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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)**

### **TERMINATION OF THE PROPOSED MAJOR TRANSACTION**

The Company refers to the announcement dated 21 June 2006 in respect of a major transaction in relation to the proposed acquisition of the property in the United States Virgin Islands. The Company announces that it is not fully satisfied with the result of the due diligence review and has terminated the Agreement with immediate effect.

Reference is made to the Company's announcement dated 21 June 2006 in respect of a major transaction in relation to the proposed acquisition of the property in the United States Virgin Islands ("Announcement"). Terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

As set out in the Announcement, the Purchaser has the right to terminate the Agreement before the Due Diligence Period expires if during the Due Diligence Period, the Purchaser is dissatisfied with any aspect of the Property. The results of the due diligence conducted by our consulting firms revealed certain geographical conditions affecting the Property and its surrounding renders the Property unsuitable for the development as a five star hotel complex. As the Group's business strategy is to continue to develop resort businesses around the world, the Company considered the limited potential of the Property and decided to terminate the Agreement with the Vendors with immediate effect.

As the Agreement is terminated within the first 60 days of the Due Diligence Period, US\$100,000 (equivalent to HK\$780,000) of the initial Deposit paid by the Purchaser to Hamilton as the escrow agent upon signing of the Agreement will be forfeited and the remaining US\$400,000 (equivalent to HK\$3,120,000) will be refunded to the Purchaser. Such termination shall not have any significant impact on the operations and financial position of the Group.

By Order of the Board  
**Applied International Holdings Limited**  
**Fang Chin Ping**  
*Executive Director*

10 July 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.*

\* *For identification only*

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