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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)

**ACQUISITION OF LAND IN PANAMA
AND
RESUMPTION OF TRADING OF SHARES**

This announcement is made in accordance with Rule 13.09 of the Listing Rules.

On 10 December 2006, Applied Properties entered into the Agreement with the Seller for the sale and purchase of the Property. The consideration for the acquisition of the Property by Applied Properties is US\$17,249,850 (approximately HK\$134,548,830). Completion of the Acquisition is subject to satisfaction of Due Diligence investigation carried out by Applied Properties.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 2:30 p.m. on 11 December 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company from 9:30 a.m. on 14 December 2006.

The Acquisition

Date of the Agreement: 10 December 2006 (being the local time of Panama which is equivalent to Hong Kong time 11 December 2006)

Vendor: the Seller, an Independent Third Party

Purchaser: Applied Properties

Summary: On 10 December 2006, the Seller and Applied Properties entered into the Agreement pursuant to which the Seller agreed to sell and Applied Properties agreed to purchase the Property. The consideration for the Acquisition of the Property by Applied Properties is US\$17,249,850 (approximately HK\$134,548,830). The Agreement is legally binding on the Seller and Applied Properties.

The Escrow Deposit being US\$1,000,000 (approximately HK\$7,800,000) will be paid by Applied Properties to a bank or a trust company selected by it within the first 60 days of the terms for the Due Diligence investigation. Upon execution of the public deed to which the title over the Property and the Additional Land are transferred to Applied Properties and duly recorded at the public registry of Panama, the Escrow Deposit and the remaining balance of the consideration for the Acquisition of the Property and the Additional Land will be paid by Applied Properties directly to the Seller.

Rights to acquire Additional Land

In addition to the sale and purchase of the Property, during the Due Diligence investigation, if Applied Properties confirms to the Seller its interest to purchase any of the Additional Land, the Seller will sell to Applied Properties the Additional Land at a price of approximately US\$38,333 (approximately HK\$298,998) per hectare plus a fixed amount of US\$500,000 (approximately HK\$3,900,000) to cover the costs of pre-development and other costs incidental to it (amounting to an aggregate of approximately US\$875,663 (approximately HK\$6,830,172)) under the same terms and conditions of this Agreement.

Due Diligence

From the date of the Agreement, Applied Properties will have a 120 day period in which to perform a Due Diligence investigation of the Property at its own expense. Within the Due Diligence period, Applied Properties will decide at its own discretion if the result of the Due Diligence is acceptable to proceed with the completion of the Agreement. If Applied Properties decides not to proceed to purchase the Property or any Additional Land during the Due Diligence period, Applied Properties will deliver to the Seller all the studies and relevant information produced by it during the Due Diligence investigation, at the same time the Escrow Deposit will be refunded to Applied Properties except US\$200,000 (approximately HK\$1,560,000) will be deducted from the Escrow Deposit which will be paid to a nominee of the Seller as specified in the Agreement for the purpose of cancellation of the existing joint venture arrangement between the Seller and its joint venture partners.

Other Terms

Pursuant to the Agreement, Applied Properties agreed to let the Seller to make use of its family house with gross area of approximately 3 hectares (“Family House”) for a period of 3 years from the date of full payment of the Property (the “Period”). Upon expiry of the Period, the premises shall be vacated and returned to Applied Properties.

It was further agreed by the parties that after the end of the Period, Applied Properties will vacate, as part of the consideration, (i) a piece of land with an area of approximately 3 hectares (duly identified in the master plan as attached to the Agreement) and (ii) an extra 2.5 hectares of lands, location of which to be determined which shall be within the area of the golf residential site of the Property (together known as the “Exchange Land”) to the Seller for its family use. If the Seller decides to sell the Exchange Land at any time, Applied Properties has a first option to buy back the Exchange Land at a price to be agreed upon receipt of the Seller’s written notice. This option to buy by Applied Properties will be valid for a period of 6 months from the date of the written notice delivered by the Seller to Applied Properties.

Reasons for and benefits of the Acquisition of the Property

The Directors confirm that the consideration for the Property has been determined after arm’s length negotiations between the parties. The Directors considered that the Acquisition is a good opportunity for the Company to increase its land bank reserve which also provides a good investment opportunity to develop its resort business. The Group intends to develop the Property into a mixed-use of luxury resort to include, among others, a luxury hotel, residential units, a golf course, a club house, a marina bay residential and marina village together with the related infrastructure improvements and installation of utilities. The consideration will be paid by funds realised from the sale of the equity interest in Quorum Island (BVI) Limited, a wholly-owned subsidiary of the Company, which is estimated to be around US\$30 million (approximately HK\$234,000,000).

The Directors are of the view that the Acquisition is in the interest of the Company and the terms of the Agreement and the consideration are fair and reasonable in the interests of the Company and the Shareholders as a whole.

Information of the Group and the Seller

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

The Seller is a third party independent of the Company and its connected person (as defined in the Listing Rules). To the best knowledge, information and belief of the Directors having made all reasonable enquires, the Seller selling on behalf of himself and other beneficiary owners of the Property are Independent Third Parties.

General

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 2:30 p.m. on 11 December 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 14 December 2006.

The board of Directors of the Company individually and jointly accept full responsibility for the accuracy of this announcement.

Definitions

In this announcement, the following terms have the following meanings:-

“Acquisition”	the acquisition of the Property and any Additional Land by Applied Properties Limited pursuant to the Agreement;
“Additional Land”	the additional piece of land consisting of 42 lots representing approximately 9.8 hectares (approximately 1.05 million sq.ft.) in Playa Grande duly identified in the site plan as attached to the Agreement;
“Agreement”	the agreement dated 10 December 2006 between the Seller and Applied Properties for the sale and purchase of the Property;
“Applied Properties”	Applied Properties Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of the Company;
“Company”	Applied Development Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Due Diligence”	the due diligence investigation to be conducted by Applied Properties in relation to the inspection and examination of the title and location of the Property, preparation of feasibility studies by master development planner and golf course designer, preparation of financial feasibility studies by financial consultants, and other feasibility studies including (without limitation) hotel and marina development and infrastructure studies to be carried out by respective professionals pursuant to the Agreement;

“Escrow Deposit”	the initial deposit being US\$1,000,000 (approximately HK\$7,800,000) which will be paid to a bank or trust company selected by Applied Properties on escrow within the first 60 days of the terms for the Due Diligence investigation;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	a piece of land of approximately 450 hectares (approximately 48.42 million sq.ft.) which includes among others properties 1807, 4920, 4921, 4923, 4924, 4935, 4936, 4942, 4943, 4944, 4945, 6921, 20435, 33248, 35039, 41583, 41619, together known as Playa Grande in Boca Chica, District of San Lorenzo, Province of Chiriqui, Panama;
“Seller”	Felipe Ariel Rodriguez;
“Shareholder(s)”	holder(s) of the existing ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“US\$”	United States dollars, the lawful currency of the United States of America.

Unless otherwise specified in this announcement, conversions of US\$ into HK\$ are made in this announcement, for illustration only, at the rate of US\$1.00 to HK\$7.80. No representation is made that any amounts in US\$ or HK\$ could have been or could be converted at that rate or at any other rate.

By Order of the Board of Directors
Applied Development Holdings Limited
Hung Kin Sang, Raymond
Executive Director

Dated: 13 December 2006

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. Soo Hung Leung, Lincoln, Mr. Lo Yun Tai, Mr. Lun Tsan Kau and Mr. Lam Ka Wai, Graham.

* *for identification purpose only*

“Please also refer to the published version of this announcement in the South China Morning Post”