

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30th June, 2006.

CHANGE OF NAME OF THE COMPANY

Pursuant to a resolution passed at a special general meeting of the Company held on 28th September, 2006, the name of the Company was changed from Applied International Holdings Limited 實力國際集團有限公司 to **Applied Development Holdings Limited 實力建業集團有限公司**.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in resort and property development, property and investment holding and design, manufacture, marketing and distribution of consumer electronic products. The activities of the principal subsidiaries of the Company are set out in note 39 to the consolidated financial statements.

RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 36.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate purchases attributable to the five largest suppliers of the Group were less than 30% of the total purchases of the Group. The aggregate sales attributable to the five largest customers and the largest customer of the Group were 35% and 15% of the total sales of the Group, respectively.

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the directors, owned more than 5% of the issued share capital of the Company had any beneficial interest in the share capital of any of the five largest customers of the Group.

董事會謹此提呈截至二零零六年六月三十日止年度之週年報告書及經審核財務報告。

更改公司名稱

根據二零零六年九月二十八日召開之本公司股東特別大會上通過之一項決議案，本公司名稱由「實力國際集團有限公司」更改為「實力建業集團有限公司」。

主要業務

本公司為一家投資控股公司。本集團之主要業務為渡假村及物業發展、物業投資控股，同時亦從事設計、製造、市場推廣及分銷電子消費產品。主要附屬公司之業務載於財務報告附註39。

業績

年內，本集團業績載於本年報第36頁之綜合收益表。

董事不建議派付本年度之股息及建議保留本年度盈利。

主要供應商及客戶

於本年度，本集團首五大供應商之採購總額佔總採購額少於30%。而本集團首五大客戶及最大客戶之銷售總額分別佔總銷售額35%及15%。

本公司各董事、聯繫人士或據董事會所知擁有本公司股本5%以上權益之任何股東概無實益擁有任何本集團首五大客戶之權益。

INVESTMENT PROPERTIES

During the year, the Group disposed of investment properties with carrying values of approximately HK\$117,000,000 for a net consideration of HK\$118,162,000. All remaining investment properties of the Group were revalued at 30th June, 2006. The increase in fair value of HK\$19,000,000 has been credited to the consolidated income statement.

Details of these and other movements during the year in the investment properties of the Group are set out in note 13 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 30th June, 2006 are set out on pages 115 and 116.

SHARE CAPITAL

Details of movements during the year in share capital of the Company are set out in note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

In the opinion of the directors, the reserves of the Company available for distribution to shareholders as at 30th June, 2006 amounted to HK\$117,660,000 (2005: HK\$123,632,000).

投資物業

於本年度，本集團的投資物業賬面值約117,000,000港元，以淨代價為118,162,000港元出售。所有餘下投資物業均於二零零六年六月三十日進行重估。其公允值增加為19,000,000港元已記入綜合收益表。

本集團投資物業於年內之此等變動及其他變動之詳情載於綜合財務報告附註13。

物業、廠房及設備

本集團本年度物業、廠房及設備之變動詳情載於綜合財務報告附註15。

主要物業

本集團於二零零六年六月三十日之主要物業詳情載於第115頁至第116頁。

股本

本公司股本之變動詳情載於綜合財務報告附註26。

本公司之可分派之儲備

根據百慕達一九八一年公司法（經修訂），公司盈餘貢獻是可供分派，唯公司不能在下列情況下分派股息或作一分派盈餘：

- (a) 在／或分派後不能償還已確認的債務；或
- (b) 資產現值低於負債總數及其股本和股份溢價。

董事認為於二零零六年六月三十日止，本公司之可供分配予股東為數117,660,000港元（二零零五年：123,632,000港元）。

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Hung Kin Sang, Raymond (*Managing Director*)
Hung Wong Kar Gee, Mimi (*Chairman*)
Fang Chin Ping
Hung Kai Mau, Marcus
(*appointed on 16th August, 2005*)

Independent Non-executive directors:

Lo Yun Tai
Lun Tsan Kau
Soo Hung Leung, Lincoln J.P.
Lam Ka Wai, Graham
(*appointed on 1st October, 2005*)

In accordance with Clauses 86(2) and 87(1) of the Company's Bye-Laws, Mr. Fang Chin Ping and Mr. Lo Yun Tai retire and, being eligible, offer themselves for re-election. All remaining directors will continue in office. The terms of office of the independent non-executive directors are the periods up to their retirement by rotation in accordance with the Company's Bye-Laws.

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTIONS

At 30th June, 2006, Mr. Hung Kin Sang, Raymond and Madam Hung Wong Kar Gee, Mimi, directors of the Company, had outstanding joint and several guarantees issued, at no consideration, in favour of a bank in respect of credit facilities granted by the bank to a subsidiary of the Company amounting to HK\$19,744,000.

DIRECTOR'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the heading "Connected transactions", no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事

本年度及截至本報告書刊發日期之本公司董事為：

執行董事：

洪建生 (*董事總經理*)
洪王家琪 (*主席*)
方進平
洪繼懋
(*於二零零五年八月十六日獲委任*)

獨立非執行董事：

盧潤帶
倫贊球
蘇洪亮，非官守太平紳士
林家威
(*於二零零五年十月一日獲委任*)

按照本公司之公司細則第86(2)條及第87(1)條，方進平先生、盧潤帶先生依章告退，惟願膺選連任。其餘董事全部留任。各獨立非執行董事之任期均至依照本公司之公司細則規定依章輪值告退為止。

於應屆股東週年大會上擬膺選連任之董事與本公司或其任何附屬公司並無訂立任何本集團不可於一年內不付賠償（法定補償除外）而終止之服務合約。

關連交易

於二零零六年六月三十日，本公司董事洪建生先生及洪王家琪女士就一家銀行給予一家附屬公司之信貸融資共同及個別作出尚未了結之擔保金額達19,744,000港元。

董事於重大合約之權益

除上文「關連交易」所披露者外，於期終或期內任何時間，本公司或其任何附屬公司概無訂立本公司之董事於其中有直接或間接重大權益之重大合約。

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30th June, 2006, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

(a) Long position in shares of the Company

董事之股份及相關股份權益

於二零零六年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條存置之登記冊所載，本公司董事擁有本公司及其相聯法團（定義見證券及期貨條例第XV部）股份、相關股份及債券之權益及淡倉，或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益如下：

(a) 本公司股份好倉持有

Name of directors 董事姓名	Number of ordinary shares 普通股數目			Total 總計	Approximate % of shareholding 概約持股 百分比
	Beneficial owner 實益擁有人	Held by a discretionary trust 由全權信託 基金持有	Held by controlled corporation 由受控制 公司持有		
Hung Kin Sang, Raymond 洪建生	3,280,000	405,655,584 (Note 1) (附註1)	34,329,000 (Note 2) (附註2)	443,264,584	48.71%
Hung Wong Kar Gee, Mimi 洪王家琪	9,070,056	405,655,584 (Note 1) (附註1)	34,329,000 (Note 2) (附註2)	449,054,640	49.35%
Hung Kai Mau, Marcus 洪繼懋	2,100,000	-	-	2,100,000	0.23%
Fang Chin Ping 方進平	100,000	-	-	100,000	0.01%
Soo Hung Leung, Lincoln J.P. 蘇洪亮，非官守太平紳士	1,100,000	-	-	1,100,000	0.12%

Notes:

附註：

- (1) These shares were held by the following companies:

- (1) 該等股份由下列公司持有：

	Number of ordinary shares 普通股數目
Malcolm Trading Inc.	43,992,883
Primore Co. Inc.	2,509,266
Capita Company Inc.	359,153,435
	405,655,584

Malcolm Trading Inc., Primore Co. Inc. and Capita Company Inc. are wholly-owned by the Marami Foundation as the trustee of Raymond Hung/Mimi Hung & Family Trust. All units in Raymond Hung/Mimi Hung & Family Trust are beneficially owned by a discretionary trust, the beneficiaries of which include the family members of Mr. Hung Kin Sang, Raymond and Madam Hung Wong Kar Gee, Mimi.

Malcolm Trading Inc.、Primore Co. Inc.及Capita Company Inc. 均由作為Raymond Hung/Mimi Hung & Family Trust信託人之Marami Foundation全資擁有。Raymond Hung/Mimi Hung & Family Trust之全部單位均由一全權信託基金實益擁有，而該全權信託基金之受益人包括洪建生先生及洪王家琪女士之家族成員。

- (2) These shares were held by iQuorum Cybernet Limited, a wholly-owned subsidiary of the Company.

- (2) 該等股份由本公司一全資附屬公司盈聯網絡有限公司持有。

(b) Long position in shares of a 89% owned subsidiary

(b) 於擁有89%權益之附屬公司之股份好倉持有

At 30th June, 2006, Mr. Fang Chin Ping held 200,000 ordinary shares of Quorum Bio-Tech Limited, a subsidiary of the Company which represented 2% of the issued share capital of this company.

於二零零六年六月三十日，方進平先生持有200,000股本公司附屬公司Quorum Bio-Tech Limited普通股，佔該公司已發行股本2%。

Save as disclosed above and other than certain nominee shares in subsidiaries held in trust for the Company by certain directors at 30th June, 2006, none of the directors or their associates had any interests or short position in any shares, underlying shares and debentures of the Company or any of its associated corporations.

除上文所披露者及若干董事以信託方式代本集團持有於附屬公司之若干代理人股份外，於二零零六年六月三十日，各董事或彼等之聯繫人士並無擁有本公司或其任何相聯法團股份或相關股份或債券之權益或淡倉持有。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

The directors and employees of the Company and its subsidiaries are entitled to participate in the share option scheme of the Company adopted by the Company on 16th September, 2002 (the "Scheme"). Particulars of the Scheme are set out in note 27 to the consolidated financial statements.

The following table discloses movements of the share options of the Company granted to the directors of the Company during the year:

購買股份及債券安排

本公司及其附屬公司之董事及僱員均可參與本公司於二零零二年九月十六日所採納之本公司購股權計劃（「計劃」）。計劃之詳情載於綜合財務報告附註27。

在本年度，給予本公司董事之公司股權變動如下：

Name of directors	Notes	Date of share options granted	Outstanding at beginning of the year 於本年度開始 股權結餘	Granted during the year 本年度 給予	Exercised during the year 本年度 行使	Lapsed or cancelled during the year 本年度 已逾期或 作廢	Outstanding at end of the year 本年結時 結餘	Exercise price 行使價 HK\$ 港元
Hung Kin Sang, Raymond 洪建生	(1)	25th April, 2006 二零零六年四月 二十五日	-	45,611,141	-	-	45,611,141	0.54
Hung Kai Mau, Marcus 洪繼懋	(2)	25th April, 2006 二零零六年四月 二十五日	-	3,000,000	-	-	3,000,000	0.54
Total for directors 總數予董事			-	48,611,141	-	-	48,611,141	

Notes:

- (1) The exercise period of the share options of the Company granted to Mr. Hung Kin Sang, Raymond is five years from the date of grant. There is no minimum vesting period for the share options of the Company granted to Mr. Hung Kin Sang, Raymond.
- (2) The exercise period of the share options of the Company granted to Mr. Hung Kai Mau, Marcus is three years from the date of grant. Except 50% of the share options granted must be held for at least one year before they can be exercised, there is no minimum vesting period for the remaining 50% share options of the Company granted to Mr. Hung Kai Mau, Marcus.
- (3) The closing price of the shares of the Company immediately before the date of grant of share options is HK\$0.54.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. None of the directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above under the heading "Directors' interests in shares, underlying shares and debentures" in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company at 30th June, 2006.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to the guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

附註：

- (1) 洪建生先生股權行使期為期5年(由給予日起計)。其沒有限制行使本公司股權期。
- (2) 洪繼懋先生股權行使期為期3年(由給予日起計)。其除50%之給予股權須有一年限制行使外，其沒有限制行使本公司之股權。
- (3) 給予股權日之前之本公司收市價為0.54港元。

除上文所披露者外，本公司或其任何附屬公司於本年度內任何時間概無訂立任何安排，致使本公司之董事可藉購買本公司或任何其他法人團體之股份或債券而獲得利益。各董事或彼等之配偶或未滿十八歲子女概無認購本公司證券之權利，亦無於本年度行使任何該等權利。

主要股東

除上文「董事之股份、相關股份及債券權益」一節所披露若干董事之權益外，本公司根據證券及期貨條例第336條之規定而存置之主要股東名冊顯示，於二零零六年六月三十日並無任何人士擁有本公司已發行股本而須予公佈之權益或淡倉持有。

委任獨立非執行董事

本公司獲由每位獨立非執行董事之每年就上市條例3.13所載之指引的確認書。本公司認為所有獨立非執行董事均是獨立。

Directors' Report 董事會報告書

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company repurchased 27,240,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK\$11,338,000. All of the shares were subsequently cancelled. The nominal value of the cancelled shares of HK\$272,000 was credited to capital redemption reserve and the relevant aggregate consideration of HK\$11,338,000 was charged to the Company's accumulated losses. Details of the repurchases are as follows:

買賣或贖回上市證券

本公司於年內以總代價11,338,000港元在聯交所購回普通股27,240,000股。全部購回股份其後均已註銷。已註銷股份272,000港元之面值已記入資本贖回儲備，且相關總代價11,338,000港元已自本公司累積虧損支付。購回詳情概述如下：

Month of the repurchases	購回月份	Total number of the ordinary shares repurchased 購回之普通股總股數	Highest price paid per share 已付每股最高價	Lowest price paid per share 已付每股最低價	Aggregate consideration 總代價
			HK\$ 港元	HK\$ 港元	HK\$'000 千港元
July 2005	二零零五年七月	4,480,000	0.250	0.183	987
August 2005	二零零五年八月	1,220,000	0.265	0.255	320
September 2005	二零零五年九月	480,000	0.340	0.330	161
October 2005	二零零五年十月	3,760,000	0.460	0.410	1,652
November 2005	二零零五年十一月	1,080,000	0.440	0.380	462
December 2005	二零零五年十二月	680,000	0.400	0.330	248
January 2006	二零零六年一月	60,000	0.380	0.365	23
February 2006	二零零六年二月	1,640,000	0.385	0.360	621
March 2006	二零零六年三月	2,960,000	0.370	0.335	1,063
April 2006	二零零六年四月	4,240,000	0.455	0.430	1,906
May 2006	二零零六年五月	3,440,000	0.630	0.520	2,021
June 2006	二零零六年六月	3,200,000	0.620	0.540	1,874
		27,240,000			11,338

The purchases were made for the benefit of the shareholders as a whole as they enhanced the net asset value and/or earnings per share of the Company.

該等購回乃基於全體股東之利益而作出，理由為該等購回提升本公司每股資產淨值及／或每股盈利。

Save as disclosed 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.

除上文披露者外，本公司或其任何附屬公司於年內並無買賣或贖回本公司任何上市證券。

DONATIONS

During the year, the Group made charitable and other donations of HK\$468,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 30th June, 2006.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 36 to the consolidated financial statements.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Hung Wong Kar Gee, Mimi

CHAIRMAN

Hong Kong, 17th October, 2006

捐款

本集團於本年度合共作出468,000港元之慈善捐款及其他捐款。

優先購買權

本公司之公司細則及百慕達法律均無優先購買權之條文，規定本公司必須按比例發售新股予現有股東。

足夠之公眾持股量

於截至二零零六年六月三十日止年度，本公司已維持足夠之公眾持股量。

結算日後事項

重大結算日後事項詳情載於綜合財務報告附註36。

核數師

本公司將於股東週年大會上提呈一項決議案，續聘德勤•關黃陳方會計師行為本公司之核數師。

代表董事會

主席

洪王家琪

香港，二零零六年十月十七日