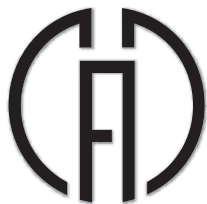


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APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2011**

The Board of Directors (the “Directors”) of Applied Development Holdings Limited (the “Company”) announce that the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2011 with comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover	3	4,649	4,847
Other revenue	3	1,036	2
Other income	4	15,365	11,397
Net (decrease) increase in fair values of investment properties		(40,905)	64,452
Loss on disposal of subsidiaries		(6,628)	–
Administrative expenses	5	(27,776)	(23,344)
Share-based payments		–	(5,332)
Imputed interest expenses on promissory note receivable from a jointly controlled entity		(50,143)	–
Finance costs	7	(3,400)	(462)
Share of results of a jointly controlled entity		(27,676)	308
(Loss) Profit before tax	8	(135,478)	51,868
Taxation	9	1,993	(4,295)
(Loss) Profit for the year attributable to equity holders of the Company		(133,485)	47,573

	<i>Note</i>	2011 HK\$'000	2010 HK\$'000
Other comprehensive income			
Net gain on fair value changes of available-for-sale investments		–	93
Exchange difference realised on disposal of subsidiaries		24	–
Exchange difference arising on translation of foreign operations		12	–
Surplus on properties revaluation		1,444	–
Deferred tax arising from revaluation surplus		(119)	–
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		1,361	93
		<hr/>	<hr/>
Total comprehensive (loss) income for the year, attributable to equity holders of the Company		(132,124)	47,666
		<hr/> <hr/>	<hr/> <hr/>
(LOSS) EARNINGS PER SHARE			
Basic	<i>10</i>	(15.91 HK cents)	5.67 HK cents
		<hr/> <hr/>	<hr/> <hr/>
Diluted		(15.91 HK cents)	5.67 HK cents
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current Assets			
Investment properties	<i>11</i>	377,600	437,088
Property, plant and equipment		1,815	5,174
Promissory note receivable from a jointly controlled entity		121,457	–
Other assets		1,045	1,546
Interest in a jointly controlled entity		–	27,676
Prepaid lease payments – non-current portion		1,591	1,632
Available-for-sale investments		220	220
		503,728	473,336
Current Assets			
Financial assets at fair value through profit or loss		29,309	–
Trade and other receivables	<i>12</i>	3,685	3,817
Promissory note receivable from a jointly controlled entity		–	171,600
Amount due from a director		–	146
Amount due from a jointly controlled entity		16,388	16,383
Prepaid lease payments – current portion		40	40
Bank balances and cash		28,516	2,403
		77,938	194,389
Current Liabilities			
Bank overdrafts		204	–
Other payables		5,188	3,347
Tax payables		–	26
Amounts due to directors		–	15,317
Secured bank borrowings		79,156	57,000
Obligations under finance leases		–	21
		84,548	75,711
Net current (liabilities) assets		(6,610)	118,678
Total assets less current liabilities		497,118	592,014
Capital and reserves			
Share capital		8,383	8,389
Share premium and reserves		450,974	579,356
Total equity		459,357	587,745
Non-current liabilities			
Convertible notes		37,510	–
Deferred tax liabilities		251	4,269
		37,761	4,269
		497,118	592,014

NOTES:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards (“HKAS”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2010 financial statements except for the adoption of certain new/revised HKFRSs effective from the current year that are relevant to the Group. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of new/revised HKFRSs

HKFRS 3 (Revised): *Business Combinations/Improvements to HKFRSs 2009 with amendments to HKFRS 3 (Revised)*

The revised Standard introduces a number of major changes including the following:

- acquisition-related transaction costs, other than share and debt issue costs, to be expensed as incurred;
- existing interest in the acquiree to be remeasured at fair value, with the gain or loss recognised in profit or loss, upon subsequent changes in ownership interests;
- non-controlling interests in the acquiree to be measured at either fair value, or at their proportionate interest in the identifiable assets and liabilities of the acquiree;
- contingent consideration to be recognised at fair value at the acquisition date; and
- goodwill to be measured at the excess of the aggregate of the acquisition-date fair value of the acquirer’s interest in the acquiree and the amount of any non-controlling interests over the net of the acquisition-date amounts of identifiable assets acquired and the liabilities assumed from the acquisition.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39 or HKAS 37, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

The Improvements to HKFRSs 2009 contain amendments to clarify the measurement of the fair value of an intangible asset acquired in a business combination and to permit the grouping of intangible assets as a single asset if each asset has a similar useful economic life.

In accordance with the relevant transitional provisions in HKFRS 3 (Revised), the Group has applied these new policies prospectively to business combinations for which the acquisition date is on or after 1st July, 2010. These changes in accounting policies do not have significant impact on the consolidated financial statements of the Group.

HKAS 27 (Revised): *Consolidated and Separate Financial Statements*

The revised Standard requires accounting for changes in ownership interests in a subsidiary, while maintaining control, to be recognised as an equity transaction. It also requires, when the Group loses control of a subsidiary, any interest retained in the former subsidiary to be remeasured at fair value with the gain or loss recognised in profit or loss.

The revised Standard also requires that total comprehensive income is attributed to the equity holders of the Company and non-controlling interests even if it results in the non-controlling interests having a deficit balance. This revised Standard affects the Group's accounting policy for total comprehensive income attributable to the non-controlling interests. These changes in accounting policies do not have significant impact on the consolidated financial statements of the Group.

HK – Int 5: *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The Interpretation concludes that, if a term loan (i.e. a loan that is repayable on a specified date or in installments over a specified period, usually in excess of one year) has a demand clause (i.e. a clause that gives the lender an overriding right to demand repayment without notice or with notice period of less than 12 months at its sole discretion) in its terms, the loan shall be classified by the borrower as a current liability in the statement of financial position. Similarly, the amounts repayable under such a term loan shall be classified in the earliest time bracket in the contractual maturity analysis as required to be disclosed under HKFRS 7: Financial Instruments: Disclosures. The adoption of this Interpretation has resulted in the reclassification of a current year's long-term bank loan from non-current liabilities to current liabilities and making necessary changes to the relevant disclosures accordingly but has not resulted in the Group reclassifying its term loans in prior year.

HK(IFRIC) – Int 17: *Distributions of Non-cash Assets to Owners*

The Interpretation requires that, when an entity distributes assets other than cash as dividends to its shareholders, the dividends should be measured at the fair value of the assets distributed with any difference between the amount of dividends and the previous carrying amount of the assets distributed being recognised in profit or loss when the entity settles the dividends payable. The adoption of this interpretation does not have an impact on the consolidated financial statements during the year.

Amendments to HKFRS 2: *Group Cash-settled Share-based Payment Transactions*

The Amendments incorporate the guidance in HK(IFRIC) – Int 8: Scope of HKFRS 2 and HK(IFRIC) – Int 11: HKFRS 2 – Group and Treasury Share Transactions. In addition to this, the Amendments provide further guidance on the accounting for share-based payment transactions among group entities. It states that the entity receiving the goods or services should recognise the transaction as an equity-settled share-based transaction only if:

- the awards granted are its own equity instruments; or
- it has no obligation to settle the transaction.

In all other circumstances, the entity should measure the transaction as a cash-settled share-based payment. The adoption of the Amendments does not have a significant impact to the Group.

Amendments to HKAS 17: *Classification of leases of land and buildings included in Improvements to HKFRSs 2009*

The Amendments remove the specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of HKAS 17. The amendment shall be applied retrospectively to existing leases if the necessary information is available at the inception of the lease. Otherwise land leases should be reassessed on the date of adoption of the Amendments. There is no leasehold land of the Group that qualifies for finance lease classification, hence, no prepaid lease payment has been reclassified to property, plant and equipment or investment properties.

Improvements to HKFRSs 2009

Improvements to HKFRSs 2009 contain improvements to a number of Standards aiming to remove inconsistencies and clarify wording in the Standards.

- Amendments to HKAS 1 (Revised): *Current/non-current classification of convertible instruments*
The Amendments clarify that the terms of a liability that could result, at any time, in its settlement by the issue of equity instruments at the option of the counterparty do not affect its classification.
- Amendments to HKAS 7: *Classification of expenditures on unrecognised assets*
The Amendments provide that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.
- Amendments to HKFRS 5: *Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations*
The Amendments clarify that the disclosures required in respect of non-current assets or disposal groups classified as held for sale or discontinued operations are only those set out in HKFRS 5. The disclosure requirements of other HKFRSs only apply if specifically required for such non-current assets or discontinued operations.
- Amendments to HKAS 36: *Unit of accounting for goodwill impairment test*
The Amendments clarify that the largest unit permitted for allocating goodwill acquired in a business combination for impairment testing is an operating segment, as defined in HKFRS 8 before aggregation for reporting purposes.

The adoption of the Improvements does not have a significant impact to the Group.

Improvements to HKFRSs 2010

Improvements to HKFRSs 2010 contain improvements to the following Standards effective from the current year that are relevant to the Group.

- Amendments to HKFRS 3 (Revised): *Un-replaced and voluntarily replaced share-based payment awards*
The Amendments clarify that the application guidance in HKFRS 3 (Revised) applies to all unexpired share-based payment awards that form part of a business combination, regardless of whether the acquirer is obliged to replace the award.
- Amendments to HKAS 27 (Revised): *Transition requirement for amendments arising as a result of HKAS 27 (Revised)*
The Amendments clarify that the consequential amendments to HKAS 21, HKAS 28 and HKAS 31 in relation to the loss of significant influence or joint control in the investments should be applied prospectively.

The adoption of the Improvements does not have a significant impact to the Group.

3. TURNOVER AND REVENUE

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Turnover		
Gross rental income from investment properties	<u>4,649</u>	<u>4,847</u>
Other revenue		
Interest income		
– Financial assets at fair value through profit or loss	1,013	–
– Others	<u>23</u>	<u>2</u>
	<u>1,036</u>	<u>2</u>
Total revenue	<u><u>5,685</u></u>	<u><u>4,849</u></u>

4. OTHER INCOME

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Dividend income from available-for-sale investments	12	3
Additional consideration received from disposal of equity interest in Danshui in 2006 (<i>Note (a)</i>)	–	8,976
Gain on disposal of other assets	14,843	2,196
Gain on disposal of financial assets at fair value through profit or loss	374	–
Sundry income	136	222
	<u>15,365</u>	<u>11,397</u>

Note (a):

On 27 June 2006, the Group disposed of its 60% equity interest in a subsidiary of the Company, 惠陽縣淡水新陽城建設有限公司 (“Danshui”) for HK\$61,956,000. Deposits of HK\$28,302,000 and the remaining balance of the consideration were received during the years ended 30 June 2005 and 2007, respectively. During the year ended 30 June 2010, the Group received an additional consideration of approximately HK\$8,976,000 (2009: Nil) in relation to the disposal of the Danshui interest. In the opinion of the directors, there were no obligations or conditions imposed on the Group in respect of the additional consideration.

5. ADMINISTRATIVE EXPENSES

For the year ended 30 June 2011, the relevant expenses of over HK\$10 million (2010: HK\$310,000) caused by Ms. Wong Kar Gee, Mimi (“Ms. Wong”), a former director’s litigations against the Group were included in administrative expenses.

6. SEGMENT INFORMATION

Business segments

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. The directors consider resort development, property investment and investment holding are the Group’s major operating segments. The Group’s resort development segment includes multi-purpose resort communities as well as sale of condo hotels, residential units and club memberships. No revenue has been earned by the resort development segment which is still under development. The property investment segment includes mainly residential and commercial properties that are held for capital appreciation or to earn rentals. The investment holding segment includes holding and trading of investments and other assets. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2011 are presented below:

	Resort development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Total HK\$'000
Turnover	–	4,649	–	4,649
Other revenue and income	–	138	16,261	16,399
	–	4,787	16,261	21,048
Results				
Segment results	(53,396)	14,518	1,017	(37,861)
Unallocated corporate income				2
Unallocated corporate expenses				(9,772)
Finance costs				(3,400)
Loss on disposal of subsidiaries		(6,628)		(6,628)
Imputed interest expenses on promissory note receivable from a jointly controlled entity	(50,143)			(50,143)
Share of results of a jointly controlled entity	(27,676)			(27,676)
Loss before tax				(135,478)
Taxation				1,993
Loss for the year				(133,485)

Segment assets and liabilities as of 30 June 2011 and other segment information for the year ended 30 June 2011 are presented below:

	Resort development HK\$'000	Property investment HK\$'000	Investment holding HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Assets	271,867	245,442	37,046	554,355	27,311	581,666
Liabilities	1,287	796	39,906	41,989	80,320	122,309
Other segment information:						
Additions to property, plant and equipment	–	26	305	331	19	350
Additions to investment properties	1,805	–	–	1,805	–	1,805
Change in fair value of investment property	53,005	(12,100)	–	40,905	–	40,905
Depreciation of property, plant and equipment	–	442	426	868	282	1,150
Gain on disposal of other assets	–	–	14,843	14,843	–	14,843
Release of prepaid lease payments	–	41	–	41	–	41

Segment revenue and results for the year ended 30 June 2010 are presented below:

	Resort development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	–	4,847	4,847
Other revenue and income	–	9,182	9,182
	–	14,029	14,029
Results			
Segment results	16,554	55,906	72,460
Unallocated corporate income			2,217
Unallocated corporate expenses			(22,655)
Finance costs			(462)
Share of results of a jointly controlled entity	308		308
Profit before tax			51,868
Taxation			(4,295)
Profit for the year			47,573

Segment assets and liabilities as of 30 June 2010 and other segment information for the year ended 30 June 2010 are presented below:

	Resort development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets	384,154	254,501	638,655	29,070	667,725
Liabilities	2,885	4,717	7,602	72,378	79,980
Other segment information:					
Additions to property, plant and equipment	–	102	102	104	206
Additions to investment properties	2,525	–	2,525	–	2,525
Depreciation of property, plant and equipment	–	1,055	1,055	604	1,659
Release of prepaid lease payments	–	40	40	–	40

There was no revenue generated from inter-segment transactions for both years. Revenue reported above for the property investment segment represents rental income earned from external customers. Segment results represent profit or loss attributable to each segment without allocation of central administration costs, share of the results of a jointly controlled entity, finance costs and income tax expense. Segment assets and liabilities represent all assets and liabilities of reportable segments other than those that have been eliminated in consolidation.

Geographical information

The Group's operations are principally located in Canada, Hong Kong, the People's Republic of China other than Hong Kong (the "PRC"), the British Virgin Islands (the "BVI") and Panama.

The following table provides an analysis of the Group's revenue from external customers by geographical market:

	Turnover by geographical market	
	2011	2010
	HK\$'000	HK\$'000
Hong Kong	1,147	122
Canada	378	17
PRC	3,124	4,708
	4,649	4,847

The following is an analysis of the carrying amounts of non-current assets by geographical area in which the assets are located:

	Carrying amounts of non-current assets	
	2011	2010
	HK\$'000	HK\$'000
Hong Kong	231,708	222,686
BVI	–	27,676
Canada	5,600	2,556
Panama	133,600	184,800
PRC	11,143	35,398
	382,051	473,116

Non-current assets presented above exclude financial instruments. The Group does not have deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Information about major customers

Revenue from external customers contributing over 10% of the total revenue from the Group's property investment segment is as follows:

	2011	2010
	HK\$'000	HK\$'000
Customer A	1,279	1,756
Customer B	N/A	442
Customer C	N/A	500

7. FINANCE COSTS

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest on convertible notes	2,677	–
Interest expenses on bank borrowings		
– wholly repayable within five years	–	452
– wholly repayable more than five years	722	–
Finance charges on obligations under finance leases	1	10
	<u>3,400</u>	<u>462</u>

The analysis shows the interest expenses on bank borrowings, which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates as set out in the loan agreements. For the years ended 30th June, 2011 and 2010 the interest expenses on bank borrowings which contain a repayment on demand clause amounted to HK\$722,000 and HK\$Nil respectively.

8. (LOSS) PROFIT BEFORE TAX

(Loss) Profit before tax has been arrived at after charging:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Staff costs, including directors' emoluments:		
Salaries and other benefits	8,541	13,155
Share-based payments	–	5,332
Retirement benefit scheme contributions	99	109
	<u>8,640</u>	<u>18,596</u>
Total staff costs		
Auditor's remuneration:		
Current year	500	450
Underprovision in prior year	43	20
Depreciation of property, plant and equipment	1,150	1,659
Direct operating expenses relating to investment properties that generated rental income	1,776	1,790
Direct operating expenses relating to investment properties that did not generate rental income	8	881
Donations	–	824
Impairment loss on trade and other receivables	–	196
Legal and professional fees included in administrative expenses	9,125	1,300
Net decrease in fair values of financial assets at fair value through profit or loss	1,341	–
Operating lease payments on premises	2,720	3,101
Release of prepaid lease payments	41	40
Write-off of property, plant and equipment	3	–
	<u>3</u>	<u>–</u>

9. TAXATION

Hong Kong Profits Tax has not been provided as the Group does not have any assessable profits arising from Hong Kong for both years.

Taxation arising in the PRC and overseas jurisdictions, if applicable, are calculated at the rates prevailing in the relevant jurisdictions based on existing legislation, interpretations and practices in respect thereof.

The tax (credit) charge comprises:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
<i>Current tax</i>		
Hong Kong Profits Tax:		
Current year	–	–
Under-provision in previous year	–	26
	<u>–</u>	<u>26</u>
	–	26
<i>Deferred taxation</i>		
Origination and reversal of temporary differences	(1,993)	4,269
	<u>(1,993)</u>	<u>4,269</u>
	(1,993)	4,269
Total tax (credit) charge for the year	<u>(1,993)</u>	<u>4,295</u>

Taxation recognised directly in other comprehensive income

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Deferred tax relating to revaluation surplus upon transfer of property, plant and equipment to investment properties	<u>119</u>	<u>–</u>

10. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the equity holders of the Company is based on the following data:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
(Loss) Profit for the purposes of basic (loss) earnings per share	<u>(133,485)</u>	<u>47,573</u>
	2011 <i>No. of shares</i>	2010 <i>No. of shares</i>
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	<u>838,874,168</u>	<u>838,888,826</u>

Diluted (loss) earnings per share is the same as basic (loss) earnings per share because the exercise price of the share options granted is higher than the average market price of shares for both years.

11. INVESTMENT PROPERTIES

The carrying values of investment properties held by the Group comprise:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Held in Hong Kong		
Long-term leases	230,000	220,000
Held outside Hong Kong:		
Medium-term leases	14,000	32,288
Freehold	133,600	184,800
	377,600	437,088

12. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranging within 90 days to its trade customers. The ageing analysis of trade receivables of HK\$Nil (2010: HK\$73,000) is as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Within 90 days	–	73

13. PENDING LITIGATION

During January and February, 2011, Ms. Wong, a former non-executive director of the Company retired on 14th January, 2011, commenced actions to bring the Company and a subsidiary of the Company as intervening parties to the matrimonial proceedings between Ms. Wong and Hung Kin Sang, Raymond (“Mr. Hung”), the former managing director of the Company resigned on 6th April, 2011.

On 7th July, 2011, Ms. Wong lodged a statement of claim to the High Court of the Hong Kong Special Administrative Region (the “High Court”) against the Company and the subsidiary for claiming a declaration that certain investment properties are held by the subsidiary as trustee for Ms. Wong and an order for the taking of accounts or quantification of equitable compensation amongst certain involved parties (the “Claims”). According to advices from the Group’s lawyers, the amount involved cannot be quantified at this stage but should include the value of the investment properties and any equitable compensation which the High Court may ultimately find the parties to be liable, if any.

On 5th August, 2011, the Company and the subsidiary filed defence and counterclaims against Ms. Wong for vacant possession of those investment properties and unpaid licence fees for remaining at the investment properties until the recovery of possession of the investment properties by the Company and the subsidiary (the “Counterclaims”).

The Claims and the Counterclaims have been consolidated pursuant to a court order and fixed for hearing in October, 2011.

The directors have sought legal advices from the Group’s lawyers and are of the view that the Group has proper and valid defences to Ms. Wong’s claim and therefore no provision for the Claims and the related interests and costs is considered necessary.

DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 30 June 2011 (2010: Nil).

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company will be held on Monday, 12 December 2011 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The transfer of books and register of members of the Company will be closed from Wednesday, 7 December 2011 to Monday, 12 December 2011, both days inclusive. To qualify for attending the forthcoming Annual General Meeting of the Company to be held on Monday, 12 December 2011, shareholders should ensure that transfers are lodged at the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 6 December 2011.

CHAIRMAN'S STATEMENT HIGHLIGHT

Affected by the uncertainty of the economic market of the US and Europe, the Company recorded a loss of HK\$133.5 million for the year ended 30 June 2011 as compared to a profit of HK\$47.6 million for the corresponding period ended 30 June 2010. The loss of HK\$133.5 million suffered was mainly due to losses resulting from a revaluation deficit of HK\$51.2 million (non-cash item) on the Group's investment properties in Panama and a smaller revaluation surplus gained from Severn Villa Properties as compared to the corresponding period ended 30 June 2010 and the total loss on BVI Project (as defined below) incurred for the year ended 30 June 2011, amounting to HK\$77.8 million which includes the share of loss of the BVI Project of HK\$27.7 million (non-cash item) as well as the imputed interest expenses on the promissory note issued by Quorum to the Group of HK\$50.1 million. The imputed interest expenses are recognised in profit or loss as a result of measurement of the interest-free promissory note at amortised cost using the effective interest method, where the promissory note is not expected to be realised in a short term period. No matter that we remain optimistic about the performance of the properties market both globally and locally in Hong Kong in the forthcoming financial year.

During an auction conducted by Christie's Hong Kong Limited in November 2010, the Group sold three investment assets and recognised a total net profit of approximately HK\$14.8 million.

On completion of the disposal of the entire share capital of a wholly-owned subsidiary of the Group, Applied Electronics Limited ("AEL") which held investment properties, details of which were stated in our announcement dated 14 December 2010 and our circular dated 11 January 2011, for a total consideration of RMB15 million (approximately HK\$17.5 million) in March 2011, the Group recognised a loss on disposal of approximately of HK\$6.6 million. Nevertheless, the Company believes that the disposal transaction, as explained in our announcement dated 14 December 2010 and our circular dated 11 January 2011, was in the best interests of the Company and Shareholders as a whole.

During the year ended 30 June 2011, the Company has incurred substantial administrative expenses and legal fees of over HK\$10 million defending litigation proceedings (the “Actions”) commenced by a former director, Ms Mimi Wong Kar Gee (“Ms. Wong”) since her re-designation to a non-executive director on June 2010. The Directors are of the view that the Group has proper and valid defences to the claims by Ms. Wong, and accordingly, no provision for commitment/loss has been accounted for in the accounts. The Directors will continue to protect the interests of the Group and the Shareholders as a whole. The Company will continue to keep its Shareholders updated about the progress of the Actions.

In May 2011 as disclosed in our announcement dated 19 May 2011, the Company received the correspondence from InterIsle Holdings Ltd. (“InterIsle”), our joint venture partner in a project (the “BVI Project”) located at Beef Island, Tortola, the British Virgin Islands (the “Real Property”), as well as an appraisal of the Real Property as at 21 March 2011 conducted by CB Richard Ellis. The obligation of InterIsle under a joint venture agreement entered into between, amongst others, InterIsle and Applied Toys Limited (the “Agreement”) to settle the final installment of the deferred purchase price of US\$10.5 million by 9 April 2011 (the “Deferred Purchase Price”) was not fulfilled and InterIsle’s ownership interest in Quorum Island (BVI) Limited (“Quorum”) was to be reduced from 50% as originally contemplated under the Agreement to less than 20% (the “Dilution”). The Company will keep the Shareholders updated with information in respect of the Dilution. Following the receipt of InterIsle’s letter, on 16 August 2011 Quorum was pleased to receive the order from the Court of Appeal of the British Virgin Islands (the “Court of Appeal”) which found that Hans Creek an area located in the vicinity of the Real Property was not validly declared to be a protected area, and by extension, the decision of the Chief Minister and Minister of Planning of the British Virgin Islands (the “Minister”) to approve the Group’s proposed development of the BVI Project granted to Quorum in January 2007, was not illegal. As a result, the Minister’s planning approval of the development of the BVI Project remains valid (the “Reinstatement of Minister’s Approval”). The Board of the Company believes that the Reinstatement of Minister’s Approval might positively aid the obtaining of the necessary funding by Quorum for the development of the BVI Project subject to the prevailing economic climate and conditions of the property markets.

We also believe that our Group’s investment properties and overseas projects will bring satisfactory returns to the Group.

RESULTS

The Group’s consolidated loss for the year ended 30 June 2011 amounted to approximately HK\$133.5 million as compared with the profit HK\$47.6 million for the corresponding period ended 30 June 2010. Such loss was mainly due to losses resulting from a revaluation deficit of HK\$51.2 million (non-cash item) on the Group’s investment properties in Panama and a smaller revaluation surplus gained from Severn Villa Properties as compared to the corresponding period ended 30 June 2010 and the total loss on BVI Project (as defined below) incurred for the year ended 30 June 2011, amounting to HK\$77.8 million which includes the share of loss of the BVI Project of HK\$27.7 million (non-cash item) as well as the imputed interest expenses on the promissory note issued by Quorum to the Group of HK\$50.1 million. The imputed interest expenses are recognised in profit or loss as a result of measurement of the interest-free promissory note at amortised cost using the effective interest method, where the promissory note is not expected to be realised in a short term period.

PLEDGE OF ASSETS

At the end of the reporting period, the Group had provided the following security for the banking facilities granted to a subsidiary of the Company.

- (a) Pledge of investment properties of the Group with a carrying amount of HK\$230,000,000 (2010: HK\$220,000,000);
- (b) All monies earned by the above pledged investment properties of the Group. During the year, rental income of HK\$1,146,677 was generated from these investment properties (2010: HK\$121,975);
- (c) Property insurance on the pledged investment properties executed by the Group in favour of the bank. At the end of the reporting period, the property insurance coverage was amounting to HK\$9,350,000 (2010: HK\$8,500,000); and
- (d) Unconditional and irrevocable corporate guarantee given by the Company in respect of all amounts owing by the subsidiary to the bank under the facility.

BUSINESS REVIEW

(i) Resort and Property Development

BVI Project

The Group entered into the Agreement for the formation of a joint venture with InterIsle to develop the BVI Project in August 2006. In May 2011, the Company received correspondence from InterIsle, as well as an appraisal of the Real Property as at 21 March 2011 conducted by CB Richard Ellis. The obligation of InterIsle under the Agreement to settle the final installment of the Deferred Purchase Price was not fulfilled and InterIsle's ownership interest in Quorum was to be subject to the Dilution. The Company will keep the Shareholders updated with information in respect of the Dilution. Following the receipt of InterIsle's letter on 16 August 2011, Quorum was pleased to receive the order from the Court of Appeal which found that Hans Creek an area located in the vicinity of the Real Property was not validly declared to be a protected area, and by extension, the decision of the Minister to approve the Group's proposed development of the BVI Project granted to Quorum in January 2007, was not illegal. As a result, the Minister's planning approval of the development of the BVI Project remains valid. The Board of the Company believes that the Reinstatement of Minister's Approval might positively aid the obtaining of the necessary funding by Quorum for the development of the BVI Project subject to the prevailing economic climate and conditions of the property markets.

The BVI Project is envisioned to be 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 over 80 feet; 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.

Panama Project

The Panama Project comprises two pieces of land: (i) a piece of land of approximately 494 hectares (approximately 1,223 acres or 53.27 million square feet) named Playa Grande in Boca Chica, District of San Lorenzo, Province of Chiriqui in Panama (the “Panama Land”); and (ii) a hot spring with a land size of approximately 9 hectares (approximately 22.3 acres or 0.97 million square feet) in the Borough of San Felix, Province of Chiriqui in Panama (the “Hot Spring Property”). The Panama Project is wholly owned by the Group and was acquired by the Group in mid of 2007. After the acquisition of the Panama Project, the Group has developed a master plan for the project, devised golf course routing plans, conducted market studies, environmental studies, IRR studies, and various other studies and tests on the project.

The Panama Project is planned to feature a luxury 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. After completion of the Panama Project, 2,000 residential units in the various branded residential lots will be offered for sale.

The Management has worked on the relevant 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 Group will replicate the business model of the BVI Project, and partner with renowned experts in the resort development industry to develop the Panama Project. Alternatively, if a suitably attractive offer is made by potential buyers, the Board may consider the disposal of the Panama Land and/or the Hot Spring Property.

(ii) Property Investment and Holding

After the completion of the disposal of the entire share capital in AEL by the Group in March 2011, which held investment properties (details of which were stated in our announcement dated 14 December 2010 and our circular dated 11 January 2011) and except the Panama Project, the Group’s remaining investment properties, held mainly in Hong Kong, the People’s Republic of China and Canada, generated rental income for the Group for the year ended 30 June 2011.

(iii) Investment Holding

During the year, the Group sold three investment assets and recognised a total net profit of approximately HK\$14.8 million. The Group may continue to invest in any potential investment, investment assets or financial products in the good yield market subject to the surplus fund of the Group.

(iv) Financing

On 10 December 2010, the Company placed convertible notes (with a coupon of 8%) in aggregate principal amount of HK\$41,760,000 with a maturity term of three years. The holders of the convertible notes may convert the whole or part of the convertible notes into shares at the conversion price of HK\$0.24 per share, subject to adjustments. The Company also has the right at anytime after 9 December 2011 to redeem the whole or any principal amount of the convertible notes (please refer to the 2011 Annual Report to be dispatched to all shareholders in due course for more details).

OUTLOOK

Despite the uncertainty of the global economies which may continuously affect our Group's overseas projects both in BVI and Panama, the management believes that the Group's investment properties in Hong Kong and Panama and the developments in the BVI will bring in satisfactory returns to the Group in the near future.

Based on our outlook of the resort and property sector and investment property market, we will continue to be strategically allied with high-quality architects, designers, and resort developers to develop future resort projects for development or for sale and seek other appropriate property investment opportunities in the Asia region.

CLARIFICATION OF THE COMPANY'S POLL RESULTS IN RESPECT OF PREVIOUS MEETINGS

The Company would like to clarify the poll results of (i) the special general meeting of 7 June 2006 ("2006 SGM") and (ii) the annual general meeting of 24 November 2009 ("2009 AGM") as follows:

- (i) The 2006 SGM poll result (which was published on 8 June 2006 in China Daily and Hong Kong Economics Times) has been revised as follow:

Ordinary Resolution	Number of Shares (%)		Total Number of Votes
	For	Against	
To confirm and approve the granting of options to subscribe for shares representing 5% of the Company's issued share capital to Mr. Hung Kin Sang, Raymond and in the terms of the option as set out in the Circular	38,320,294 (99.75%)	94,300 (0.25%)	38,414,594

- (ii) The 2009 AGM poll result in relation to Resolution 4 (which was published on 24 November 2009 on the website of The Hong Kong Stock Exchange and the Company) has been revised as follow:

Ordinary Resolutions		Number of shares voted (%)	
		For	Against
4	To approve the grant of:		
a	22,700,000 share options to Mr. Hung Kin Sang, Raymond and the transactions contemplated thereunder	599,011 (71.45%)	239,400 (28.55%)
b	13,330,000 share options to Ms. Hung Wong Kar Gee, Mimi and the transactions contemplated thereunder	599,011 (71.45%)	239,400 (28.55%)
c	8,400,000 share options to Mr. Hung Kai Mau, Marcus and the transactions contemplated thereunder	599,011 (71.45%)	239,400 (28.55%)

PORTAL OPERATION

The Group has established a corporate website www.applieddev.com. The website serves as an electronic channel to enhance relationships between the Company and the shareholders by informing them of the most updated corporate and investor information.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 June 2011, the Group's total net assets value and borrowings amount to HK\$459.4 million and HK\$116.7 million respectively, representing a gearing ratio of 25.4% as compared to 9.7% of the corresponding year. As at 30 June 2011, the Group's current assets value and current liabilities excluding bank borrowings over 1 year (based on scheduled payment date) amounted to HK\$77.9 million and HK\$8.8 million respectively, representing a current ratio of 8.9 times. In addition, the majority of the Group's assets and liabilities were denominated in Hong Kong and US dollars, and hence the exposures to foreign exchange risk were insignificant to the Group.

EMPLOYEE INFORMATION

As at 30 June 2011, the Group employed a total of 8 (2010: 16) full-time employees.

The Group's emolument policies are formulated on the basis of performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and provident fund scheme (as the case may be) to its employees depending on the location of such employees.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased a total of 580,000 (2010: 34,329,000*) of its listed shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The details are as follows:—

Month of repurchase	Number of ordinary shares repurchased	Purchase price per share		Aggregate Consideration paid HK\$
		Highest HK\$	Lowest HK\$	
June 2011	<u>580,000</u>	0.199	0.184	<u>109,565</u>

* On 12 February 2010, the Company cancelled 34,329,000 shares (the "cancellation") in the Company held by its wholly-owned subsidiary, Applied Investment (Asia) Limited and its issued share capital was reduced to 838,888,826 shares after the shares cancellation.

All the shares repurchase during the year were cancelled. Accordingly, the issued share capital of the Company was reduced by the par value of the repurchased shares and the premiums paid on these shares were charged against the share premium account. An amount equivalent to the par value of the shares cancelled was transferred from the Company's retained earnings to the capital redemption reserve.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company is committed to adopt best corporate governance practices and procedures of the Group. It strives to enhance transparency and independency of operation through the use of effective accountability system to enable a healthy and sustainable development of the Company. The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2011.

In order to reinforce independence and accountability, the role of the Chairman is separated from that of the Group's Managing Director in which their respective responsibilities were endorsed by the Board in writing and more than one-third of the Board comprises of Independent Non-Executive Directors.

During the year, Mr. Hung Kin Sang, Raymond ("Mr. R Hung") resigned his directorship with the Company on 6 April 2011 as well as his role of Managing Director. The Company has not yet appointed a new director to fill his vacancy of Managing Director. Nevertheless, Mr. R Hung's resignation does not constitute any material impact of our Group's operation as Mr R Hung promised to serve our Group as a contracted overseas investment president pursuant to a short term contract dated 8 April 2011 between the Company and Mr. R Hung and it will expire on 10 October 2011. Before the expiry of this short term contract, the Board will continuously negotiate with Mr. R Hung in respect of the possibility of him continuing to serve as our Group's contracted overseas investment president.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The auditor expresses an unqualified opinion but modify the auditor's report by adding emphasis of matters which the auditor draws attention to the following uncertainties:

"We draw attention to note 13 to this announcement concerning the uncertainty relating to the possible outcome of certain court proceedings lodged by a former director against the Group for claiming that certain investment properties, which have been included in the Group's consolidated financial statement, are actually held by a subsidiary as a trustee for the former director. The Group denied the former director's claim. The directors have sought legal advice from the lawyers and are of the view that the Group has proper and valid defences to the former director's claim. Therefore, the consolidated financial statements do not include any adjustments that would result from the outcome of the lawsuit. We consider that appropriate disclosures have been made and our opinion is not qualified in this respect.

We also draw attention to this financial position concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. At the end of the reporting period, the Group had net current liabilities of HK\$6,610,000 (taken into account of the whole outstanding mortgage loan of HK\$79.2 million with the repayment terms of over 19 years). The validity of the going concern basis depends on the Group's future profitable operation and the bank's continuing finance. The consolidated financial statements do not include any adjustments that would result from a failure to attain future profitable operations. We consider that appropriate disclosures have been made in this respect and our opinion is not qualified in this respect."

AUDIT COMMITTEE

The Audit Committee currently comprises of the Independent Non-Executive Directors, namely, Mr. Lun Tsan Kau (Chairman of the Audit Committee), Mr. Lam Ka Wai, Graham and Mr. Su Ru Jia. All of them have professional qualifications and accounting or related financial management expertise. The Audit Committee has the responsibility for, amongst other things, reviewing, together with the senior management and the Company's external auditor, the internal and external audit findings, the accounting principles and practices adopted by the Group pursuant to the Listing Rules, and to discuss with them issues and statutory compliance (where applicable) relating to auditing, internal controls, risk management financial reporting matters (including the final financial report for the year ended 30 June 2011), before recommending it to the Board for approval. The Audit Committee is satisfied that the internal controls and accounting systems of the Group are adequate.

REMUNERATION COMMITTEE

The Remuneration Committee was formed by a majority of Independent Non-Executive Directors which comprises of one executive director, Mr. Hung Kai Mau, Marcus (appointed on 6 April 2011 to replace Mr. Hung Kin Sang, Raymond who resigned on 6 April 2011) and two Independent Non-Executive Directors, namely, Mr. Lun Tsan Kau (Chairman of the Remuneration Committee) and Mr. Lam Ka Wai, Graham. The Remuneration Committee has the responsibility to make recommendations to the Board on the remuneration policy of the Company and its structure. It also reviews specific remuneration packages of all executive Directors and senior management in accordance with the corporate goals and objectives as resolved by the Board from time to time.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiries of all the Directors, all the Directors have confirmed that they had complied with the required standard set out in the Model Code during the accounting period covered by the final report for the year ended 30 June 2011.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

The Group does not engage in interest rate or foreign exchange speculative activities. It is the Group's policy to manage foreign exchange risk through matching foreign exchange income with expenses, and where exposure to foreign exchange is anticipated, appropriate hedging instrument will be used.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Company.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2011 have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 30 June 2011.

The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Stock Exchange at <http://www.hkex.com.hk> and on the website of the Company at <http://www.applieddev.com>.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to all of the staff and business partners for their hard work and dedication.

MEMBERS OF THE BOARD

At the date hereof, the members of the board are as follows:

Executive directors:

Hung Kai Mau, Marcus (*Chairman*)

Independent non-executive directors:

Lun Tsan Kau
Lam Ka Wai, Graham
Su Ru Jia

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

Hong Kong, 6 September 2011

* *For identification purpose only*