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 2015

The Board of Directors (the "Directors") of Applied Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 June 2015 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	Note	**2015** ***HK$'000***	2014 *HK$'000*
Turnover	*3*	**2,652**	279
Other revenue	*3*	**3**	–
Other income	*4*	**1,141**	813
Other operating (expenses) income, net	*7*	**(751)**	864
Net loss on disposal of financial assets at fair value through profit or loss		**(3,788)**	–
Net decrease in fair value of financial assets at fair value through profit or loss		**(514)**	–
Net increase (decrease) in fair values of investment properties		**23,407**	(32,127)
Administrative expenses		**(23,769)**	(38,013)
Interest income (Impairment loss) on promissory note receivable from a joint venture	*11*	**10,931**	(22,857)
Finance costs	*6*	**(1,633)**	(3,708)
Share of results of a joint venture		**–**	–
Profit (Loss) before tax	*7*	**7,679**	(94,749)
Taxation	*8*	**–**	(1,319)

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 30 June 2015

	Note	**2015**	2014
		HK$'000	*HK$'000*
Profit (Loss) for the year, attributable to equity holders of the Company		**7,679**	(96,068)
Other comprehensive income (loss)			
Items that are classified or may be reclassified subsequently to profit or loss			
– Change in fair value of available-for-sale investments		**92**	59
– Reclassification adjustment relating to disposal of available-for-sale investments		**–**	(109)
Items that will not be reclassified subsequently to profit or loss			
– Charge of deferred tax arising from surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties		**(1,088)**	–
– Surplus on properties revaluation upon transfer from property, plant and equipment and prepaid lease payments to investment properties		**3,694**	–
Other comprehensive income (loss) for the year, net of tax		**2,698**	(50)
Total comprehensive income (loss) for the year, attributable to equity holders of the Company		**10,377**	(96,118)
EARNINGS (LOSS) PER SHARE	*9*		
Basic		**0.45 HK cent**	(7.26) HK cents
Diluted		**0.45 HK cent**	(7.26) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties	*10*	**356,320**	326,000
Property, plant and equipment		**2,152**	4,765
Promissory note receivable from a joint venture	*11*	**132,388**	121,457
Other assets		**174**	312
Interest in a joint venture		–	–
Prepaid lease payments – non-current portion		–	1,471
Available-for-sale investments		**271**	179
		491,305	454,184
Current assets			
Financial assets at fair value through profit or loss		**23,469**	–
Trade and other receivables	*12*	**1,867**	10,430
Amount due from a joint venture		**16,763**	16,763
Prepaid lease payments – current portion		–	40
Bank balances and cash		**27,394**	10,764
		69,493	37,997
Non-current assets classified as held for sale		–	17,569
		69,493	55,566
Current liabilities			
Other payables		**6,991**	4,682
Interest-bearing borrowings		**75,181**	98,777
Obligation under a finance lease		–	595
		82,172	104,054
Liabilities associated with non-current assets classified as held for sale		–	16,956
		82,172	121,010
Net current liabilities		**(12,679)**	(65,444)
Total assets less current liabilities		**478,626**	388,740
Capital and reserves			
Share capital		**17,397**	11,598
Share premium and reserves		**460,141**	377,142
Total equity		**477,538**	388,740
Non-current liabilities			
Deferred tax liabilities		**1,088**	–
		478,626	388,740

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 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. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. APPLICATION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements except for the adoption of certain new/revised HKFRSs effective from the current year that are relevant to the Group. A summary of the principal accounting policies adopted by the Group is set out below.

Adoption of new/revised HKFRSs

Amendments to HKAS 32: Presentation - Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. These amendments do not have an impact on the consolidated financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the consolidated financial statements.

Annual Improvements Project: 2010-2012 Cycle

The amendments relevant to the Group include the followings:

1) *HKFRS 2 Share-based Payment*

   The amendments add definitions for "performance condition" and "service condition" which were previously part of the definition of "vesting condition" and update the definitions of "vesting condition" and "market condition". These amendments do not have an impact on the consolidated financial statements.

2) *HKFRS 3 Business Combinations*

   These amendments delete the reference to "other applicable HKFRSs" in the classification requirements in HKFRS 3 for contingent consideration in a business combination. All non-equity contingent consideration shall be measured at fair value at the end of each reporting period. Changes in the fair value that are not measurement period adjustments shall be recognised in profit or loss. These amendments do not have an impact on the consolidated financial statements.

3) *HKFRS 8 Operating Segments*

   HKFRS 8 is updated as follows:

   a) Judgements made by management in aggregating two or more operating segments exhibiting similar long-term financial performance and economic characteristics are required to be disclosed. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

   b) It is clarified that the reconciliation of the total reportable segments' assets to the entity's assets is only required to be disclosed if the segment assets are regularly reported to the chief operating decision maker.

   These amendments do not have an impact on the consolidated financial statements.

4) *HKFRS 13 Fair Value Measurement*

   The basis for conclusions is amended to clarify that the issuance of HKFRS 13 and the consequential amendments to HKFRS 9 and HKAS 39 did not remove the entity's ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, when the effect of not discounting is immaterial. These amendments do not have significant impact on the consolidated financial statements.

5) *HKAS 24 Related Party Disclosures*

   HKAS 24 is amended to clarify that an entity, or any member of a group of which it is a part, providing key management personnel services (the "management entity") to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The reporting entity shall disclose the amounts incurred for key management personnel services that are provided by the management entity. However, the compensation paid or payable by the management entity to its employees or directors is not required to be disclosed. These amendments do not have significant impact on the consolidated financial statements.

Annual Improvements Project: 2011-2013 Cycle
The amendment relevant to the Group includes the followings:

1) *HKFRS 3 Business Combinations*
HKFRS 3 is amended to exclude from its scope the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangements themselves. These amendments do not have an impact on the consolidated financial statements.

2) *HKFRS 13 Fair Value Measurement*
These amendments clarify that all contracts within the scope of HKAS 39 or HKFRS 9 are included in the scope of the exception as set out in HKFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, even if those contracts do not meet the definitions of financial assets or financial liabilities in HKAS 32. These amendments do not have significant impact on the consolidated financial statements.

3. TURNOVER AND REVENUE

	2015	2014
	HK$'000	*HK$'000*
Turnover		
Gross rental income from investment properties	**817**	279
Interest income from financial assets at fair value through profit or loss	**1,835**	–
	2,652	279
Other revenue		
Bank interest income	**3**	–
Total revenue	**2,655**	279

4. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Exchange gain, net	**–**	28
Gain on disposal of a subsidiary	**1,002**	–
Gain on disposal of available-for-sale investments	**–**	170
Gain on disposal of other assets	**–**	519
Gain on disposal of property, plant and equipment	**49**	–
Reversal of impairment loss on other receivables	**28**	–
Sundry income	**62**	96
	1,141	813

5. SEGMENT INFORMATION

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 and property development, property investment and investment holding are the Group's major operating segments. The Group's resort and property 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 and property 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 rental income. The investment holding segment includes holding of securities investments and other assets. No operating segments have been aggregated.

Segment revenue and results for the year ended 30 June 2015 are presented below:

	Resort and property development *HK$'000*	**Property investment** *HK$'000*	**Investment holding** *HK$'000*	**Total** *HK$'000*
Turnover	**–**	**817**	**1,835**	**2,652**
Other revenue and income	**–**	**–**	**6**	**6**
	–	**817**	**1,841**	**2,658**
Results				
Segment results	**1,923**	**18,741**	**(3,539)**	**17,125**
Unallocated corporate income				**1,138**
Unallocated corporate expenses				**(19,882)**
Finance costs				**(1,633)**
Interest income on promissory note receivable from a joint venture	**10,931**			**10,931**
Profit before tax				**7,679**
Taxation				**–**
Profit for the year				**7,679**

Segment assets and liabilities as at 30 June 2015 and other segment information for the year ended 30 June 2015 are presented below:

	Resort and property development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	**251,540**	**257,423**	**24,110**	**533,073**	**27,725**	**560,798**
Liabilities	**4,695**	**1,450**	**891**	**7,036**	**76,224**	**83,260**
Other segment information:						
Additions to property, plant and equipment	**–**	**375**	**–**	**375**	**724**	**1,099**
Additions to investment properties	**1,283**	**–**	**–**	**1,283**	**–**	**1,283**
Depreciation of property, plant and equipment	**–**	**192**	**125**	**317**	**1,053**	**1,370**
Gain on disposal of a subsidiary	**–**	**–**	**–**	**–**	**1,002**	**1,002**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**49**	**49**
Impairment loss on other assets	**–**	**–**	**138**	**138**	**–**	**138**
Net decrease in fair value of financial assets at fair value through profit or loss	**–**	**–**	**514**	**514**	**–**	**514**
Net increase in fair values of investment properties	**3,407**	**20,000**	**–**	**23,407**	**–**	**23,407**
Net loss on disposal of financial assets at fair value through profit or loss	**–**	**–**	**3,788**	**3,788**	**–**	**3,788**
Release of prepaid lease payments	**–**	**40**	**–**	**40**	**–**	**40**

Segment revenue and results for the year ended 30 June 2014 are presented below:

	Resort and property development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Total *HK$'000*
Turnover	–	279	–	279
Other revenue and income	–	–	689	689
	–	279	689	968
Results				
Segment results	(24,481)	(11,015)	(384)	(35,880)
Unallocated corporate income				124
Unallocated corporate expenses				(32,428)
Finance costs				(3,708)
Impairment loss on promissory note receivable from a joint venture	(22,857)			(22,857)
Loss before tax				(94,749)
Taxation				(1,319)
Loss for the year				(96,068)

Segment assets and liabilities as at 30 June 2014 and other segment information for the year ended 30 June 2014 are presented below:

	Resort and property development *HK$'000*	Property investment *HK$'000*	Investment holding *HK$'000*	Segment total *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	233,565	249,354	811	483,730	26,020	509,750
Liabilities	2,651	17,788	11,018	31,457	89,553	121,010
Other segment information:						
Non-current assets classified as held for sale	–	17,569	–	17,569	–	17,569
Liabilities associated with non-current assets classified as held for sale	–	(16,956)	–	(16,956)	–	(16,956)
Additions to property, plant and equipment	–	50	55	105	1,372	1,477
Additions to investment properties	2,109	–	–	2,109	–	2,109
Depreciation of property, plant and equipment	–	209	125	334	908	1,242
Gain on disposal of available-for-sale-investments	–	–	170	170	–	170
Gain on disposal of other assets	–	–	519	519	–	519
Impairment loss on other receivables	–	70	37	107	–	107
Net decrease in fair values of investment properties	22,608	9,519	–	32,127	–	32,127
Release of prepaid lease payments	–	40	–	40	–	40

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 corporate income, central administration costs, share of the results of a joint venture, finance costs, interest income (impairment loss) on promissory note receivable from a joint venture and income tax expense. Segment assets and liabilities represent all assets and liabilities under each segment together with unallocated corporate assets and liabilities other than those that have been eliminated in consolidation.

Geographical information

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC"), the British Virgin Islands (the "BVI") and the Republic of Panama (the "Panama").

The following table provides an analysis of the Group's revenue from external customers by geographical market, which interest income from financial assets at fair value through profit or loss is based on the markets of the respective debt instruments:

	Turnover by geographical market	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**1,367**	279
Singapore	**1,285**	–
	2,652	279

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	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**253,288**	235,587
Panama	**99,690**	95,000
PRC	**5,668**	1,961
	358,646	332,548

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 revenue from the Group's property investment segment is as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**480**	116
Customer B	**203**	37
Customer C	**134**	126
	817	279

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on convertible bonds	**–**	2,211
Interest expenses on bank borrowings, wholly repayable		
Within five years	**379**	287
More than five years	**1,115**	1,171
Interest expenses on other borrowings	**133**	–
Finance charges on obligation under a finance lease	**6**	39
	1,633	3,708

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates as set out in the loan agreements. For the year ended 30 June 2015, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$1,494,000 (2014: HK$1,458,000).

7. PROFIT (LOSS) BEFORE TAX

Profit (Loss) before tax has been arrived at after charging (crediting):

	2015	2014
	HK$'000	*HK$'000*
Staff costs, including directors' emoluments		
Salaries and other benefits	**12,324**	13,664
Retirement benefit scheme contributions	**91**	100
Total staff costs	**12,415**	13,764
Other operating expenses (income), net		
Impairment loss on other assets	**138**	–
Impairment loss on other receivables	**–**	107
Loss on disposal of non-current assets classified as held for sale	**613**	–
Reversal of compensation on sale and purchase agreement for disposal of an investment property	**–**	(971)
	751	(864)

	2015	2014
	HK$'000	*HK$'000*
Other items		
Auditor's remuneration	**540**	520
Depreciation of property, plant and equipment	**1,370**	1,242
Direct operating expenses relating to investment properties that generated rental income	**105**	184
Direct operating expenses relating to investment properties that did not generate rental income	**2,474**	3,235
Exchange loss (gain), net	**11**	(28)
Legal and professional fees	**1,868**	13,109
Operating lease payments on premises	**1,823**	1,989
Release of prepaid lease payments	**40**	40

8. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 30 June 2015 and 2014.

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 comprises:

	2015	2014
	HK$'000	*HK$'000*
Current tax	**–**	–
Deferred taxation		
Recognition of temporary differences	**–**	1,319
Total tax charge for the year	**–**	1,319

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:

	2015	2014
	HK$'000	*HK$'000*
Profit (Loss) for the purposes of calculating basic earnings (loss) per share	**7,679**	(96,068)

	2015	2014
	No. of shares	*No. of shares*
Weighted average number of ordinary shares for the purposes of calculating basic earnings (loss) per share	**1,707,257,168**	1,323,351,024

The number of shares for the purpose of calculating basic earnings (loss) per share for the years ended 30 June 2015 and 2014 has been adjusted to reflect the bonus element of rights issue of shares completed during the year ended 30 June 2015.

For the years ended 30 June 2015 and 2014, diluted earnings (loss) per share is the same as basic earnings (loss) per share. The Company did not have any dilutive potential ordinary shares during the year ended 30 June 2015. The potential ordinary shares issuable under the convertible bonds have anti-dilutive effect on the basic loss per share for the year ended 30 June 2014.

10. INVESTMENT PROPERTIES

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

	2015	2014
	HK$'000	*HK$'000*
Held in Hong Kong:		
Long-term leases	**251,000**	231,000
Held outside Hong Kong:		
Medium-term leases	**5,630**	–
Freehold	**99,690**	95,000
	356,320	326,000

11. PROMISSORY NOTE RECEIVABLE FROM A JOINT VENTURE

Following the expiration of the due date of the promissory note receivable from Quorum Island (BVI) Limited ("Quorum") on 9 April 2011, management of the Group considered that there was objective evidence that an impairment loss on the promissory note had occurred. Management expected that the full amount of the promissory note amounted to US$22 million (equivalent to approximately HK$171,600,000) 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 9% per annum was recognised in profit or loss in the reporting period ended 30 June 2011.

In December 2012, the Group brought a legal action against Quorum for the non-payment of the promissory note. Having taken into consideration of the latest development of the legal action, management has reassessed the period of recovery and expected that the full amount of the promissory note would be realisable in four years' time from 30 June 2014. Accordingly, impairment loss of HK$22,857,000 measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at 9% per annum was recognised in profit or loss for the year ended 30 June 2014.

As at the end of the reporting period, there was a discount unwinding of HK$10,931,000 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.

The promissory note is unsecured. At the end of the reporting period, the promissory note was past due for more than one year (2014: more than one year).

12. TRADE AND OTHER RECEIVABLES

(i) Trade receivables

The Group allows credit period ranging within 90 days to its trade customers from property investment business. There were no trade receivables as at 30 June 2015 and 2014.

(ii) Other receivables

	2015	2014
	HK$'000	*HK$'000*
Deposits, prepayments and other debtors	**1,867**	1,605
Legal costs recoverable	**–**	8,825
Amount due from a related party	**–**	–
	1,867	10,430

13. RELATED PARTY TRANSACTIONS

On 4 December 2014, for the purpose of better utilisation of the Group's financial resources, all Independent Non-Executive Directors of the Company approved (i) the disposal of a motor vehicle which was held by Data Pen Limited ("Data Pen"), a wholly owned subsidiary of the Company to a director of Data Pen who is a daughter of Mr. Hung Kin Sang, Raymond ("Mr. Hung"), the former chairman and managing director of the Company who resigned on 15 July 2015, for a cash consideration of HK$759,000 (the "First Disposal") and (ii) after the aforesaid disposal transaction, the sale of the entire issued share capital of and shareholder's loan to Data Pen, the major assets of which at the time of the disposal comprised two motor vehicles, to Mr. Hung for a cash consideration of HK$2,191,000 (the "Second Disposal"). The First Disposal and Second Disposal were completed in January 2015 and February 2015 respectively.

14. EVENTS AFTER THE REPORTING PERIOD

(a) On 4 September 2015, Applied Enterprises Limited ("Applied Enterprises"), a wholly owned subsidiary of the Company, entered into sale and purchase agreements with an independent third party to dispose of the entire issued share capital of and shareholder's loan to Applied Toys Limited ("Applied Toys") and Applied Mission Limited ("Applied Mission"), both are wholly owned subsidiaries of the Company, for cash considerations of HK$1,550,000 and HK$4,600,000 respectively. At the time of disposal, the major asset of Applied Toys was a motor vehicle whereas the major assets of Applied Mission were investment properties in the PRC. The aggregated gain on disposal of these subsidiaries was approximately HK$1,547,000.

(b) On 14 September 2015, Applied Enterprises entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in and shareholder's loan to Quorum Electronics (Shenzhen) Company Limited (盈聯多科技企業(深圳)有限公司) ("Quorum Electronics") for a cash consideration of HK$620,000. The major assets of Quorum Electronics at the time of disposal were two motor vehicles. The gain on disposal of this subsidiary was approximately HK$607,000.

DIVIDEND

The Directors do not recommend payment of any dividends for the year ended 30 June 2015 (2014: Nil).

RESULTS

The Group recorded a profit of approximately HK$7.7 million for the year ended 30 June 2015 as compared to a loss of approximately HK$96.1 million recorded for the year ended 30 June 2014. The turnaround of the Group's results is mainly attributable to (i) an interest income on promissory note receivable from a joint venture of approximately HK$10.9 million (non-cash item); (ii) an increase in fair values of investment properties of approximately HK$23.4 million (non-cash item); and (iii) a decrease in administrative expenses of approximately HK$14.2 million recorded for the year ended 30 June 2015 as compared to (i) an impairment loss on promissory note receivable from a joint venture of approximately HK$22.9 million (non-cash item) and (ii) a decrease in fair values of investment properties of approximately HK$32.1 million (non-cash item) recorded for the year ended 30 June 2014. Earnings per share were HK0.45 cent as compared to a loss per share of HK7.26 cents in the previous year.

BUSINESS REVIEW

The Group has two resort projects, one in the BVI and one in Panama, which are under development (the "Projects"). The investment properties held by the Group in Hong Kong as well as the holding of listed debt instruments for investment purposes continues to generate income to the Group. The Group continues to look for any investment opportunities which may provide a good return to the shareholders of the Company (the "Shareholders").

Upon the resignation of Mr. Hung as announced by the Company on 15 July 2015, Mr. Hung has indicated in his resignation letter that he is interested in discussing the possibility of acquiring all or part of the Company's interest in the Projects. The Company is now considering Mr Hung's proposal and if a transaction culminates, the Company will make appropriate announcement to the Shareholders in due course.

Resort and Property Development

BVI Project

The BVI project is located at Beef Island, Tortola (the “BVI Project”), and comprises approximately 267 hectares (approximately 660 acres or 28.75 million square feet) of land and 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 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 as a unique artisan and retail village at Trellis Bay.

In December 2012, Applied Enterprises, commenced legal proceedings in the High Court of the BVI (the “BVI High Court”) and filed (i) a claim against InterIsle Holdings Limited (“InterIsle”) and relevant parties for the transfer of over 30% interest in Quorum to Applied Enterprises (the “Transfer Claim”) and (ii) a claim against Quorum for the non-payment of the promissory note in the principal amount of US$22 million (approximately HK$171.6 million). In response, InterIsle filed its application for stay of the Transfer Claim and sought an order for the Transfer Claim to be dealt with by way of arbitration proceedings. The BVI High Court granted the application for stay in favour of InterIsle and ordered that the parties should commence arbitration to determine the substantive outcome of the Transfer Claim. Following the decision of the BVI High Court, Applied Enterprises applied to the Court of Appeal of the BVI (the “BVI Court of Appeal”) to appeal the decision of the BVI High Court. On 1 May 2014, the BVI Court of Appeal made public its decision to dismiss Applied Enterprises’ appeal against InterIsle and maintain the decision of the BVI High Court which granted the application for stay in favour of InterIsle and ordered that the parties should commence the arbitration to determine the substantive outcome of the Transfer Claim. Applied Enterprises was advised by its legal counsel to proceed with the arbitration proceedings instead of pursuing the right to commence litigation proceedings, as Applied Enterprises’ position in pursuing the Transfer Claim through arbitration remains strong. Upon obtaining a favourable outcome, InterIsle’s interests in Quorum will be diluted from 50% to approximately 19.6% (the “Dilution”). Subject to completion of the Dilution, Quorum will become a subsidiary of the Company. The Company will keep the Shareholders updated on any significant progress of the proceedings.

Whilst the master plan for the BVI Project has already been approved by the relevant authorities based on which the development of the BVI Project can commence, the actual commencement of development depends on the progress and outcome of the litigation/arbitration in connection with the ownership of Quorum as mentioned above and market conditions (including the economic conditions in the United States). With the ongoing litigation/arbitration, the Company believes that its ability to realise or monetise its investment in the BVI Project in the near term to be unlikely. The carrying value of the Group's total investments in the BVI project amounted to approximately HK$149.2 million as at 30 June 2015.

Panama Project

The Group also has a resort project located in Panama (the "Panama Project"), which 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 of the Company 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 golf course, a branded fractional ownership club, branded ocean-view villas and branded residential lots. After completion of the Panama Project, it is expected that 2,000 residential units in the various branded residential lots will be offered for sale.

The Group intends to adopt for the Panama Project the business model as used for 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. The Company is studying and developing plans for pre-development works for the Panama Project and at the same time is seeking for partners to develop the Panama Project. Application for the hot spring concession was made in 2013 and the concession was expected to be granted in 2015. The commencement of development works is subject to approval of the relevant authorities of a master development plan and to market conditions. Alternatively, if a suitably attractive offer is made by potential buyers, the Board may consider the disposal of all or part of its interest in the Panama Land and/or the Hot Spring Property. The carrying value of investment properties under the Panama Project amounted to approximately HK$99.7 million as at 30 June 2015.

Property Investment

The Group's investment properties in Hong Kong continue to generate rental income amounting to approximately HK$817,000 for the year ended 30 June 2015 (2014: HK$279,000). The Group's investment properties in Hong Kong were valued at HK$251 million as at 30 June 2015.

In September 2015, the Group disposed of its entire equity interest in and shareholder's loan to Quorum Electronics to an independent third party and recorded a gain on disposal of approximately HK$607,000. As stated in the Company's 2015 Interim Report, Quorum Electronics held an investment property in the PRC that was subject to litigation. In September 2015, the Group also disposed of its entire equity interest in and shareholder's loan to Applied Mission which held two investment properties in the PRC to an independent third party and a gain on disposal of approximately HK$15,000 was recorded. Further details of the disposal of Quorum Electronics and Applied Mission are set out in note 14 stated above.

Investment Holding

During the year ended 30 June 2015, the Group had invested in listed debt instruments issued by properties developers listed in Hong Kong which contributed a total interest income of approximately HK$1.8 million to the Group. However, the Group recorded net realised loss of approximately HK$3.8 million due to disposal of part of the debt instruments portfolio during the year and unrealised loss of approximately HK$0.5 million due to the net decrease in fair values of these debt instruments measured at year end date. The carrying value of the Group's listed debt instruments portfolio amounted to approximately HK$23.5 million as at 30 June 2015.

BUSINESS OUTLOOK

As mentioned above, the Company is now considering Mr Hung's proposal for acquisition of interests in the Projects. Nevertheless, it is the intention of the Group to continue carrying on its existing principal business in property investment and investment holding irrespective of the Board's decision on Mr. Hung's proposal. If a transaction does culminate, the Company will make appropriate announcement to the Shareholders at the earliest practicable time.

As stated in the announcements of the Company dated 20 April 2015 and 13 May 2015, the Group is considering and is in preliminary confidential discussions with independent third parties on various potential projects involving the acquisition of interests or other forms of co-operation in property and/or resources sectors in China. It is the intention of the Board that the Group will continue to look for investment opportunities with attractive returns that can bring significant values to the Shareholders, and the management to step up its effort in improving the financial performances of the Group in the near term.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 13 stated above fall under the scope of "Connected Transactions" under Chapter 14A of the Listing Rules but are exempted from reporting, annual review, announcement or independent shareholders' approval requirements.

LITIGATION

Apart from the legal proceedings described above, the Group is not a party to any other significant legal proceedings.

PLEDGE OF ASSETS

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

(i) pledge of investment properties of the Group with a carrying amount of HK$251 million (2014: HK$231 million);

(ii) all monies earned by the above pledged investment properties of the Group. During the year, rental income of approximately HK$817,000 (2014: HK$279,000) was generated from these investment properties;

(iii) 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 approximately HK$20.5 million (2014: HK$16.5 million); and

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

LIQUIDITY AND FINANCIAL INFORMATION

On 15 August 2014, the Company successfully completed a rights issue (the "Rights Issue") (details of which were set out in the Company's prospectus dated 25 July 2014) and raised net proceeds of approximately HK$78.4 million.

The Directors considered that it was prudent to finance the Group's long term growth by way of the Rights Issue to strengthen the Group's capital base and enhance its financial position without increasing finance costs. The Rights Issue also enabled the Shareholders which qualified to participate in the Rights Issue to maintain their respective pro-rata shareholding in the Company and participate in the growth of the Group.

As disclosed in the prospectus of the Company dated 25 July 2014, the Company intended to apply the net proceeds from the Rights Issue (i) as to approximately HK$15 million for the payment of pre-development costs of existing overseas projects comprising approximately HK$9 million towards estimated property tax payable up to December 2015, estimated operating costs including costs associated with the Group's application for hot spring concession approval in relation to the Panama Project, approximately HK$2 million being set aside in and towards estimated litigation costs involving the ownership of the BVI Project and approximately HK$4 million for the estimated pre-development expenses expected to be incurred in connection with the Panama Project and the BVI Project; and (ii) as to approximately HK$22 million for opportunistic investment by the Group in properties and/or other businesses that operate within the same business segments of the Group. The balance of the net proceeds of approximately HK$40 million was earmarked as general working capital of the Group including administrative expenses of the Group up to December 2015.

As at the date of this announcement, the intended use of the net proceeds from the Rights Issue, and the actual use of the fund are as follows:

Intended use of proceeds	**Intended allocation (approximately)** *HK$'000*	**Actual deployment as at the date of this announcement (approximately)** *HK$'000*
Pre-development costs of overseas projects		
• *2015 tax and operating/application costs (Panama Project)*	9,000	2,000
• *Litigation costs (BVI Project)*	2,000	2,000
• *Pre-development costs (Panama Project & BVI Project)*	4,000	1,000
Opportunistic investment	22,000	22,000
General working capital	40,000	24,700
Total	77,000	51,700

To the extent that the net proceeds of the Rights Issue have not yet been deployed, the funds are mainly placed with banks as short term deposits.

As at 30 June 2015, the Group's total equity and borrowings amounted to approximately HK$477.5 million and approximately HK$75.2 million respectively, representing a gearing ratio, calculated by dividing the Group's total borrowings over equity, of approximately 15.7% as compared to approximately 25.6% as at 30 June 2014. As at 30 June 2015, the Group's current assets and current liabilities, excluding bank borrowings over one year (based on scheduled payment date) amounted to approximately HK$69.5 million and approximately HK$20.6 million respectively, representing a current ratio of 3.4 times as compared to 1.0 times as at 30 June 2014.

EMPLOYEE INFORMATION

As at 30 June 2015, the Group employed a total of 8 (2014: 9) 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.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions ("Code Provisions") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 30 June 2015, save in respect of Code Provisions (i) A.4.2, (ii) E.1.3, (iii) A.6.7 and (iv) A.2.1. Details of the deviations with reasons are set out in the paragraphs below:

(i) A.4.2

Under Code Provision A.4.2 of the CG Code, all Directors who are appointed to fill casual vacancies are subject to re-election at the first general meeting after their appointments by the Board, and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Bye-laws of the Company (the "Bye-laws") deviates from this Code Provision in the following aspects:

(a) Under Bye-law 86(2) of the Bye-laws, amongst other things, the Directors have the power to appoint any person as a Director, either to fill a casual vacancy on the Board, or, subject to authorisation by the Shareholders in general meeting, as an addition to the existing Board. Any Director so appointed by the Board shall hold office until the next following annual general meeting of the Company.

The reason for retaining this Bye-law is for the purpose of compliance with paragraph 4(2) of Appendix 3 of the Listing Rules. The requirement for Directors appointed to fill casual vacancies or as additional members of the Board to retire only at the next annual general meeting, rather than at the next general meeting also allows the Shareholders to consider re-election of such new Directors at the same time as the re-election of the Directors who are subject to retirement by rotation, at the same general meeting.

(b) Under Bye-law 87(1) of the Bye-laws, at the annual general meetings of the Company, one third of the Directors for the time being (or where the number is not a multiple of three, the number nearest to, but not greater than one third), including the Independent Non-executive Directors, shall retire from office by rotation, provided that the Chairman of the Board and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Notwithstanding the provisions of Bye-law 87(1), in practice, the Chairlady of the Board and the Managing Director of the Company, Ms. Wang Jingyu will voluntarily submit herself for re-election by the Shareholders at the annual general meeting of the Company at least once every three years. Accordingly in practice, all directors of the Company (including the Independent Non-executive Directors), are subject to retirement by rotation at least once every three years. All Independent Non-executive Directors are appointed for a term of three years, and are subject to retirement by rotation in accordance with the Bye-laws.

(ii) E.1.3

During the year ended 30 June 2015, the Company was unable to arrange for the notice of the annual general meeting of the Company which was held on 4 November 2014 (the "AGM") to be sent to the Shareholders at least 20 clear business days before the AGM in accordance with Code Provision E.1.3. This was due to the disruption caused by the "Occupy Central" movement, which started on 28 September 2014. The Occupy Central movement caused the postponement of the delivery date of the relevant circular and notice to the Shareholders from 3 October 2014 to 9 October 2014. Therefore, the Company could not deliver the relevant circular and notice to the Shareholders at least 20 clear business days before the AGM. However, the delivery of the circular and notice was in compliance with Bye-law 59(1) of the Bye-laws which requires notice of an annual general meeting to be sent to shareholders not less than 21 clear days before the annual general meeting.

(iii) A.6.7

Under Code Provision A.6.7 of the CG Code, the Independent Non-executive Directors and other Non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, one of the Independent Non-executive Directors, Mr. Su Ru Jia was unable to attend the AGM due to illness. All other directors including the other three Independent Non-executive Directors attended the AGM.

(iv) A.2.1

During the year ended 30 June 2015, Mr. Hung took the roles of both Chairman and Managing Director of the Company for the period from 18 December 2014 to 15 July 2015 which was not in compliance with Code Provision A.2.1 of the CG Code which requires the roles of chairman and chief executive to be separate and not performed by the same person. Subsequent to the year ended 30 June 2015, Ms. Wang Jingyu has been appointed as the Chairlady and the Managing Director of the Company following the resignation of Mr. Hung on 15 July 2015 and still deviates from the requirement of Code Provision A.2.1 of the CG Code. As such, the Company will continue to identify suitable candidate in order to separate the roles of chairman and managing director of the Company.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 30 June 2015 have been reviewed by the Audit Committee before they are duly approved by the Board under the recommendation of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by Directors. 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 year ended 30 June 2015.

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 2015 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 2015.

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 HKICPA 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 the Stock Exchange at http://www.hkex.com.hk and on the website of the Company at http://www.applieddev.com.

By Order of the Board
Applied Development Holdings Limited
Wang Jingyu
Chairlady

Hong Kong, 29 September 2015

As at the date of this announcement, Ms. Wang Jingyu, Ms. Ng Kit Ling, Mr. Tsao Hoi Ho and Mr. Meng Song are Executive Directors of the Company; Mr. Su Ru Jia, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence are Independent Non-executive Directors of the Company.

In the event of inconsistency, the English text of this announcement shall prevail over the Chinese text thereof.