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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)**

**RECENT DEVELOPMENTS ON THE JUDICIAL CHALLENGE  
OF THE BVI PROJECT  
AND  
PRICE SENSITIVE INFORMATION – PROFIT WARNING (REVISED)  
AND  
RESUMPTION OF TRADING**

The Directors wish to update the shareholders of the Company and the public on recent developments in the challenge filed by VIEC in the courts of the BVI against the Government of the BVI, with respect to approvals granted in connection with the BVI Project. The court found against the claimant, VIEC, on all but one ground of challenge. The court has upheld the claim that the granting of approval for construction of the golf course was illegal because it may adversely affect the Hans Creek fisheries protected area. The judge specified that there were two applications submitted by Quorum Island for approval (one for the golf course and another for everything else (the “Master Plan”)), but only one approval letter was received from the Government of the BVI for both applications. Accordingly, the judge determined that she would have to quash the entire approval, and has directed the relevant authorities to reconsider the applications and reach a decision in accordance with the judgement of this court. The Company will issue announcements as and when appropriate about the progress of this exercise.

This announcement is also made by the Company pursuant to Rule 13.09 of the Listing Rules.

Due to the decision of the BVI court, the independent valuers appointed by the Company for the annual revaluation of the Company’s properties, revised the valuation of the BVI Project at 30 June 2009. After considering the revised valuation provided by the independent valuers, the Directors believe that this revised valuation will not cause any significant revaluation deficit [non-cash item] to be recognised by the Company for the financial year ended 30 June 2009.

The Board wishes to inform shareholders of the Company and potential investors that the Group is expected to record a loss for the year ended 30 June 2009 as compared to a profit for the year ended 30 June 2008. The Board believes that such possible loss is mainly due to less revaluation surplus [non-cash item] on the investment properties of the Group for the financial year ended 30 June 2009 as compared to the financial year ended 30 June 2008.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 September 2009 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 24 September 2009.

## **RECENT DEVELOPMENTS ON THE JUDICIAL CHALLENGE OF THE BVI PROJECT**

Reference is made to the Company's Annual Report of 2008 (the "Annual Report"). Unless the context requires otherwise, terms defined in the Annual Report are used herein with those same meanings. The Company disclosed in an announcement on 17 March 2008, and in the Chairman's Statement in the Annual Report that, inter alia, there was a change in the Premier of the British Virgin Islands in late 2007 and the Virgin Islands Environmental Council ("VIEC"), a non-profit civil environmental organization, has been challenging several development projects in the BVI that were approved by the former Government of the BVI, including the BVI Project. The Directors wish to update the shareholders of the Company and the public on recent developments in the challenge filed by VIEC in the courts of the BVI against the Government of the BVI, with respect to approvals granted in connection with the BVI Project. On 21 September 2009 (BVI time), the Company was informed that the High Court of the BVI had delivered the judgement on the judicial challenge filed by the VIEC against the Government of the BVI, challenging the government's grant of development approval for the BVI Project. The court found against the claimant, VIEC, on all but one ground of challenge. The court upheld the claim of the VIEC that the granting of approval for construction of the golf course was illegal because it may adversely affect the Hans Creek fisheries protected area. The judge specified that there were two applications submitted by Quorum Island for approval (one for the golf course, and another for everything else (the "Master Plan")), but only one approval letter was received from the Government of the BVI for both applications. Accordingly, the judge determined that she would have to quash the entire approval, and has directed the relevant authorities to reconsider the applications and reach a decision in accordance with the judgement. The judge further identified that the proposal Master Plan relates to several main components including a hotel, inner marina, residential development, commercial development and infrastructural development may not give rise to illegality. The management believes that in case the plan for the golf course is terminated, there will be approximately 180 acres of land which can be used for further development. The

Company will issue announcements as and when appropriate about the progress of this exercise.

Quorum Island has always recognised that the Beef Island development should protect Hans Creek from adverse environmental impacts. The existing plan was created and reviewed by experts and was specifically designed to remedy existing threats to Hans Creek without creating new threats. However, Quorum Island will now further review the plans for the golf course, and will work with the Government of the BVI and other constituencies in order to obtain confirmation whether the remainder of the BVI Project may proceed, in light of the above judgement.

### **PRICE SENSITIVE INFORMATION – PROFIT WARNING (REVISED)**

Reference is made to the Company's Announcement dated 16 September 2009 in respect of the price sensitive information. This announcement is also made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Due to the decision of the BVI court referred to above, the independent valuers appointed by the Company for the annual revaluation of the Company's properties, revised the valuation of the BVI Project at 30 June 2009. After considering the revised valuation provided by the independent valuers, the Directors believe that this revised valuation will not cause any significant revaluation deficit [non-cash item] to be recognised by the Company for the financial year ended 30 June 2009. Therefore, the Board wishes to inform shareholders of the Company and potential investors that the Group is expected to record a loss for the year ended 30 June 2009 as compared to a profit for the year ended 30 June 2008. The Board believes that such possible loss is mainly due to less revaluation surplus (non-cash item) on the investment properties of the Group for the financial year ended 30 June 2009 as compared to the financial year ended 30 June 2008 instead of which as stated in the Company's announcement dated 16 September 2009 that loss resulted from significant revaluation deficit [non-cash item] on the Group's BVI Project, Panama Project and investment properties.

The information contained in this announcement remains a preliminary assessment by the management of the Company based on the management accounts as well as operational data and updated valuations of assets available to the management, all of which have not been audited or reviewed by the Company's auditors. Shareholders and potential investors are advised to refer to details in the announcement of the annual results of the Company for the year ended 30 June 2009 which is expected to be released in October 2009.

**Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by the order of the Board of directors of the Company, all of whom collectively and individually accept responsibility for the accuracy of the contents of this announcement.

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company (the "Shares") on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 September 2009 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares with effect from 9:30 a.m. on 24 September 2009.

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

Hong Kong, 23 September 2009

As at the date hereof, Messrs. Hung Kin Sang, Raymond, Hung Wong Kar Gee, Mimi, Hung Kai Mau, Marcus and Fang Chin Ping are executive directors; and Messrs. Lo Yun Tai, Lun Tsan Kau and Lam Ka Wai, Graham are independent non-executive directors of the Company.

*\* for identification only*