 2008

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. Fang Chin Ping and Mr. Hung Kai Mau, Marcus 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*