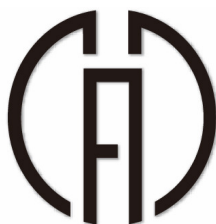


*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents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

**THE AGREEMENT**

Reference is made to the announcement made by the Company dated 18 September 2008. After trading hours on 3 November 2008 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 the Playa Grande Companies for an aggregate consideration of US\$39 million (approximately HK\$304.2 million) which shall be paid in cash on or before 30 December 2008. The Playa Grande Companies are the legal and beneficial owners of the Panama Project. The completion of the sale of the Sale Shares will be conditional upon the result of the due diligence exercise on the Playa Grande Companies being to the satisfaction of the Purchaser, and 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\$289 million. As a result of the disposal of the Sale Shares, the Group will achieve an estimated profit on gain of disposal of approximately HK\$137.2 million, representing approximately 82% over the cost of the investment of the Panama Project when it was acquired by the Group. The Board believes that the return of profit of 82% on this transaction is satisfactory and approximately 80% of such proceeds are intended to be used as funds for other investment opportunities in the resort and property market (if and when they arise) with the remaining 20% 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 Panama Project, and other information as required under the Listing Rules will be dispatched to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 4 November 2008 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 5 November 2008.

## **THE AGREEMENT**

**Date** : 3 November 2008

**Parties** : The Seller

The Purchaser

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.

### **Due diligence**

Pursuant to the Agreement, the Purchaser will have up to 30 December 2008 to conduct a due diligence investigation on the Playa Grande Companies and the Panama Project, to decide if the Panama Project is suitable for the Purchaser's development plans. If the results of the due diligence investigation is not to the Purchaser's satisfaction, the sale and purchase of the Sale Shares will not proceed

### **Assets to be disposed of**

The Sale Shares represent the entire issued share capital of the Playa Grande Companies. Prior to Completion, both Playa Grande Development and Playa Grande Hot Spring are wholly-owned subsidiaries of AppliedLand. The Playa Grande Companies are

principally engaged in resort and property development, and are the legal and beneficial owners of the Panama Project. In particular, Playa Grande Development is the owner of the Panama Land and Playa Grande Hot Spring is the owner of the Hot Spring Property. The Panama Project is currently held by the Group for development, and was acquired by the Group at an estimated aggregate total cost of US\$20.25 million (approximately HK\$157.95 million). 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 studies and tests on the project.

For the two financial years ended 30 June 2007 and 30 June 2008, the net profits before and after taxation and extraordinary items attributable to Playa Grande Development were nil and US\$10,148 (approximately HK\$79,000) respectively. The net losses before and after taxation and extraordinary items attributable to Playa Grande Development for the financial year ended 30 June 2007 was US\$5,232 (approximately HK\$40,800).

For the two financial years ended 30 June 2007 and 30 June 2008, no net profits before and after taxation and extraordinary items attributable to Playa Grande Hot Spring were recorded. The net losses before and after taxation and extraordinary items attributable to Playa Hot Spring for the same period was nil and US\$1,500 (approximately HK\$11,700).

The total cost and the book value of Panama Project, and the unaudited total asset value attributable to the Sale Shares as at 30 June 2008 amounts to approximately US\$21.4 million (approximately HK\$167 million). As at the same date and as at the date of this announcement, there is an outstanding shareholder's loan due from the Playa Grande Companies to the Group of approximately US\$21.4 million (approximately HK\$167 million). Pursuant to the Agreement whereby the Seller agreed to indemnify the Purchaser against all liabilities resulting from the Seller's actions up to the date of Completion, the Company intends that the amount of shareholder's loan (representing the exact total investment cost in the Panama Project contributed by the Group) will be offset against the consideration payable by the Purchaser on completion of the Agreement. To the best knowledge of the Company, the Playa Grande Companies do not have any liabilities apart from that shareholders loan which is covered by the indemnity mentioned above.

The Playa Grande Companies will no longer be subsidiaries of the Company after completion of the sale and purchase of the Sale Shares.

### **Consideration**

The full consideration of US\$39 million (approximately HK\$304.2 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 30 December 2008. No deposit is required to be paid by the Purchaser. The Purchaser has further agreed to pay a sum of US\$75,000 (approximately

HK\$585,000) to the Seller for due diligence in Hong Kong.

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 and the shareholder's loan due from the Playa Grande Companies as mentioned above. The fair value of the Sale Shares is US\$21.4 million (approximately HK\$167 million), determined on the basis of the book value of the Panama Project, being the only assets of the Playa Grande Companies as at the date of this announcement.

### **Condition**

The completion of the sale of the Sale Shares will be conditional upon the result of the due diligence exercise on the Playa Grande Companies being to the satisfaction of the Purchaser, and 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 30 December 2008.

### **OTHER TERMS**

Under the Agreement, upon the receipt of the consideration by the Seller, the Seller will transfer to the Buyer possession of all stock certificates, all rights, all land and other holdings, all contracts and agreements in respect of the Panama Project, including the sale and purchase agreement under which the Group originally purchased the Panama Project from the Rodriguez Family under which there are remaining outstanding rights and obligations between the Seller and the Rodriguez Family (further details of which will be included in the circular to be dispatched to the shareholders in due course). The Seller will also transfer all claims, all studies and all good name owned or acquired by the Seller in its development of the Panama Project, including all real and intellectual property rights, relationships, business plans, business reports, contracts with suppliers, clients and prospects relating to the Panama Project or owned by the Playa Grande Companies.

### **INFORMATION ON THE GROUP**

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

Both of the Playa Grande Companies are investment holding companies whose sole assets are the Panama Project.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company which has more than 40 years of professional experience,

including over 20 years of experience in real estate sales, property development, project management and property management. Its corporate experience includes over US\$200 million (approximately HK\$1,560 million) in projects in Missouri, plus other projects in Nevada, Texas, and international locations.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

Since the acquisition of the Panama Project by the Group in 2007, the value of the real estate market in Panama has appreciated. This has partly been driven by the commencement of the project for the expansion of the Panama canal, which was approved on 22 October 2006.

As previously announced, the Group has been approached by other parties who have shown an interest in the Panama Project, but no agreements were reached between them. The Group has decided to enter into Agreement for the sale and purchase of the Playa Grande Companies, as the aggregate consideration offered represents an excess of approximately 82% over the Group's original acquisition price of approximately US\$20.25 million (approximately HK\$157.95 million), taking into account the funds used towards the development of plans and the conducting of market, environmental and IRR studies for the Panama Project. The Board therefore 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.

The net proceeds of the disposal of the Sale Shares, after deducting the related expenses, are estimated to be approximately HK\$289 million. As a result of the disposal of the Sale Shares, the Group will achieve an estimated profit on gain of disposal of approximately HK\$137.2 million, representing approximately 82% over the cost of the investment of the Panama Project when it was acquired by the Group. The Board believes that the return of profit of 82% on this transaction is satisfactory and approximately 80% of such proceeds are intended to be used as funds for other investment opportunities in the resort and property market (if and when they arise) with the remaining 20% to be used as general working capital of the Group.

## **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.

## **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 4 November 2008 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 5 November 2008.

### **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 Panama Project, and other information as required under the Listing Rules will be dispatched to the Shareholders as soon as practicable.

Sums in US\$ in this announcement have been translated into HK\$ at the rate of US\$1:HK\$7.8.

### **DEFINITION**

“Agreement”	the agreement dated 3 November 2008 entered into between the Purchaser, and the Seller in relation to the disposal of the Sale Shares
“AppliedLand”	AppliedLand Limited, a company incorporated in Hong Kong and 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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hot Spring Property”	a piece of land of approximately 9 hectares which includes property number 60004 in the Borough of San Felix, Province of Chiriqui, Panama
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Panama”	the Republic of Panama
“Panama Land”	a piece of land of approximately 494 hectares which includes property numbers 41583, 41619, 4920, 4924, 4944, 4945, 4921, 4943, 4942, 4923, 4936, 4935, 6921, 1807, 20435, 33248 and 35039 in Boca Chica, District of San Lorenzo, Province of Chiriqui, Panama
“Panama Project”	the Hot Spring Property and the Panama Land
“Playa Grande Companies”	Playa Grande Development and Playa Grande Hot Spring
“Playa Grande Development	Playa Grande Development Holdings Inc., a company incorporated in Panama and an indirectly wholly owned subsidiary of the Company
“Playa Grande Hot Spring”	Playa Grande Hot Spring Development Holdings, Inc, a company incorporated in Panama and an indirectly wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Purchaser”	J&J Land Acquisitions and Development LLC, a company incorporated in the United States of America which is independent of the Company, its subsidiaries and their respective connected persons
“Rodriguez Family”	the family of Felipe Ariel Rodriguez, Eduardo Olmedo Cortes Altuna, Reyna Ines Rodriguez Wittgreen and Felipe Rodriguez Marin
“Rodriguez Land”	a total of approximately 5.5 hectares from the Panama Land, 2.5 hectares of which is within the golf residential area of the Panama Land, retained by the Rodriguez Family
“Sale Shares”	2 fully paid ordinary shares of US\$100 each in the capital of Playa Grande Development, representing the entire issued share capital of Playa Grande Development, and 2 fully paid ordinary shares of US\$100 each in the capital of Playa Grande Hot Spring, representing the entire issued share capital of Playa Grande Hot Spring
“Seller”	AppliedLand

“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$” America	United States dollars, the lawful currency of the United States of America
“%”	Percent

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

Hong Kong, 4 November 2008

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

*\* for identification purpose only*