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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 2010**

The Board of Directors (the “Directors”) of Applied Development Holdings Limited (the “Company”) announce that consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2010 with comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2010

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Turnover	3	4,847	5,058
Other income	4	11,399	525
Net increase in fair values of investment properties		64,452	13,500
Impairment loss on properties under development		–	(4,790)
Administrative expenses		(23,344)	(25,389)
Share-based payment expenses		(5,332)	–
Finance costs	6	(462)	(1,065)
Share of results of a jointly controlled entity		308	351
Profit (Loss) before taxation		51,868	(11,810)
Taxation	7	(4,295)	–
Profit (Loss) for the year	8	47,573	(11,810)

	<i>Note</i>	2010 HK\$'000	2009 HK\$'000
Other comprehensive income (loss)			
Net gain (loss) on fair value changes of available-for-sale investments		93	(111)
Transfer to profit or loss on disposal of available-for-sale investments		–	(505)
Exchange difference arising on translation of foreign operations		–	1
Income tax on other comprehensive income (loss)		–	–
Other comprehensive income (loss) for the year, net of tax		93	(615)
Total comprehensive income (loss) for the year, attributable to equity holders of the Company		47,666	(12,425)
EARNINGS (LOSS) PER SHARE			
Basic	9	5.67 HK cents	(1.41) HK cents
Diluted		5.67 HK cents	(1.41) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current Assets			
Investment properties	<i>10</i>	437,088	204,400
Property, plant and equipment		5,174	172,338
Other assets		1,546	1,846
Interest in a jointly controlled entity		27,676	27,368
Prepaid lease payments – non-current portion		1,632	1,672
Available-for-sale investments		220	127
		473,336	407,751
Current Assets			
Trade and other receivables	<i>11</i>	3,817	1,580
Promissory note receivable from a jointly controlled entity	<i>12</i>	171,600	171,600
Amount due from a director		146	–
Amount due from a jointly controlled entity		16,383	16,377
Prepaid lease payments – current portion		40	40
Bank balances and cash		2,403	132
		194,389	189,729
Current Liabilities			
Other payables		3,347	3,094
Tax payables		26	–
Amounts due to directors		15,317	1,409
Secured bank borrowings – due within one year		57,000	3,000
Obligations under finance leases – due within one year		21	250
Bank overdrafts		–	959
		75,711	8,712
Net current assets		118,678	181,017
Total assets less current liabilities		592,014	588,768
Capital and reserves			
Share capital		8,389	8,732
Treasury shares		–	(8,911)
Share premium and reserves		579,356	534,926
Total equity		587,745	534,747
Non-current liabilities			
Secured bank borrowings – due more than one year		–	54,000
Obligations under finance leases – due more than one year		–	21
Deferred tax liabilities		4,269	–
		4,269	54,021
		592,014	588,768

NOTES:

1. BASIS OF PREPARATION

The 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.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) 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. The 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 2009 financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years, except that certain presentation and disclosures of financial statements items have been revised. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of new/revised HKFRSs

HKAS 1 (Revised): Presentation of Financial Statements

HKAS 1 (Revised) requires transactions with owners to be presented separately from all other income and expenses in a revised statement of changes in equity. The revised Standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income statement and the statement of other comprehensive income). The Group has elected to prepare one statement. In addition, the revised Standard requires that when comparative information is restated or reclassified, a statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and the comparative period, should be presented. Since the Group did not restate comparative information during the year, this new requirement has no impact on the consolidated financial statements.

HKAS 23 (Revised): Borrowing costs

HKAS 23 (Revised) eliminates the option to expense borrowing costs and requires that borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised as part of the cost of that asset. The adoption of the revised Standard had no significant impact on the consolidated financial statements.

Amendments to HKFRS 2: Share-based payments – Vesting conditions and cancellations

Amendments to HKFRS 2 clarify that vesting conditions include service and performance conditions only, and all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of these amendments had no significant impact on the consolidated financial statements.

Amendments to HKAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to HKAS 27 remove the distinction between dividends distributed from pre- and post-acquisition profits from the definition of the cost method and replace it with a requirement to recognise all dividends received in profit or loss once the entity’s right to receive the dividend is established. As from 1 July 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities are recognised in the Company’s profit or loss regardless of whether they are made out of the pre- or post-acquisition profits. The carrying amount of the investment in the investee however is assessed for impairment as a result of the investee declaring the dividend. In accordance with the transitional provision in the Amendment, the new policy is applied only prospectively from the current period and thus no restatement is made to prior periods.

Improvements to HKFRSs (2008)

Improvements to HKFRSs (2008) contain improvements to a number of Standards aiming to remove inconsistencies and clarify wording in the Standards. The adoption of those improvements had resulted in a number of changes in the details of the Group's accounting policies. Of those changes, only those as described below are considered more significant to the Group:

Amendments to HKAS 40: *Investment Property*

Amendments to HKAS 40 require property under construction or development for future use as an investment property to be classified as investment property and measured at fair value. The amendments however allow, if the fair value cannot be reliably determined, the investment property under construction or development to be measured at cost until such time when the fair value can be determined or construction is complete. Previously, such property was carried at cost less any accumulated impairment losses. The Group has applied the amendments prospectively from 1 July 2009 in accordance with the relevant provisions. As a result of bringing its accounting policy in line with the new requirement, the properties under development that were previously classified as property, plant and equipment have been reclassified as investment properties and measured at fair value as from 1 July 2009.

Amendments to HKAS 36: *Impairment of Assets*

The Amendments require additional disclosures to be made when discounted cash flows are used to estimate "fair value less cost to sell", consistent with the disclosures required when the discounted cash flows are used to estimate "value in use". The adoption of these amendments had no significant impact on the consolidated financial statements.

Amendments to HKFRS 7 *Financial Instruments: Disclosures*

Amendments to HKFRS 7 require additional disclosure about fair value measurements and liquidity risk. The fair value measurement disclosures are presented, and the liquidity risk disclosures are not significantly impacted by the amendments. The Group has taken advantage of the transitional provisions set out in the amendments, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments are not provided in the financial statements.

HKFRS 8: *Operating Segments*

The Standard, replacing HKAS 14: *Segment Reporting*, requires segment information to be reported based on internal information used by management to evaluate the performance of operating segments and allocate resources to those segments. The adoption of HKFRS 8 had not resulted in a re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

3. TURNOVER AND REVENUE

Turnover and revenue recognised represent rental income earned.

4. OTHER INCOME

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Dividend income from available-for-sale investments	3	11
Additional consideration received from disposal of equity interest in Danshui in 2006 (<i>Note (a)</i>)	8,976	–
Gain on disposal of an antique	2,196	–
Gain on disposal of available-for-sale investments	–	226
Interest income	2	34
Sundry income	222	254
	<u>11,399</u>	<u>525</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. 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. Segment information is analysed on the types of goods supplied and services provided by the Group’s operating divisions. The Group’s operations are organised into two operating segments, namely resort development and property investment, which are the same as the primary reportable segments determined in accordance with HKAS 14. 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. No operating segments have been aggregated.

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	<u>–</u>	<u>4,847</u>	<u>4,847</u>
Results			
Segment results	<u>16,554</u>	<u>58,102</u>	74,656
Unallocated corporate income			21
Unallocated corporate expenses			(22,655)
Finance costs			(462)
Share of results of a jointly controlled entity	308		<u>308</u>
Profit before taxation			51,868
Taxation			(4,295)
Profit for the year			<u>47,573</u>

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

Segment revenue and results for the year ended 30 June 2009 are presented below:

	Resort development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	–	5,058	5,058
Results			
Segment results	(4,810)	12,311	7,501
Unallocated corporate income			96
Unallocated corporate expenses			(18,693)
Finance costs			(1,065)
Share of results of a jointly controlled entity	351		351
Loss before taxation			(11,810)
Taxation			–
Loss for the year			(11,810)

Segment assets and liabilities as of 30th June, 2009 and other segment information for the year ended 30 June 2009 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	<u>364,755</u>	<u>207,441</u>	<u>572,196</u>	<u>25,284</u>	<u>597,480</u>
Liabilities	<u>–</u>	<u>1,298</u>	<u>1,298</u>	<u>61,435</u>	<u>62,733</u>
Other segment information:					
Additions to property, plant and equipment	3,437	596	4,033	–	4,033
Depreciation of property, plant and equipment	–	2,750	2,750	1,732	4,482
Impairment loss on properties under development	4,790	–	4,790	–	4,790
Release of prepaid lease payments	<u>–</u>	<u>40</u>	<u>40</u>	<u>–</u>	<u>40</u>

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, other income 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	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong	122	–
Canada	17	–
PRC	<u>4,708</u>	<u>5,058</u>
	<u>4,847</u>	<u>5,058</u>

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	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong	222,686	172,509
Canada	2,556	2,556
Panama	184,800	165,711
PRC	35,398	39,480
	445,440	380,256

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

Included in the revenue generated from the property investment segment is the rental income earned from the following external customers:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Customer A	1,756	1,698
Customer B	442	695
Customer C	500	535

6. FINANCE COSTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest expense on bank borrowings wholly repayable within five years	452	1,032
Finance charges on obligations under finance leases	10	33
	462	1,065

7. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2009: 16.5%) on the Group's net estimated assessable profits arising from Hong Kong during the year.

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

The tax charge comprises:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Current tax		
Hong Kong Profits Tax:		
Current year	–	–
Under-provision in previous year	<u>26</u>	<u>–</u>
	<u>26</u>	<u>–</u>
Deferred taxation		
Origination and reversal of temporary differences	<u>4,269</u>	<u>–</u>
	<u>4,269</u>	<u>–</u>
Total tax charge for the year	<u><u>4,295</u></u>	<u><u>–</u></u>

8. PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year has been arrived at after charging:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Donations	824	24
Depreciation of property, plant and equipment	1,659	4,482
Direct operating expenses relating to investment properties that generated rental income	1,790	1,770
Direct operating expenses relating to investment properties that did not generate rental income	881	450
Impairment loss on trade and other receivables	196	235
Loss on disposal of property, plant and equipment	–	186
Operating lease payments on premises	3,101	2,855
Release of prepaid lease payments	<u>40</u>	<u>40</u>

9. EARNINGS (LOSS) PER SHARE

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit (Loss) for the purposes of basic earnings (loss) per share	<u>47,573</u>	<u>(11,810)</u>
	2010 <i>No. of shares</i>	2009 <i>No. of shares</i>
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share (arrived at after eliminating the shares in the Company held by Applied Investment which were cancelled on 12 February 2010)	<u>838,888,826</u>	<u>838,931,990</u>

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

10. INVESTMENT PROPERTIES

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Held in Hong Kong		
Long-term leases	220,000	170,000
Held outside Hong Kong:		
Medium-term leases	32,288	34,400
Freehold	<u>184,800</u>	<u>—</u>
	<u>437,088</u>	<u>204,400</u>

11. TRADE AND OTHER RECEIVABLES

The Group allows credit period ranging within 90 days to its trade customers.

Included in trade and other receivables of the Group are trade receivables of HK\$73,000 (2009: HK\$92,000) and their aging analysis is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Within 90 days	<u>73</u>	<u>92</u>

12. PROMISSORY NOTE RECEIVABLE FROM A JOINTLY CONTROLLED ENTITY

The amount is unsecured, interest-free and repayable on or before 9 April 2011 (2009: 9 April 2010).

DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 30 June 2010 (2009: Nil).

ANNUAL GENERAL MEETING

The 2010 Annual General Meeting of the Company will be held on Friday, 22 October 2010 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 Tuesday, 19 October 2010 to Friday, 22 October 2010, both days inclusive. To qualify for attending the forthcoming Annual General Meeting of the Company to be held on 22 October 2010, 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 Monday, 18 October 2010.

CHAIRMAN'S STATEMENT HIGHLIGHT

Following the recovery of the global economy and the property market in Hong Kong, we have recorded a profit of approximately HK\$47,573,000 as compared to a loss of HK\$11,810,000 for the corresponding period last year. The profit of approximately HK\$47,573,000 was attributed mainly to an increase in the revaluation surplus on Hong Kong investment properties. The Group has also reclassified the Panama Project as an investment property and this resulted in a revaluation profit of approximately HK\$16,564,000 (after a write-off of an accumulated total of pre development expenses approximately HK\$15,100,000). We expect the property market both globally and in Hong Kong to remain strong in the forthcoming financial year.

On 9 June 2010, we agreed to an extension of the expiry dates of the Initial Land and Development Loan, Quorum Note and the Deferred Purchase Price to 9 April 2011 as requested by our joint venture partner, InterIsle, who needed more time to obtain the Initial Land and Development Loan after a settlement of the current challenge of the BVI Project and the submission of the revised master plan of the golf course on 11 June 2010 in satisfaction of the requirements of the relevant authorities in the BVI. We believe that this is in the best interests of, and will be most beneficial to the shareholders of the Company and the Group as our joint venture partner, InterIsle, is very experienced in property development in the Caribbean Region.

As a result of the continuous boom of the high-end property market in Hong Kong, the Group has been approached to sell the Group's precious investment properties – the Severn Villa properties. We believe that if the Group's Severn Villa properties could be sold at its re-development value which is higher than its valuation as at 30 June 2010, it would produce satisfactory profits to the Group.

We also believe that the Group's investment properties and overseas projects will bring in satisfactory returns.

RESULTS

The Group's consolidated profit for the year ended 30 June 2010 amounted to approximately HK\$47,573,000 as compared with the loss of HK\$11,810,000 for the corresponding year. Such profit is mainly due to an increase in revaluation surplus on the Group's investment properties for the financial year ended 30 June 2010 as compared to the financial year ended 30 June 2009.

PLEDGE OF ASSETS

As at 30 June 2010, the carrying values of investment properties pledged by the Group to secure banking facilities granted to the Group amounted to HK\$220,000,000 (2009: HK\$170,000,000).

BUSINESS REVIEW

(i) Resort and Property Development

BVI Project

In August 2006, the Group entered into an agreement (the "JV Agreement") for the formation of a joint venture with InterIsle Holdings Ltd. ("InterIsle") to develop the BVI Project of approximately 660 acres (approximately 267 hectares or 28.75 million square feet). On 9 June 2010, the Group further entered the Fifth Memorandum of Amendments to the Agreements dated 9 April 2010 with InterIsle. Pursuant to the Fifth Memorandum of Amendments to the Agreement, all parties agreed to further extend the expiry dates of (i) the date of the Initial Land and Development Loan to be arranged by InterIsle with a reputable commercial bank or financial institution and, (ii) the Quorum Note and (iii) the Deferred Purchase Price, being changed to 9 April 2011 as requested by InterIsle who needed more time to arrange the Initial Land and Development Loan after the settlement of the current challenge of the BVI project and submission of the revised master plan of the golf course on 11 June 2010 in satisfaction of the requirements of relevant authorities in the BVI. The Management believes that our JV partner, InterIsle will use its best efforts to obtain finances to comply with its payment obligations under (i) the Quorum Note and (ii) the Deferred Purchase Price.

The BVI Project is envisioned to be a 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 ships, including facilities for 15 mega-yachts of over 80 feet; and 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 Borough of San Felix, Province of Chiriqui, Panama (the “Hot Spring Property”). The Panama Project is wholly owned by the Group and was acquired by the Group at an aggregate cost of US\$20.25 million (approximately HK\$157.95 million) in mid-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. As part of the development of the Panama Project, the Group has signed a golf course agreement with Jack Nicklaus in respect of the Panama Project.

The Panama Project is planned to feature a 5-star luxury hotel, a branded boutique hotel and a luxury condo 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, 800-1,000 residential units in the various branded residential lots will be offered for sale.

(ii) Investment and Property Holding

The Group’s investment properties, mainly in Hong Kong, the People’s Republic of China and Panama generated rental income of HK\$4,847,000 for the Group for the year ended 30 June 2010.

OUTLOOK

Following the recovery of the global economy and the property market in Hong Kong, 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 soon.

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 Asian region.

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 2010, the Group’s total net asset value and secured borrowings amounted to HK\$587.7 million and HK\$57.0 million respectively, representing a gearing ratio of 9.7% as compared to 10.9% of the corresponding year. In addition, the majority of the Group’s assets were in Hong Kong and US dollars, and hence the exposure to foreign exchange was insignificant to the Group.

EMPLOYEE INFORMATION

As at 30 June 2010, the Group employed a total of 16 (2009: 18) 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

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 will be reduced to 838,888,826 shares after the cancellation.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company 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 2010.

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.

AUDIT COMMITTEE

The Audit Committee currently comprises of 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 related professional qualifications, accounting or related financial management expertise. The Audit Committee has the responsibility to review with the senior management and the Company's external auditors 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 relating to auditing, internal controls, risk management financial reporting matters (including the final financial report for the year ended 30 June 2010 before recommending it to the Board for approval) and statutory compliance. 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 Kin Sang, Raymond, 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 2010.

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

Messrs. Deloitte Touche Tohmatsu resigned as auditor of the Company with effect from 20 May 2008 and Mazars CPA Limited were appointed as auditor of the Company on 20 May 2008 to fill the casual vacancy so arising. There have been no other changes of auditor in the past three years.

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 Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2010 as set out in the Preliminary Announcement 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. 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 Kin Sang, Raymond (*Managing Director*)

Hung Kai Mau, Marcus (*Chairman*)

Non-executive director:

Wong Kar Gee, Mimi

Independent non-executive directors:

Lun Tsan Kau

Lam Ka Wai, Graham

Su Ru Jia

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

Hong Kong, 27 August 2010

* *For identification purpose only*