

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

THE AGREEMENT

The Purchaser and Elite, an indirect wholly-owned subsidiary of the Company, entered into the Agreement on 5 November 2007 pursuant to which the Purchaser agreed to purchase and Elite agreed to sell the Sale Shares, representing approximately 51% of the existing issued share capital in Wideland held by Elite for a consideration of HK\$100,000 which shall be paid in cash. 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 thereby.

The net proceeds of the disposal of the Sale Shares, after deducting the related expenses, is estimated to be approximately HK\$90,000 and is intended to be used as general working capital of the Group.

As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the disposal of the Sale Shares exceeds 75%, the entering into of 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 person and no Shareholder has a material interest in the Agreement which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the relevant 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 and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

THE AGREEMENT

Date : 5 November 2007

Parties : Elite, being the vendor and an indirect wholly-owned subsidiary of the Company

Crown Peace Asia Limited, being the Purchaser

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

Assets to be disposed of

The Sale Shares represents 51% of existing issued share capital of Wideland. Before Completion, Wideland is a direct 51% owned subsidiary of Elite which is an indirect wholly-owned subsidiary of the Company. Wideland is principally engaged in the manufacture and trading of electronic products. On Completion, the Group will cease to have any interest in Wideland which will accordingly cease to be a subsidiary of the Company.

The audited asset value of Wideland was approximately HK\$1,503,957, HK\$1,024,550 (negative asset value) and HK\$3,037,610 (negative asset value) as at 30 June 2005, 30 June 2006 and 30 June 2007 respectively. For the three years ended 30 June 2005, 30 June 2006 and 30 June 2007, the audited net losses before taxation and extraordinary items attributable to Wideland were approximately HK\$1,630,074, HK\$2,935,506 and HK\$2,013,060 respectively. During the same period, the audited net losses after taxation and extraordinary items attributable to Wideland were approximately HK\$1,495,156, HK\$2,957,077 and HK\$2,013,060 respectively.

Consideration

The Consideration of HK\$100,000 shall be payable upon signing of the Agreement which shall be applied in full satisfaction of the Consideration upon Completion.

The Consideration was determined after arm's length negotiations between Elite and the Purchaser with reference to the historical performance, including the unaudited consolidated negative asset value of Wideland of approximately HK\$3 million and its tax loss asset of Wideland of approximately HK\$1.8 million as at 30 September 2007, and the future prospects of the business of Wideland.

Condition

Completion is conditional on the passing by the Shareholders of the Company of all necessary resolutions at the SGM approving the Agreement and the transactions contemplated thereby (the "**Condition**").

Completion

Completion shall take place on the Completion Date.

If the Agreement cannot be completed due to the Condition not having been fulfilled before the Long Stop Date, the Agreement shall terminate and Elite shall refund the Consideration to the Purchaser without interest within one month after such termination. If the Buyer fails to complete the purchase of the Sale Shares for any reasons (other than non-fulfilment of the Condition), the Agreement shall terminate and Elite shall be entitled to forfeit the Consideration.

INFORMATION ON THE GROUP

The Group is principally engaged in resort and property development, property and investment holding and design, manufacturing, marketing and distribution of consumer electronic products.

INFORMATION ON THE PURCHASER

The Purchaser is an investment holding company and, through its subsidiaries, is principally engaged in trading in components and computer parts.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE AGREEMENT

Wideland is an indirect 51% subsidiary of the Company before Completion. Wideland is engaged in the manufacture and trading of electronic products. For the past few years, Wideland has continued to face fierce market competition and was under an adverse environment with lower profit margin. The management of the Company believes that Wideland's future performance will not contribute significant profit to the Group. The disposal of the Sale Shares will enable the Group to realise the value of its interest in Wideland and help the Group to further concentrate its resources to resort development and property investment and development.

Based on the unaudited accounts of Wideland as at 30 September 2007, a gain on disposal of the Sale Shares of approximately HK\$90,000 (representing the aforesaid sale proceeds less the estimated costs and expenses of HK\$10,000 relating to the Disposal before tax) is expected to arise as a result of the sale of the Sale Shares. The net proceeds of the disposal of the Sale Shares, after deducting the related expenses, is estimated to be approximately HK\$90,000 and is intended to be used to for the Group's general working capital.

The Board considers that the terms of the Agreement are fair and reasonable, and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole.

EFFECT OF THE DISPOSAL

Immediately after Completion, the net asset value of the Group will increase by approximately HK\$3,037,000 based on the latest audited balance sheet as at 30 June 2007 which represents the negative assets value of Wideland and the current liabilities will significantly decrease by approximately HK\$26,919,000 to HK\$16,269,000 which will lead to a significant increase in the current ratio of the Group from 6.6 times to 16.8 times (current assets over current liabilities). Based on the audited consolidated balance sheet as at 30 June 2007, the net asset value of the Group, excluding the negative assets value of Wideland, is HK\$537,661,000. The Group has two major investments in BVI and Panama and certain properties investment in Hong Kong and PRC with their related total relevant investment values of approximately HK\$221,024,000, HK\$151,984,000 and HK\$159,030,000 respectively.

For the past three years ended 30 June 2005, 2006 and 2007, the total revenues from these operation other than Wideland's contribution were HK\$9,980,000, HK\$8,526,000 and HK\$6,785,000 and represented 9.48%, 7.92% and 5.63% of the corresponding revenues respectively. For the same period, the audited net profits after taxation and extraordinary items of the Group other than Wideland were approximately HK\$104,284,000, HK\$12,909,000 and HK\$111,328,000 respectively. The management of the Group believes that the operation in the resort development, property development and investment holding will become the principal revenue contributor to the Group after the Disposal.

With the expectation of the pre-sales of the BVI project carrying out in early 2008, the management of the Group believes that the source of income from the resort development will start to generate profit to the Group after the Disposal. Following the acquisition of the Panama Land which is the second resort project of the Group, the development of the Panama Project is underway smoothly and the Group has developed its master plan, conducted market studies, environment studies, IRR studies and various studies and tests on the project. The management of the Group also expects that certain investment properties held by the Group will continual to generate stable income to the Group. Further disclosure will be made in the circular in respect of the Disposal concerning the business, operation and prospect of the remaining Group.

Barring any unforeseeable circumstances, the management of the Group does not have any present intention to continue the business of manufacturing and trading of electronic products after the Disposal. The Group will principally engage in the resort development, property development and investment after the Disposal.

SGM

As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the disposal of the Sale Shares exceeds 75%, the entering into of the Agreement constitutes a very substantial disposal of the Company under the Listing Rules and is therefore subject to the approval by the Shareholders. 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 person and no Shareholder has a material interest in the Agreement which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the relevant resolution to approve the disposal of the Sale Shares at the SGM.

GENERAL

A circular containing, among other things, details of the Agreement, information relating to the Group and the Purchaser, the notice of the SGM and other information as required under the Listing Rules will be dispatched to the Shareholders as soon as practicable.

DEFINITION

“Agreement”	the agreement dated 5 November 2007 entered into between the Purchaser and Elite in relation to the disposal of the Sale Shares
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or a public holidays on which banks in Hong Kong are open for general business
“BVI”	the British Virgin Islands
“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
“Completion”	completion of the Agreement
“Completion Date”	28 December 2007 or such other date as Elite may specify
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HK\$100,000 payable by the Purchaser to Elite for the Sale Shares under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	disposal of the Sale Shares
“Elite”	Elite Industries Limited, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“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
“Long Stop Date”	one week after the date of the SGM
“PRC”	the People’s Republic of China
“Purchaser”	Crown Peace Asia Limited, a company incorporated in Hong Kong which is independent of the Company, its subsidiaries and their respective connected persons
“Sale Shares”	102,000 fully paid ordinary shares of HK\$1.00 each in the capital of Wideland, representing 51% of the entire issued share capital of Wideland before Completion

“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
“Wideland”	Wideland Electronics Limited, an investment holding company incorporated in Hong Kong with limited liability and Wideland is an indirect 51% subsidiary of the Company before Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	Percent

By order of the Board
Applied Development Holdings Limited
Fang Chin Ping
Executive Director

Hong Kong, 5 November 2007

As at the date of this announcement, the Board comprises Hung Kin Sang, Raymond, Hung Wong Kar Gee, Mimi, Fang Chin Ping and Hung Kai Mau, Marcus as executive Directors; and Soo Hung Leung, Lincoln J.P., Lo Yun Tai, Lun Tsan Kau and Lam Ka Wai, Graham as independent non-executive Directors.

* *for identification purpose only*