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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)

**VERY SUBSTANTIAL DISPOSAL
AND
RESUMPTION OF TRADING**

THE AGREEMENT

After trading hours on 10 December 2010 the Seller, a wholly-owned subsidiary of the Company, entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Seller agreed to sell the Sale Shares, representing the entire issued share capital in AEL for an aggregate consideration of RMB15 million (approximately HK\$17.5 million) which shall be paid in cash on or before 9 March 2011. AEL holds a wholly-owned subsidiary, AE(B) Ltd who is the legal lessee of the Ping Wu Properties. The completion of the sale of the Sale Shares will be conditional upon the result on the passing by the Shareholders of all necessary resolutions at the SGM approving the Agreement and the transactions contemplated thereunder.

The net proceeds of the disposal of the Sale Shares, after deducting the related expenses, are estimated to be approximately HK\$16 million. As a result of the disposal of the Sale Shares, the Group will record an estimated loss on disposal of approximately HK\$7.67 million. The Board believes that the disposal of the Sale Shares is for the best interest of all shareholders of the Company and such proceed is intended to be used as general working capital of the Group.

As one of the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the disposal of the Sale Shares exceed 75%, the transaction contemplated under the Agreement constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the approval by the Shareholders at the SGM. As the Purchaser is independent of the Company and its connected persons and no Shareholder has a material interest in the Agreement which is different from that of the

other Shareholders, no Shareholder is required to abstain from voting in respect of the resolution to approve the disposal of the Sale Shares at the SGM.

A circular containing, among other things, details of the Agreement, information relating to the Group and the Purchaser, the notice of the SGM, a property valuation report on the Ping Wu Properties, and other information as required under the Listing Rules will be dispatched to the Shareholders by 30 December 2010.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 13 December 2010 pending release of this announcement. Application has been made by the Company for the resumption of trading in the securities of the Company with effect from 9:30 a.m. on 15 December 2010.

THE AGREEMENT

Date : 10 December 2010

Parties : The Seller

The Purchaser

Negotiation : Mr Fang Chin Ping (“Mr Fang”), who retired his directorship with the Company in the last AGM dated 24 November 2009 and is not a shareholder of the Company, an ex-director of the Company received an offer of this Disposal of Sold Shares from the Purchaser, who is an independent party of Mr Fang, a few months ago and then he immediately acquainted the Purchaser to the Company. After the consideration of the reasons of the Disposal of Sold Shares by the Board and several negotiations of the aggregate consideration of the Sold Shares during these few months, the terms of the Agreement were finalized, confirmed and agreed on 10 December 2010.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial shareholder are independent of the Company, its subsidiaries and their respective connected persons.

Assets to be disposed of

The Sale Shares represent the entire issued share capital of AEL, a wholly owned subsidiary of APL and who holds a wholly-owned subsidiary, AE(B) Ltd. AE(B) Ltd is the legal lessee of a development site located at Da Huang Gong Industrial Zone, Pinghu Town, Longgang country, Shenzhen City, Guangdong Province, the PRC and a parcel of land and various buildings located at No 207 Ping Hu Main Street, Pinghu Town,

Longgang County, Shenzhen City, Guangdong Province, the PRC (the “Ping Wu Properties”). The Group obtained the legal lease of using “Ping Wu Properties” for a total consideration of approximately HK\$3 million in between 1990 and 1991. Although the total carrying value of the Ping Wu Properties and the total net asset value of AEL as at 30 June 2010 were approximately HK\$24.4 million and HK\$23.67 million respectively, the Board believes that the disposal of the Sale Shares for an aggregate consideration of RMB15 million (approximately HK\$17.5 million) will be for the best interest of all shareholders of the Company after the consideration of the recent rigid development requirements requested by the relevant PRC official authorities and its yielding of the Ping Wu Properties in future.

For the three financial years ended 30 June 2008, 2009 and 2010, all the net loss before and after taxation and extraordinary items suffered by to AEL were approximately HK\$10.2 million, HK\$6 million and HK\$4 million respectively

For the two financial years ended 30 June 2008 and 2009, the net profits before and after taxation and extraordinary items attributable to AE(B) Ltd were approximately HK\$7 million and, HK\$628,000 respectively. For the financial year ended 30 June 2010, the net profit before taxation and extraordinary items attributable to AE(B) Ltd was HK\$94,000 and the net loss after taxation and extraordinary items attributable to AE(B) Ltd was HK\$2 million.

As at 30 June 2010, the total net assets value of AEL (consolidated with AE(B) Ltd) was approximately HK\$23.67 million after the elimination of the accumulated losses of approximately HK\$154.81 million, representing the exact shareholder’s loan to AEL provided by the Group, suffered by the Group for the previous years ended 30 June 2010. Based on the net proceeds of the disposal of the Sale Shares of HK\$16 million, the Company will record an estimated loss on this disposal of the Sale Shares of approximately HK\$7.67 million. Although the Seller agreed to indemnify the Purchaser against all outstanding liabilities including the waiver of the above-stated shareholders’ loan to AEL of approximately HK\$154.81 million as of the date of Completion, to the best knowledge of the Company, AEL and AE(B) Ltd do not have any liabilities apart from that shareholders loan which is covered by the indemnity mentioned above and the waiver of the shareholders’ loan to AEL will not incur any losses of the Company after the disposal of Sale Shares as the shareholders’ loan to AEL has been recognised by the Group as the accumulated losses for the previous years ended 30 June 2010.

AEL and AE(B) Ltd will no longer be subsidiaries of the Company after completion of the sale and purchase of the Sale Shares.

Consideration

The deposit of RMB3 million (approximately HK\$3.5 million), representing of 20% of the total consideration of RMB\$15 million was received upon the signing of the Agreement and the balance of RMB12 million (approximately HK\$14 million), representing of 80% of the total consideration of RMB\$15 million shall be due and

payable upon completion of the sale and purchase of the Sale Shares, which is expected to be on or before 9 March 2011. The deposit of RMB3 million (approximately HK\$3.5 million) shall be non-refundable. Apart from the following condition of the Agreement, the disposal of shares shall not be revoked by both the Seller and the Buyer.

The consideration was determined after arm's length negotiations between the Purchaser and the Seller, with reference to the fair value of the Sale Shares As at the date of this announcement, the fair value of the Sale Shares, representing the aggregate consideration of the Sale Shares agreed by the Seller and the Purchaser is approximately RMB15 million (approximately HK\$17.5 million), determined on the basis of the market value of Ping Wu Properties of "no commercial value" as at 30 November 2010 revalued by an independent valuer, Asset Appraisal Limited and taking into accounts of the rigid development requirement requested by the relevant PRC official authorities and its estimated yield in foreseeable future.

Condition

The completion of the sale of the Sale Shares will be conditional on the passing by the Shareholders of all necessary resolutions at the SGM approving the Agreement and the transactions contemplated thereunder.

Completion

Completion is expected to be on or before 9 March 2011.

INFORMATION ON THE GROUP

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

Both of AEL and AE(B) Ltd are investment holding and investment properties holding companies and AEL holds a wholly-owned subsidiary, AE(B) Ltd who is the legal lessee of the Ping Wu Properties.

INFORMATION ON THE PURCHASER

The Purchaser is a PRC business man who is an independent party with the Company and its associates and its related parties comprises all directors of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

(i) Recent Rigid development requirements on Ping Wu Properties

The Group has obtained the land use right of Ping Wu Properties since between 1990 and 1991 for a total consideration of approximately HK\$3 million with a lease term of 50 years from the local village community association. Recently, the

Group has tried to obtain the legal titles of the land use right of Ping Wu Properties but there were certain rigid development requirements such as (i) excessive taxes and duties to be levied, (ii) forbiddance of re-development of the old buildings located at Ping Wu Properties “the old buildings”(iii) also, the old buildings would not be qualified as safety buildings under requirements of PRC official fire and building structure authorities.

(ii) Yielding in future on Ping Wu Properties

The Management of the Company was shown the intentions to move out Ping Wu Properties from the majority of existing tenants of Ping Wu Properties with their remaining lease terms of less than 18 months. One of the reasons is the old buildings will not enable the existing tenants of Ping Wu Properties to obtain the relevant legal “Enterprises Business Registration Certificate”. The Board will foresee that the rental income contributed by Ping Wu Properties will be gradually reduced to the non-profitable level within 18 months.

(iii) Although the total net assets value of AEL was approximately HK\$23.67 million after the elimination of the accumulated losses of approximately HK\$154.81 million, representing the exact shareholder’s loan to AEL provided by the Group, suffered by the Group for the previous years ended 30 June 2010. Based on the net proceeds of the disposal of the Sale Shares of HK\$16 million a, the Company will record an estimated loss on this disposal of the Sale Shares of approximately HK\$7.67 million. The Board believes that the disposal of the Sale Shares would be for the best interest of all shareholders of the Company after the consideration of the recent rigid development requirements from the relevant PRC official authorities and its yielding of the Ping Wu Properties in future.

The net proceeds of the disposal of the Sale Shares, after deducting the related expenses, are estimated to be approximately HK\$16 million. As a result of the disposal of the Sale Shares, the Group will suffer an estimated loss of disposal of approximately HK\$7.67 million. The Board believes that the disposal of the Sale Shares is for the best interest of all shareholders of the Company and such proceed is intended to be used as general working capital of the Group.

EFFECT OF THE DISPOSAL

After the disposal of Sale Shares, the Company will receive an immediate cash of RMB15 million (approximately HK\$17.5 million) rather than taking any risks of any excessive taxes and duties to be levied and the shrinking of rental income of Ping Wu Properties. The Group has its majority business of (i) resort and property development in BVI Project and Panama Project and (ii) investment properties – Severn Villa Properties as follows:

(1) BVI Project

Reference made to the 2010 Annual Report of the Company, the revised Master Plan of the golf course was submitted on 11 June 2010. As informed by InterIsle Holdings Ltd (“InterIsle”), our JV partner, although the approval of the master plan from the BVI government has not yet been obtained, InterIsle is still optimistic to obtain the finances of BVI Project once the approval of the Master Plan obtained. As of this announcement date, the Management of the Company believes that the pre-sale of the residential of BVI project will start shortly following the finances of BVI Project obtained by InterIsle and the Company will update the development of BVI Project upon the receipt of the relevant information immediately. As at 30 June 2010, the carrying value of the BVI Project was approximately HK\$215.66 million.

The BVI Project is envisioned to be a 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 of over 80 feet; and a golf course 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.

(2) Panama Project

The Management recently has worked on the relevant master plans of the sub-lot region of the Panama Land with the professionals and architects for the submission to the relevant authorities of Panama. The Board also has been considering any possible JV partners of Panama Project or sales of the whole Panama Project if a suitably attractive offer made by potential buyers. As at 30 June 2010, the carrying value of the Panama Project was approximately HK\$184.8 million.

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.

(3) Severn Villa Properties

Pursuant to the license fee agreement of using 3 out of 4 units of Severn Villa properties between a non-executive director, Ms Wong Kar Gee (“Ms Wong”) and the Company, Severn Villa Properties began to generate its rental income of approximately HK\$122,000, not formed as a director remuneration for the period from 10 June 2010 to 30 June 2010 to the Group in the financial year ended 30 June 2010 when Ms Wong was re-designated as a non executive director of the Company on 10 June 2010. The terms of the license fee agreement have been agreed at arm length’s basis since January 2004 when Ms Wong was an executive director of the Company and entitled to be provided a free accommodation by the Company. As of

this announcement date, although Ms Wong has continued to pay monthly licence fee to the Group since due to no offers of rental in respect of those units of Severn Villa Properties received from any independent parties of the Group in the market, the Management decided to terminate the licence agreement with Ms Wong by one month notice as this licence agreement with Ms Wong has been defined as a continuing connection transaction as defined in the Chapter 14A under the Listing Rules. No matter that the Company will further follow up any actions in respect of this continuing connection transaction as required by and complied with the Chapter 14A of the Listing Rules immediately. As at 30 June 2010, the carrying value of Severn Villa Properties was approximately HK\$220 million.

The Board has its view that Severn Villa Properties will continue to generate rental income from any independent parties of the Group and the other two oversea projects will bring their revenue soon following the approval of their relevant master plans.

SGM

As one of the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the disposal of the Sale Shares exceeds 75%, the transactions contemplated under the Agreement constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the approval by the Shareholders at the SGM. The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Agreement and the transactions contemplated thereunder.

As the Purchaser is independent of the Company and its connected persons and no Shareholder has a material interest in the Agreement which is different from that of the other Shareholders, no Shareholder is required to abstain from voting in respect of the resolution to approve the disposal of the Sale Shares at the SGM.

ADJOURNMENT AND POSTPONEMENT OF THE AGM

Reference made with the Company's announcement dated 22 October, 2010, the Company is seeking for a legal order to disclose or inform any relevant matters or those things in respect of any impacts on the voting in any forthcoming shareholders meeting including the SGM for this disposal of Sale Shares of the Company. Once the legal order is approved, the Company will inform the relevant information to all shareholders as soon as possible.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 13 December 2010 pending release of this announcement. Application has been made by the Company for the resumption of trading in the securities of the Company with effect from 9:30 a.m. on 15 December 2010.

GENERAL

A circular containing, among other things, details of the Agreement, information relating to the Group and the Purchaser, the notice of the SGM, a property valuation report on the Ping Wu Properties, and other information as required under the Listing Rules will be dispatched to the Shareholders by 30 December 2010.

Sums in RMB in this announcement have been translated into HK\$ at the rate of RMB8.55 :HK\$10.

DEFINITION

“Agreement”	the agreement dated 10 December 2010 entered into between the Purchaser, and the Seller in relation to the disposal of the Sale Shares
“AEL”	Applied Electronics Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of Applied Properties Limited
“AE(B) Ltd”	Applied Electronics (Bahamas) Ltd, a company incorporated in Bahamas and an indirectly wholly owned subsidiary of the Company
“APL”	the Seller, a company registered in Hong Kong which is a wholly owned subsidiary of the Company
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management”	all executive directors and senior management of the Company (excluding all non-executive directors of the Company)

“Ping Wu Properties”	Da Huang Gong Industrial Zone, Pinghu Town, Longgang country, Shenzhen City, Guangdong Province, the PRC and a parcel of land and various buildings located at No 207 Ping Hu Main Street, Pinghu Town, Longgang County, Shenzhen City, Guangdong Province, the PRC
“PRC”	the People’s Republic of China
“Purchaser”	黃萬賢 (in English “Wong Man Yee”) , a PRC business man, who is independent of the Company, it’s subsidiaries and their respective connected persons
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	430,000,000 shares
“Seller”	Applied Properties Limited
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	Percent

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

Hong Kong, 14 December 2010

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*