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 2012

The Board of Directors (the "Directors") of Applied Development Holdings Limited (the "Company") announce that the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2012 with comparative figures for the previous year are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2012

	Note	**2012** *HK$'000*	2011 *HK$'000*
Turnover	3	**3,296**	4,649
Other revenue	3	**382**	1,036
Other income	4	**883**	15,365
Other operating expenses	8	**(4,277)**	(6,628)
Net decrease in fair values of investment properties		**(20,111)**	(40,905)
Administrative expenses	5	**(23,909)**	(27,776)
Interest income (Impairment loss) on promissory note receivable from a jointly controlled entity	13	**10,931**	(50,143)
Finance costs	7	**(6,310)**	(3,400)
Share of results of a jointly controlled entity		**–**	(27,676)
Loss before tax	8	**(39,115)**	(135,478)
Taxation	9	**(5,768)**	1,993
Loss for the year, attributable to equity holders of the Company		**(44,883)**	(133,485)

	Note	2012 HK$'000	2011 HK$'000
Other comprehensive income			
Exchange difference realised on disposal of subsidiaries		**–**	24
Exchange difference arising on translation of foreign operations		**–**	12
Surplus on properties revaluation		**–**	1,444
Release of (Charge of) deferred tax arising from revaluation surplus	*9*	**119**	(119)
Other comprehensive income for the year, net of tax		**119**	1,361
Total comprehensive loss for the year, attributable to equity holders of the Company		**(44,764)**	(132,124)
LOSS PER SHARE	*10*		
Basic		**(5.36) HK cents**	(15.91) HK cents
Diluted		**(5.36) HK cents**	(15.91) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties	11	**336,900**	377,600
Property, plant and equipment		**5,134**	1,815
Promissory note receivable from a jointly controlled entity	13	**132,388**	121,457
Other assets		**1,045**	1,045
Interest in a jointly controlled entity		**–**	–
Prepaid lease payments – non-current portion		**1,551**	1,591
Available-for-sale investments		**220**	220
		477,238	503,728
Current assets			
Financial assets at fair value through profit or loss		**1,033**	29,309
Trade and other receivables	12	**23,526**	3,685
Amount due from a jointly controlled entity		**16,763**	16,388
Prepaid lease payments – current portion		**40**	40
Bank balances and cash		**7,824**	28,516
		49,186	77,938
Assets classified as held for sale		**16,778**	–
		65,964	77,938
Current liabilities			
Bank overdrafts		**–**	204
Other payables		**3,644**	5,188
Secured bank borrowings		**75,758**	79,156
Obligation under a finance lease		**1,124**	–
		80,526	84,548
Liabilities associated with assets classified as held for sale		**1,928**	–
		82,454	84,548
Net current liabilities		**(16,490)**	(6,610)
Total assets less current liabilities		**460,748**	497,118

	2012 *HK$'000*	2011 *HK$'000*
Capital and reserves		
Share capital	**8,378**	8,383
Share premium and reserves	**406,155**	450,974
Total equity	**414,533**	459,357
Non-current liabilities		
Convertible notes	**39,099**	37,510
Obligation under a finance lease	**1,757**	–
Deferred tax liabilities	**5,359**	251
	46,215	37,761
	460,748	497,118

NOTES:

1. BASIS OF PREPARATION

These 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.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These 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 2011 consolidated financial statements except for the adoption of certain new/revised HKFRSs effective from the current year that are relevant to the Group.

Adoption of new/revised HKFRSs

HKAS 24 (Revised) – *Related Party Disclosures*
HKAS 24 was revised to include a new definition of related party and to provide a partial exemption from the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with:

(a) a government that has control, joint control or significant influence over the reporting entity; and
(b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

The Group adopted the new definition in its accounting policies but such adoption does not have an effect on the disclosures made in the consolidated financial statements.

Improvements to HKFRSs 2010 – *Improvements to HKFRSs 2010*
The improvements comprise a number of improvements to HKFRSs including the following that are considered to be relevant to the Group:

Amendments to HKFRS 7 *Financial Instrument Disclosures: Clarification of disclosures*
The amendments clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required for renegotiated loans.

Amendments to HKAS 1 (Revised): *Presentation of Financial Statements: Clarification of statement of changes in equity*
The amendments clarify that the reconciliation of each component of other comprehensive income may be presented either in the statement of changes in equity or in the notes to the financial statements. The Group has decided to continue presenting the reconciliation on the face of the statement of changes in equity.

The adoption of the improvements does not have a significant impact to the Group.

3. TURNOVER AND REVENUE

	2012	2011
	HK$'000	*HK$'000*
Turnover		
Gross rental income from investment properties	**3,296**	4,649
Other revenue		
Interest income		
– Financial assets at fair value through profit or loss	**376**	1,013
– Others	**6**	23
	382	1,036
Total revenue	**3,678**	5,685

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Dividend income	**95**	12
Gain on disposal of financial assets at fair value through profit or loss	**–**	374
Gain on disposal of other assets	**–**	14,843
Gain on disposal of property, plant and equipment	**786**	–
Sundry income	**2**	136
	883	15,365

5. ADMINISTRATIVE EXPENSES

For the year ended 30 June 2012, the relevant expenses including legal and professional fees and other expenses of approximately HK$3 million (2011: approximately HK$10 million) caused by Ms. Wong Kar Gee Mimi ("Ms. Wong"), a former director's litigations against the Group were included in administrative expenses.

6. SEGMENT INFORMATION

Business segments

Management identifies operating segments based on internal reports that are regularly reviewed by the chief operating decision maker, who are the directors, for the purposes of allocating resources to segments and assessing their performance. The directors consider resort development, property investment and investment holding are the Group's major operating segments. 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. The investment holding segment includes holding and trading of investments and other assets. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2012 are presented below:

		Resort development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Total *HK$'000*
Turnover		**–**	**3,296**	**–**	**3,296**
Other revenue and income		**–**	**2**	**471**	**473**
		–	**3,298**	**471**	**3,769**
Results					
Segment results		**(29,346)**	**9,949**	**(5,140)**	**(24,537)**
Unallocated corporate income					**792**
Unallocated corporate expenses					**(19,991)**
Finance costs					**(6,310)**
Interest income on promissory note receivable from a jointly controlled entity		**10,931**			**10,931**
Loss before tax					**(39,115)**
Taxation					**(5,768)**
Loss for the year					**(44,883)**

Segment assets and liabilities as of 30 June 2012 and other segment information for the year ended 30 June 2012 are presented below:

	Resort development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	**257,930**	**251,169**	**2,515**	**511,614**	**31,588**	**543,202**
Liabilities	**2,702**	**7,426**	**39,773**	**49,901**	**78,768**	**128,669**
Other segment information:						
Assets classified as held for sale	**–**	**16,778**	**–**	**16,778**	**–**	**16,778**
Liabilities associated with assets classified as held for sale	**–**	**1,928**	**–**	**1,928**	**–**	**1,928**
Additions to property, plant and equipment	**–**	**–**	**1**	**1**	**4,265**	**4,266**
Additions to investment properties	**1,789**	**–**	**–**	**1,789**	**–**	**1,789**
Change in fair value of investment properties	**(28,489)**	**8,378**	**–**	**(20,111)**	**–**	**(20,111)**
Depreciation of property, plant and equipment	**–**	**288**	**115**	**403**	**369**	**772**
Impairment loss on other receivables	**240**	**–**	**313**	**553**	**–**	**553**
Release of prepaid lease payments	**–**	**40**	**–**	**40**	**–**	**40**

Segment revenue and results for the year ended 30 June 2011 are presented below:

	Resort development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Total *HK$'000*
Turnover	–	4,649	–	4,649
Other revenue and income	–	138	16,261	16,399
	–	4,787	16,261	21,048
Results				
Segment results	(53,396)	14,518	1,017	(37,861)
Unallocated corporate income				2
Unallocated corporate expenses				(9,772)
Finance costs				(3,400)
Loss on disposal of subsidiaries		(6,628)		(6,628)
Impairment loss on promissory note receivable from a jointly controlled entity	(50,143)			(50,143)
Share of results of a jointly controlled entity	(27,676)			(27,676)
Loss before tax				(135,478)
Taxation				1,993
Loss for the year				(133,485)

Segment assets and liabilities as of 30 June 2011 and other segment information for the year ended 30 June 2011 are presented below:

	Resort development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	271,867	245,442	37,046	554,355	27,311	581,666
Liabilities	1,287	796	39,906	41,989	80,320	122,309
Other segment information:						
Additions to property, plant and equipment	–	26	305	331	19	350
Additions to investment properties	1,805	–	–	1,805	–	1,805
Change in fair value of investment properties	53,005	(12,100)	–	40,905	–	40,905
Depreciation of property, plant and equipment	–	442	426	868	282	1,150
Gain on disposal of other assets	–	–	14,843	14,843	–	14,843
Release of prepaid lease payments	–	41	–	41	–	41

There was no revenue generated from inter-segment transactions for both years. Revenue from the property investment segment reported above 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	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**2,925**	1,147
Canada	**–**	288
PRC	**371**	3,214
	3,296	4,649

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	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**235,333**	231,708
Canada	**–**	5,600
Panama	**106,900**	133,600
PRC	**2,397**	11,143
	344,630	382,051

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

Revenue from external customers contributing over 10% of the total revenue from the Group's property investment segment is as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A	**2,925**	1,435
Customer B	**N/A**	1,279
Customer C	**371**	N/A

7. FINANCE COSTS

	2012 *HK$'000*	2011 *HK$'000*
Interest on convertible notes	**4,930**	2,677
Interest expenses on bank borrowings-wholly repayable more than five years	**1,327**	722
Finance charges on obligation under a finance lease	**53**	1
	6,310	3,400

The analysis shows the interest expenses on bank borrowings, which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates as set out in the loan agreements. The interest expenses on bank borrowings which contain a repayment on demand clause amounted to HK$1,327,000 (2011: HK$722,000).

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	2012 *HK$'000*	2011 *HK$'000*
Staff costs, including directors' emoluments		
Salaries and other benefits	**7,681**	8,541
Retirement benefit scheme contributions	**84**	99
Total staff costs	**7,765**	8,640
Other operating expenses		
Impairment loss of other receivables	**553**	–
Loss on disposal of financial assets at fair value through profit or loss	**3,499**	–
Loss on disposal of investment properties	**225**	–
Loss on disposal of subsidiaries	**–**	6,628
	4,277	6,628
Other items		
Auditor's remuneration:		
Current year	**500**	500
Underprovision in prior year	**–**	43
Depreciation of property, plant and equipment	**772**	1,150
Direct operating expenses relating to investment properties that generate rental income	**877**	1,776
Direct operating expenses relating to investment properties that did not generate rental income	**391**	8
Net decrease in fair values of financial assets at fair value through profit or loss	**872**	1,341
Operating lease payments on premises	**2,432**	2,720
Release of prepaid lease payments	**40**	41
Write-off of property, plant and equipment	**–**	3

9. TAXATION

Hong Kong Profits Tax has not been provided as the Group does not have any assessable profits arising from Hong Kong for the years ended 30 June 2012 and 2011.

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

The tax charge (credit) comprises:

	2012	2011
	HK$'000	*HK$'000*
Current tax		
Overseas tax	**541**	–
Deferred taxation		
Origination and reversal of temporary differences	**5,227**	(1,993)
Total tax charge (credit) for the year	**5,768**	(1,993)

Taxation recognised directly in other comprehensive income

	2012	2011
	HK$'000	*HK$'000*
Origination and reversal of deferred tax relating to revaluation surplus upon transfer of property, plant and equipment to investment properties	**(119)**	119

10. LOSS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Loss for the purposes of basic loss per share	**44,883**	133,485

	2012	2011
	No. of shares	*No. of shares*
Weighted average number of ordinary shares for the purposes of basic loss per share	**837,903,401**	838,874,168

For the year ended 30 June 2012, diluted loss per share is the same as basic loss per share as there were no outstanding share options during the year. For the year ended 30 June 2011, diluted loss per share is the same as basic loss per share because the exercise price of the share options granted was higher than the average market price of shares.

11. INVESTMENT PROPERTIES

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

	2012	2011
	HK$'000	*HK$'000*
Held in Hong Kong		
Long-term leases	**230,000**	230,000
Held outside Hong Kong:		
Medium-term leases	**–**	14,000
Freehold	**106,900**	133,600
	336,900	377,600

12. TRADE AND OTHER RECEIVABLES

(i) Trade Receivables

The Group allows credit period ranging within 90 days to its trade customers. The ageing analysis of trade receivable of HK$Nil (2011: HK$Nil) is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**–**	–

(ii) Other Receivables

	2012	2011
	HK$'000	*HK$'000*
Deposits, prepayments and other debtors	**4,138**	2,947
Legal cost recoverables	**19,281**	–
Amount due from a related party	**107**	738
	23,526	3,685

Other receivables mainly represented the estimated legal costs to be recovered as a result of the orders and judgement of High Court cases of HCMP 243, 522 and 1602 of 2011.

13. PROMISSORY NOTE RECEIVABLE FROM A JOINTLY CONTROLLED ENTITY

Following the expiration of the due date of the promissory note receivable from a jointly controlled entity on 9 April 2011, management of the Group considers that there is objective evidence that an impairment loss on the promissory note has incurred.

As at 30 June 2011, management expected that the full amount of the promissory note would be realisable in approximately four years after 30 June 2011. Consequently, impairment loss of HK$50,143,000 measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate of 9% per annum are recognised in profit or loss as a result of the extended period of recovery. The same effective interest rate will be used for discounting future cash flows at the end of each subsequent reporting period.

As at 30 June 2012, there was a reduction of HK$10,931,000 in impairment loss, which is attributable to cash flow discounting. The reduction in impairment has been recognised as an interest income in profit or loss using 9% per annum, the rate of interest used to discount the future cash flows in previous year.

DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 30 June 2012 (2011: Nil).

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting of the Company will be held on Thursday, 15 November 2012 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 Monday, 12 November 2012 to Thursday, 15 November 2012, both days inclusive. To qualify for attending the forthcoming Annual General Meeting of the Company to be held on Thursday, 15 November 2012, 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 Friday, 9 November 2012.

CHAIRMAN' S STATEMENT HIGHLIGHT

We have the pleasure to report that our major investment property – Severn Villa was delivered from its possession on 17 June 2012 by Ms. Wong Kar Gee, Mimi ("Ms. Wong") after the dismissal of her claims against the Company and its wholly owned subsidiary, Severn Villa Limited on 4 May 2012. Furthermore, pursuant to the consent order of HCMP 243 and 522 of 2011, Ms. Wong was ordered to pay the costs (the "Costs") to all the relevant defendants (including the Company and our relevant group companies) on an indemnity basis, to be taxed, if not agreed. The Directors estimate that the Costs to be received by the Company is over HK$20 million subject to taxation.

With the continuing uncertainty of the economic market of the US and Europe, the Company recorded a loss of HK$44.9 million for the year ended 30 June 2012 as compared to a loss of HK$133.5 million for the corresponding period ended 30 June 2011. The loss of HK$44.9 million was mainly due to losses resulting from (i) a revaluation deficit of HK$28.5 million (non-cash item) on the Group's investment properties in Panama (ii) an increase in finance expense by HK$2.9 million to HK$6.3 million and (iii) the disposal gain on other assets of HK$14.8 million in the corresponding period ended 30 June 2011.

On 7 June 2012, the Company's wholly-owned subsidiary, 盈聯多科技企業（深圳）有限公司 entered into a binding Purchase and Sale Agreement with the Purchaser for the disposal ("Disposal") of an investment property located at Part of Level 1 & whole floor of Level 2, No. 42 Zhan Qian Road, Zi Pian B Qu, Guangdong Province, the PRC (having a net book value of HK$8.4 million as at 30 June 2011) at a consideration of RMB16.5 million (equivalent to approximately HK$20.16 million). After the Disposal, the Group's remaining investment properties are expected to generate rental income for the Group.

RESULTS

The Group's consolidated loss for the year ended 30 June 2012 amounted to approximately HK$44.9 million as compared with the loss of HK$133.5 million for the corresponding year ended 30 June 2011. Such loss was mainly due to losses resulting from (i) a revaluation deficit of HK$28.5 million (non-cash item) on the Group's investment properties in Panama (ii) an increase in finance expense by HK$2.9 million to HK$6.3 million and (iii) the disposal gain on other assets of HK$14.8 million in the corresponding period ended 30 June 2011.

PLEDGE OF ASSETS

As the end of the reporting period, the Group had provided the following security for the banking facilities granted to a subsidiary of the Company:

(a) pledge of investment properties of the Group with a carrying amount of HK$230,000,000 (2011: HK$230,000,000);

(b) all monies earned by the above pledged investment properties of the Group. During the year, rental income of HK$2,925,000 was generated from these investment properties (2011: HK$1,147,000);

(c) property insurance on the pledged investment properties executed by the Group in favour of the bank. At the end of the reporting period, the property insurance coverage amounted to HK$15,840,000 (2011: HK$9,350,000); and

(d) unconditional and irrevocable corporate guarantee given by the Company in respect of all amounts owing by the subsidiary to the bank under the facility.

BUSINESS REVIEW

(i) Resort and Property Development

BVI Project

As disclosed in our announcement dated 19 May 2011 and our annual report 2011, the ownership interest in Quorum Island (BVI) Limited ("Quorum") held by InterIsle Holdings Limited ("InterIsle"), our joint venture partner in a project (the "BVI Project") located at Beef Island, Tortola, the British Virgin Islands (the "BVI") was to be reduced from 50% to less than 20% (the "Dilution") as originally contemplated under a joint venture agreement (the "Agreement") entered between the Group and InterIsle to develop the BVI Project in August 2006. The BVI Project comprises approximately 660 acres (approximately 267 hectares or 28.75 million square feet) of land.

In August 2011, Quorum received an order from the Court of Appeal of the BVI, which confirmed that the planning approval for the development of the BVI Project granted by the Chief Minister and Minister of Planning of the BVI remained valid (the "Reinstatement of Minister's Approval"). However the sovereign debt crisis in Europe has had a continuous negative influence on the economies of the US and Europe, and the development prospects of our BVI Project has also been adversely affected. The Company may consider modifying its strategies to mitigate any adverse influence caused by the sluggish economies, and will keep Shareholders duly informed of any such plans.

During the financial year ended 30 June 2012, the Company has been negotiating and finalizing details of the Dilution with InterIsle and the position of both parties after the Dilution, in particular, the terms and conditions of engagement of the development manager for the BVI Project. In any event, the Company believes that it is in a strong position to take over control of the BVI Project and will take such necessary action in relation to this matter to protect the interests of the Group. The Company will keep the Shareholders updated with the information in respect of the Dilution. Upon the completion of the Dilution, Quorum will become a subsidiary of the Group.

The BVI Project is envisioned to be a master-planned resort community which will include: a five-star luxury resort hotel with approximately 200 hotels and condo-hotel units, destination spa, signature restaurants and conference rooms; a first-class marina with approximately 135 ships, including facilities for 15 mega-yachts over 80 feet; 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 the Borough of San Felix, Province of Chiriqui in Panama (the "Hot Spring Property"). The Management has worked with professionals and architects on the relevant plans for the sub-lot region of the Panama Land for submission to the relevant authorities of Panama.

The Panama Project plans to feature a luxury 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, 2,000 residential units in the various branded residential lots will be offered for sale.

The Group will replicate the business model of the BVI Project, and intends to partner with renowned experts in the resort development industry to develop the Panama Project subject to the prevailing economic climate and conditions of the property market. Alternatively, if a suitably attractive offer is made by potential buyers, the Board may consider the disposal of the Panama Land and/or the Hot Spring Property.

(ii) Property Investment and Holding

Except for the Panama Project, the Group's investment properties contributed rental income to the Group during the year ended 30 June 2012.

After the Disposal of the investment properties located at the People Republic of China and Canada, the remaining investment properties are expected to generate rental income for the Group.

(iii) Investment Holding

In August 2011, the Group realised the majority of its financial assets held by the Group due to the sudden downturn of the market. The management is always seeking for any opportunities which may result in a satisfactory yield for the Group, and the Company currently has no investment plans on hand.

OUTLOOK

Despite the uncertainties of the economies of the US and Europe which may continuously affect our Group's two main projects both in BVI and Panama, the Company may consider modifying its strategies to ensure that the Group's overseas resort development projects will bring satisfactory returns to the Group in the near future. In addition, Mr. Hung Kin Sang, Raymond was re-appointed as our Managing Director and it is expected that he will effectively and efficiently handle and manage the two main projects of the Group. His re-appointment will also give assurance to the project partners of the Group's commitment in those projects. 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 in the near future.

The Group still continue to seek other appropriate property investment opportunities or investments which may bring satisfactory return to the Group.

PORTAL OPERATION

The Group has established a corporate website www.applieddev.com. The website serves as an electronic channel to enhance the relationship between the Company and its shareholders by informing them of the most updated corporate and investor information.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 June 2012, the Group's total net asset value and borrowings amount to HK$414.5 million and HK$117.7 million respectively, representing a gearing ratio of 28.4% as compared to 25.4% of the corresponding year. As at 30 June 2012, the Group's current asset value including investment properties classified as held for sale and current liabilities excluding bank borrowing over 1 year (based on scheduled payment date) amount to HK$66.0 million and HK$10.1 million respectively, representing a current ratio of 6.5 times. In addition, the majority of the Group's assets and liabilities were denominated in Hong Kong and US dollars, and hence the exposure to foreign exchange risk were insignificant to the Group.

EMPLOYEE INFORMATION

As at 30 June 2012, the Group employed a total of 9 (2011: 8) full-time employees.

The Group's emolument policies are formulated on the basis of the performance of individual employees and are reviewed annually. The Group also provides medical insurance coverage and a provident fund scheme to its employees depending on the location of such employees.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased 535,000 shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK$60,000. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration
		HK$	*HK$*	*HK$'000*
September 2011	515,000	0.115	0.105	57
October 2011	20,000	0.115	0.115	3
	535,000			60

All 535,000 shares repurchased were cancelled on delivery of the share certificates during the year. The nominal value of HK$5,350 of all the shares cancelled during the year was credited to capital redemption reserve and the relevant aggregate consideration of HK$60,000 was paid out from the Company's retained profits.

Apart from the 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 has complied with the provisions of the Code on Corporate Governance Practices as set out in the former Appendix 14 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (effective prior to 1 April 2012) and the provisions ("Code Provisions") of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in the revised Appendix 14 of the Listing Rules (effective from 1 April 2012) throughout the corresponding effective periods of the financial year.

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 the Independent Non-Executive Directors, namely, Mr. Lun Tsan Kau (Chairman of the Audit Committee), Mr. Su Ru Jia, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence. All of them have professional qualifications or accounting or related financial management expertise. The Audit Committee has the responsibility for, amongst other things, reviewing, together 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 and statutory compliance (where applicable) relating to auditing, internal controls, risk management financial reporting matters (including the consolidated financial statements of the Group for the year ended 30 June 2012), before recommending it to the Board for approval. 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 two executive directors, Mr. Hung Kin Sang, Raymond and Mr. Hung Kai Mau, Marcus and four Independent Non-Executive Directors, namely, Mr. Lun Tsan Kau (Chairman of the Remuneration Committee), Mr. Su Ru Jia, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence. 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.

NOMINATION COMMITTEE

The Nomination Committee of the Company was established on 15 August 2012 and includes a majority of Independent Non-executive Directors. The Nomination Committee comprises one Executive Director, Mr. Hung Kin Sang, Raymond and three Independent Non-executive Directors, namely Mr. Lun Tsan Kau, Mr. Lo Yun Tai (Chairman of the Nomination Committee) and Mr. Chan Ming Fai, Terence. Prior to the establishment of the Nomination Committee, the Board as a whole was responsible for the function of the Nomination Committee. The Nomination Committee is responsible for making recommendations to the Board on proposed changes to the Board and senior management of the Company to complement the Company's corporate strategy after its reviews of the structure, size and composition of the Board and senior management 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 2012.

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.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditors of the Company.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2012 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 ended 30 June 2012.

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)*
Ng Kit Ling

Independent non-executive directors:
Lun Tsan Kau
Su Ru Jia
Lo Yun Tai
Chan Ming Fai, Terence

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

Hong Kong, 25 September 2012

* *For identification purpose only*