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APPLIED INTERNATIONAL HOLDINGS LIMITED

實力國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 519)

MAJOR TRANSACTION DISPOSAL OF PROPERTY

PROPOSED DISPOSAL

On 7 April 2006, iQuorum entered into the Agreement with Birdsville for the sale and purchase of the Property. The consideration for the Disposal of the Property by iQuorum is HK\$118,800,000.

The transaction contemplated under the Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval at a special general meeting to be convened.

A circular containing details of the Disposal together with a SGM notice will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 10 April 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 11 April 2006.

The Property

Date of the Agreement: 7 April 2006

Vendor: iQuorum

Purchaser: Birdsville, an Independent Third Party

Summary: The Agreement was entered into between iQuorum and Birdsville pursuant to which iQuorum has agreed to sell and Birdsville has agreed to purchase the Property. The consideration for the Disposal of the Property by iQuorum is HK\$118,800,000. The parties are required to enter into a formal agreement for the sale and purchase of the Property on or before 28 April 2006. The Agreement is legally binding on iQuorum and Birdsville.

The initial deposit being HK\$3,000,000 has been paid to iQuorum's solicitors as stakeholder (the "Stakeholder") upon signing of the Agreement. Further deposit in the sum of HK\$8,880,000 is payable to the Stakeholder upon signing of the formal agreement (which is expected to be 28 April 2006) and the remaining consideration for the purchase of the Property being HK\$106,920,000 is payable on completion. The Disposal is expected to be completed on or before 25 July 2006.

Reasons for and benefits of the Disposal of the Property

The Property is located in the prime commercial district in Central, Hong Kong and was acquired by the Group in February 1999. The Property has been leased to third parties since it was acquired by the Group except half of which was used by the Group as their offices of business until mid 2004.

In light of the increase in the value of real estate in the Hong Kong property market and the substantial gain expected to be generated from the proposed Disposal, the Directors consider that it is an opportunity for the Group to realise its investment in the property market. The Group purchased the Property in October 1998 at a cost of HK\$60,480,000, details of which are set out in the announcement issued by RJP Electronics Limited, the former name of iQuorum, dated 19 October 1998.

Based on such acquisition costs, the expected aggregate gain accrued to the Group upon completion of the Disposal is approximately HK\$57,500,000 after taking into account selling and other expenses payable by the Group in relation to the Disposal of approximately HK\$820,000. The Group intends to use the sale proceeds from the Disposal of approximately HK\$41 million for repayment of bank loans, approximately HK\$50 million for acquisition of land bank for future resort development in the region of South East Asia, Pacific Islands and Caribbean and the balance for general working capital of the Group.

The net profits before taxation and extraordinary items attributable to the Property are approximately HK\$42,348,000 and HK\$20,514,000 for the two financial years ended 30 June 2005 respectively. The net profits after taxation and extraordinary items attributable to the Property are approximately HK\$42,348,000 and HK\$20,514,000 for the two financial years ended 30 June 2005 respectively.

The book value of the Property as at 31 December 2005 is HK\$118,000,000.

The Directors confirm that the consideration for the Property has been determined after arm's length negotiations between the parties by reference to the market value of similar properties in the same location. Based on information obtained from real-estate agent, the average price per square feet of Far East Financial Centre as at February 2006 is HK\$9,700 and the market value of the Property with square feet of 10,800 is therefore approximately HK\$104,760,000. The consideration of the Disposal is at 13.4% premium compared to such market value. The Directors considered that the Disposal at such premium is a good opportunity for the Company to realise its investment.

The Directors are of the view that the proposed Disposal is in the interest of the Company and the terms of the Agreement and the consideration are fair and reasonable in the interests of the Company and the Shareholders as a whole.

Information of the Group and Birdsville

The Group is principally engaged in the design, manufacture, marketing and distribution of consumer electronic products, property and investment holding and property development.

Birdsville is a company incorporated in the British Virgin Islands for the purpose of investments holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquires, Birdsville and the ultimate beneficial owners of Birdsville are Independent Third Parties.

General

As the consideration for the Disposal represents more than 25% but less than 75% of the applicable percentage ratios, the Disposal constitutes a major transaction for the Company under the Listing Rules. Accordingly, the Agreement and the transactions contemplated therein are subject to approval by the Shareholders at the SGM. No Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the SGM.

A circular containing, among other things, (i) details of the Agreement and the transactions contemplated therein; (ii) the valuation report of the Property and (iii) a notice convening the SGM, will be dispatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30a.m. on 10 April 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30a.m. on 11 April 2006.

Definitions

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

“Acquisition”	the acquisition of the Property by RJP Electronics Limited in February 1999;
“Agreement”	the provisional agreement dated 7 April 2006 between iQuorum and Birdsville for the sale and purchase of the Property;
“Birdsville”	Birdsville Enterprises Limited, a company incorporated in the British Virgin Islands and the beneficial owners of which are all Independent Third Parties;
“Company”	Applied International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
“Disposal”	the proposed disposal of the Property by iQuorum to Birdsville pursuant to the Agreement;
“Directors”	the directors of the Company;
“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;
“iQuorum”	iQuorum Cybernet Limited, a company incorporated in Hong Kong, which is a wholly-owned subsidiary of the Company.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	a property located in the commercial business district in Central, Hong Kong being the whole of 41st Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with a floor area of approximately 10,800 square feet;
“Shareholder(s)”	holder(s) of the existing ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“SGM”	the special general meeting of the Company to be convened to approve the Agreement and the transactions contemplated thereunder; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the
Board of Directors
Fang Chin Ping
Director

Dated: 10 April 2006

As 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.

“Please also refer to the published version of this announcement in China Daily”