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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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF PROPERTY**

On 11 April 2007, the Vendor, a wholly-owned subsidiary of the Company, entered into a binding Provisional Agreement with the Purchaser for the Disposal for a consideration of HK\$59,000,000.

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing further details of the Disposal will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

On 11 April 2007, the Vendor, a wholly-owned subsidiary of the Company, entered into a binding Provisional Agreement with the Purchaser for the Disposal for a consideration of HK\$59,000,000. The principal terms are summarised as follows:–

**THE PROVISIONAL AGREEMENT**

**Date:** 11 April 2007

**Parties:**

**Vendor:** Applied Investment (Asia) Limited, a wholly-owned subsidiary of the Company.

**Purchaser:** Star Plan Ltd., which is, and whose ultimate beneficial owners are, Independent Third Parties.

**Property:**

The Property is an office unit that has been subdivided into four subunits situated at Unit no. 4203-4 on 42nd Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The gross floor area of the Property is approximately 5,343 square feet.

The Purchaser agreed to acquire the Property subject to the following:–

- (i) a tenancy agreement to expire on 6 August 2008 under which a monthly rent of HK\$52,934 is receivable and a rental deposit of HK\$175,518 has been paid;
- (ii) a tenancy agreement to expire on 27 September 2007 under which a monthly rent of HK\$83,300 is receivable and a rental deposit of HK\$273,420 has been paid; and
- (iii) a tenancy agreement to expire on 28 February 2009 under which a monthly rent of HK\$75,620 is receivable and a rental deposit of HK\$255,472 has been paid.

The fourth subunit will be transferred to the Purchaser with vacant possession. The Vendor and Purchaser agreed that the total rental deposits of HK\$704,410 paid by the tenants will be transferred from the Vendor to the Purchaser on completion by way of deduction from the purchase price for the Disposal.

The revenue and net profit before taxation generated by the Property for the years ended 30 June 2005 and 30 June 2006 were as follows:–

	<b>30 June 2005</b>	<b>30 June 2006</b>
Revenue	HK\$1,107,000	HK\$1,288,000
Net profit before taxation <i>(derived by deducting expenses from revenue and then adding fair value appreciation)</i>	HK\$20,827,000	HK\$1,600,000

**Consideration:**

The total consideration for the Property is HK\$59,000,000 and was agreed after arm's length negotiations between the Vendor and Purchaser by reference to the market value of comparable office properties in Hong Kong, based on reports issued by property agents on properties in the same building and in the same vicinity.

The consideration is receivable as follows:–

- (i) an initial deposit of HK\$1,500,000 was paid to the Vendor on signing the Provisional Agreement;
- (ii) a further deposit of HK\$4,400,000 is to be paid to the Vendor on signing the Formal Agreement on or before 4 May 2007;
- (iii) a part payment of the purchase price of HK\$2,950,000 is to be paid on or before 4 May 2007; and
- (iv) the balance of the purchase price of HK\$50,150,000 is to be paid on completion, which is scheduled to take place on or before 7 December 2007.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in resort and property development, property and investment holding, and the design, manufacture, marketing and distribution of consumer electronic goods. The Vendor, a wholly-owned subsidiary of the Company, is a property holding company.

The Company understands from its property agent that the Purchaser is engaged in property investment and holding.

In light of the rising value of office premises in the Hong Kong property market, the Directors consider it is an appropriate time for the Group to realise this investment.

The Provisional Agreement was entered into in the ordinary and usual course of the business of the Group. The Directors are of the view that the terms of the Disposal including the consideration are fair and reasonable and on normal commercial terms, and the Disposal is in the best interests of, the Company and the Shareholders as a whole.

The Property was originally acquired by the Group at a cost of approximately HK\$33,208,000 on 27 October 1998. Based on the consideration under the Provisional Agreement of HK\$59,000,000 less the carrying value of the Property of approximately HK\$60,000,000 as at 31 December 2006 (representing the original acquisition price of HK\$33,208,000 plus a fair value increment of approximately HK\$26,792,000 recognised by the Company for the previous period), and certain selling and legal expenses estimated to be approximately HK\$300,000, the Company expects that there may be a slight loss of approximately HK\$1,300,000 to be accounted for by the Company. The Company expects that the net proceeds of the Disposal will be approximately HK\$58,700,000 and it is intended that the proceeds of the Disposal will be applied towards new investments when appropriate and attractive opportunities arise, however the Company has not yet earmarked any such investment opportunities.

## **GENERAL**

The Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing further details of the Disposal will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

## **DEFINITIONS**

In this announcement, the following terms have the meanings set opposite them:–

“Board”	the board of Directors;
“Company”	Applied Development Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Property by the Vendor;
“Formal Agreement”	the formal agreement for sale and purchase to be entered into between Vendor and Purchaser in respect of the Disposal;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	independent third party(ies) who, to the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, are independent third parties who are independent of and not connected with the directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	Unit no. 4203-4 on 42nd Floor, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong;
“Provisional Agreement”	the provisional agreement for sale and purchase dated 11 April 2007 entered into between Vendor and Purchaser in respect of the Disposal;
“Purchaser”	Star Plan Ltd.;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendor”	Applied Investment (Asia) Limited, a wholly-owned subsidiary of the Company.

By order of the Board  
**Applied Development Holdings Limited**  
**Hung Kin Sang, Raymond**  
*Executive Director*

Hong Kong, 12 April 2007

*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 only*

“Please also refer to the published version of this announcement in China Daily”