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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)

PRICE-SENSITIVE INFORMATION

ACTIONS AGAINST THE GROUP BY A FORMER DIRECTOR AND RESUMPTION OF TRADING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform and update Shareholders and potential investors regarding litigation instituted against the Group by Ms. Wong (a former Director who retired in the last annual general meeting of the Company on 14 January 2011).

Reference is made to the announcement of the Company dated 21 February 2011, the Company clarifies the starting time of the suspension of trading from 9:30 a.m. to 9:35 a.m. Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:35 a.m. on 21 February 2011 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 2:30 p.m. on 23 February 2011.

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

This announcement is made by Applied Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors of the Company (“**Board**” or “**Directors**”) wishes to inform and update shareholders of the Company (“**Shareholders**”) and potential investors regarding litigation (“**Actions**”) instituted against the Group by Ms. Wong Kar Gee, Mimi (a former Director who retired in the last annual general meeting of the Company on 14 January 2011) (“**Ms. Wong**”):

1. CLAIMS IN RELATION TO THE SEVERN VILLA PROPERTIES

- a. On 18 February 2011, Ms. Wong commenced an action in the Hong Kong High Court against the Company and Severn Villa Limited (a wholly-owned subsidiary of the Company) for certain declarations relating to the beneficial and/or proprietary ownership of and/or interests in the Severn Villa properties (namely, Flat A on 1st floor, Flat B on 1st floor, 2nd floor, 3rd floor, the roof and carpark 1, 2, 3, 4, 5 and 7 Severn Villa, 3 Severn Road, The Peak, Hong Kong) (collectively, the “**Severn Villa properties**”). This Action is presently ongoing and a hearing has presently been fixed for 24 February 2011.
- b. The Board believes that Ms. Wong’s claim might relate to the Group’s recent notification to Ms. Wong dated 18 December 2010 to move out and return possession of the Severn Villa properties by 18 January 2011.
- c. The Directors are of the view that the above is price-sensitive information necessitating disclosure, as the Company and Severn Villa Limited (a wholly-owned subsidiary of the Company) have been made parties to proceedings which may adversely affect our ownership and/or interests in the Severn Villa properties. Based on the Group’s latest published financial information, the Severn Villa properties with a carrying net book value of HK\$220,000,000 as at 30 June 2010 represent a significant asset of the Group.

2. OTHER ACTIONS AGAINST THE GROUP BY MS WONG

- a. Inspection of certain books of accounts, statutory records and documents of the Company: Reference is made to page 15 of the Company’s annual report 2010 under paragraph (ii) of the heading “Litigation with a Non-Executive Director, Ms. Wong Kar Gee, Mimi”, as published on the Stock Exchange’s website on 7 September 2010. On 24 August 2010, Ms. Wong commenced legal proceedings against Mr. Raymond Hung Kin Sang (an executive Director) and the Company seeking, among other things, to inspect certain books of accounts, statutory records and documents of the Company. By way of update, as Ms. Wong is no longer a Director, she has continued with her application under this Action in her capacity as a Shareholder. This Action is presently ongoing in the Hong Kong High Court and a hearing of her application has presently been fixed for 10 March 2011.
- b. Claim for wages, fees and other payments: On 28 January 2011, Ms. Wong filed a claim with the Labour Tribunal against the Company seeking alleged: (i) arrears of wages; (ii) long service payment; (iii) damages for the Company’s alleged breach of her employment contract; (iv) credit card allowance; and (v) other unpaid wages and reimbursements in respect of her acting as “an executive director” of the Company for the period from 10 June 2010 to 31 December 2010 (Ms. Wong was re-designated as a non-executive director on 10 June 2010.). The total amount of her claim (excluding item (iii) above, in which she has applied for damages to be assessed and determined) is approximately HK\$3.492 million. This Action is presently ongoing and a hearing has presently been fixed for 24 February 2011.
- c. Joinder to some matrimonial proceedings: On 18 January 2011, the Company received a notice of an application to join the Company and Severn Villa Limited as parties to some matrimonial proceedings. As disclosure of information regarding the matrimonial proceedings would require Court’s approval as requested by Deputy High Court Judge Carlson and such approval has not yet been granted after the Company had requested for the relevant approval, the Company is not in a position to disclose any details of the matrimonial proceedings at this stage.

- d. Others: In addition to the Actions summarized above, Ms. Wong had also made various complaints against the Company and its Directors to the Stock Exchange relating to, amongst other things, insufficient notice of Board meetings and insufficient information provided for the purpose of Board meetings. This has resulted in the Stock Exchange making several enquires to the Company, to which the Company had responded. As at the date of this announcement, the Directors are of the view that they have satisfactorily addressed the said complaints to the Stock Exchange, which has presently not indicated that any action will be taken against the Company and/or its Directors.

3. POSSIBLE EFFECT OF THE ACTIONS

- a. The Directors are of the view that the above other Actions currently do not amount to price-sensitive information necessitating disclosure, given that the size of the claim, if applicable and if successful, is not expected to have a material impact on the financial position of the Company. However, given the disclosure of the Action in paragraph 1 above and as the estimated legal and other costs (excluding administrative costs) incurred by the Company in dealing with the Actions amounted to approximately HK\$4.4 million as of 31 December 2010, the Directors are of the view that the various Actions should be disclosed in their totality in order to enable the Shareholders and potential investors to better understand and appraise the Company's present situation.
- b. At the Actions have not been determined yet, the Directors are presently not in a position to ascertain whether the Group's financial position will be affected.
- c. The Directors are of the view that the Ms. Wong's Actions set out in paragraphs 1 and 2 above are without merit. The Company has instructed lawyers to handle the Actions and will continue to use its best endeavors to protect the interests of the Company and the Shareholders as a whole in its conduct thereof. The Company will continue to keep its Shareholders updated about the progress of the Actions and any other material claim, action or proceeding which Ms. Wong may commence in the future.

RESUMPTION OF TRADING

Reference is made to the announcement of the Company dated 21 February 2011, the Company clarifies the starting time of the suspension of trading from 9:30 a.m. to 9:35 a.m. Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:35 a.m. on 21 February 2011 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 2:30 p.m. on 23 February 2011.

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

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to any intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the Directors of which collectively and individually accept responsibility for the accuracy of this announcement.

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

Hong Kong, 23 February 2011

As at the date hereof, Messrs. Hung Kin Sang, Raymond and Hung Kai Mau, Marcus are executive Directors; Messrs. Lun Tsan Kau, Lam Ka Wai, Graham and Su Ru Jia are independent non-executive Directors

** for identification purpose only*