



APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 519)

ANNOUNCEMENT

It was announced on 13 December 2006 that Applied Properties, a wholly owned subsidiary of the Company, had entered into an agreement for the sale and purchase of a piece of land at Playa Grande in Boca Chica, District of San Lorenzo, Province of Chiriqui, Panama for US\$17,249,850 (approximately HK\$134,548,830). Under the agreement, Applied Properties will purchase the property if the results of the Due Diligence investigation is satisfactory.

The Company has completed the Due Diligence investigation and is satisfied with the results. On 18 April 2007, Applied Properties entered into the Contract with the Sellers for the sale and purchase of the Property.

THE ACQUISITION

- Date of the Contract: 18 April 2007 (Panama time)
19 April 2007 (Hong Kong time)
- Vendor: the Sellers, Independent Third Party(ies)
- Purchaser: Applied Properties
- Summary: Applied Properties completed the Due Diligence investigation and found the result satisfactory. The Sellers and Applied Properties entered into the Contract on 18 April 2007 pursuant to which the Sellers agreed to sell and Applied Properties agreed to purchase the Property. The consideration for the Acquisition is US\$18,936,503 (approximately HK\$147,704,723).
- Escrow Deposit: The Escrow Deposit being US\$11,699,359 (approximately HK\$91,255,000) has been paid by Applied Properties to a trust company.
- Payment terms: (i) Upon execution of the Contract, the trust company paid to the Sellers US\$850,000 (approximately HK\$6,630,000) of which US\$500,000 (approximately HK\$3,900,000) is part of the Consideration and US\$350,000 (approximately HK\$2,730,000) is part of the payment for the Ex Gratia Disbursement.

- (ii) the trust company has delivered to the Sellers a conditional irrevocable letter of payment in favor of the Sellers for the amount of US\$1,000,000 (approximately HK\$7,800,000) being part of the Consideration for the purpose of terminating the Joint Venture Agreement and the transfer of all rights for the concession of marinas or other uses of beach and sea areas granted under the Joint Venture Agreement.

Applied Properties has the right to rescind the Contract if the Joint Venture Agreement cannot be terminated on or before 17 June 2007 and the 2 of the 10 lots of land being No. 55351 and No.55352 cannot be transferred to Applied Properties. If Applied Properties decides not to proceed to purchase the Property, all monies paid by it to the Escrow Deposit will be fully refunded to Applied Properties within 2 weeks of such termination.

- (iii) US\$9,699,359 (approximately HK\$75,655,000) will be at the disposal of the Sellers to meet its financial obligations with certain banks in Panama details of which to be defined in the Final Sale & Purchase Agreement.
- (iv) the remaining balance being US\$7,737,144 (approximately HK\$60,349,723) (subject to adjustment) will be payable by Applied Properties to the Sellers upon signing of the Final Sale & Purchase Agreement to which the title over the Property is transferred to Applied Properties and duly recorded at the public registry of Panama.

OTHER TERMS

Pursuant to the Contract, Applied Properties agreed to let the Sellers to keep (i) a piece of land with an area of approximately 3 hectares (duly identified in the master plan as attached to the Contract) from the Property for their own use for a period of 3 years from the date of full payment of the Property (“Period”) and (ii) an extra 2.5 hectares of lands within the area of the golf residential area of the Property to the Sellers for their family use (together as “Family Land”). Upon expiry of the Period, the premises shall be vacated and returned to Applied Properties. If the Sellers decide to sell the Family Land at any time, Applied Properties has a first option to buy back the Family Land at a price to be agreed upon receipt of the Sellers’ written notice, such option to buy will be valid for a period of 45 days from the date of receipt of the Sellers’ written notice.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE PROPERTY

The Consideration was determined after arm’s length negotiations between the parties. The Directors considered that the Acquisition is a good opportunity for the Company to increase its land bank reserve which also provides a good investment opportunity to develop its resort business. The Company will finance the acquisition mainly from its internal resources.

The Company has commenced negotiation in June 2006 with the Sellers before an approval of the expansion of Panama’s canal of which will be carried out with an estimated cost of US\$5.3 billion. After the canal expansion was approved on 22 October 2006, the value of the real estate market in Panama has appreciated. In light of that, the Directors expect the development of the Property will bring immediate benefits to the Company. The proposed master plan of the development of the Property is as follows:

- (i) 18 Hole Jack Nicklas Signature Golf Course;
- (ii) Marina Facility;
- (iii) 5 Star Luxury Hotel;
- (iv) Brand Residential; and
- (v) Fractional Ownership Residential

The Directors believe that by using our relevant experience and expertise from the other on-going project in the British Virgin Island, couple with the utilization of the similar business and financial models will create another good investment opportunity to the Company in respect of the development in Panama.

The Directors are of the view that the Acquisition is in the interest of the Company and the terms of the Contract and the Consideration are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Acquisition”	the acquisition of the Property by Applied Properties Limited pursuant to the Contract;
“Applied Properties”	Applied Properties Limited, a company incorporated in the Hong Kong which is a wholly-owned subsidiary of the Company;
“Company”	Applied Development Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
“Considerations”	US\$18,936,503 (approximately HK\$147,704,723);
“Contract”	the contract dated 18 April 2007 between the Sellers and Applied Properties for the sale and purchase of the Property;
“Directors”	the directors of the Company;
“Due Diligence”	a due diligence investigation conducted by Applied Properties in relation to the inspection and examination of the title and location of the Property, preparation of feasibility studies by master development planner and golf course designer, preparation of financial feasibility studies by financial consultants, and other feasibility studies including (without limitation) hotel and marina development and infrastructure studies by professionals pursuant to the Contract;
“Escrow Deposit”	the initial deposit being US\$11,699,359 (approximately HK\$91,255,000) which has been paid to a bank or a trust company selected by Applied Properties on escrow for the purpose of the Acquisition;
“Ex Gratia Disbursement”	a total of US\$500,000 (approximately HK\$3,900,000) in addition to the Consideration payable by Applied Properties for the purpose of assisting the Sellers to terminate the Joint Venture Agreement previously entered into between Mr. Ken Harper and the Sellers in regards to the selling of the 2 of the 10 lots of land that are part of the Property as well as the transfer of any rights for the concession of marinas or other uses of beach and sea areas granted to the Joint Venture Agreement;
“Final Sale & Purchase Agreement”	the final agreement to be entered into within a period of 60 days from the date of the Contract between the Sellers and Applied Properties in respect of the sale and purchase of the Property;

“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;
“Joint Venture Agreement”	an agreement entered into between the Sellers and Mr. Ken Harper in respect of sale of the land No.55351 and No.55352 located in the Property;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	a piece of land of approximately 494 hectares which includes among others lots 1807, 4920, 4921, 4923, 4924, 4935, 4936, 4942, 4943, 4944, 4945, 6921, 20435, 33248, 35039, 41583, 41619, together with all beach front property known as Playa Grande in Boca Chica, District of San Lorenzo, Province of Chiriqui, Panama;
“Sellers”	Felipe Ariel Rodriguez, Eduardo Olmedo Cortes Altuna, Reyna Ines Rodriguez Wittgreen and Felipe Rodriguez Marin;
“Shareholder(s)”	holder(s) of share(s) in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“US\$”	United States dollars, the lawful currency of the United States of America.

Unless otherwise specified in this announcement, conversions of US\$ into HK\$ are made in this announcement, for illustration only, at the rate of US\$1.00 to HK\$7.80. No representation is made that any amounts in US\$ or HK\$ could have been or could be converted at that rate or at any other rate.

By Order of the Board of Directors
Applied Development Holdings Limited
Hung Kin Sang, Raymond
Executive Director

Dated: 20 April 2007

At the date of this announcement, the Executive Directors of the Company are Mr. Hung Kin Sang, Raymond, Ms. Hung Wong Kar Gee, Mimi, Mr. Fang Chin Ping and Mr. Hung Kai Mau, Marcus and the Independent Non-executive Directors of the Company are Mr. Soo Hung Leung, Lincoln, Mr. Lo Yun Tai, Mr. Lun Tsan Kau and Mr. Lam Ka Wai, Graham.

* *For identification only*

“Please also refer to the published version of this announcement in the South China Morning Post”