

**APPLIED INTERNATIONAL HOLDINGS LTD:  
CHAIRMAN RAYMOND HUNG DOES IT, AGAIN !**

If minority shareholders of publicly listed Applied International Holdings Ltd were wondering what happened to the grand plans of their Chairman, with regard to trading and manufacturing of electronic products, they can stop wondering.

Because, according to the first 5 months of the Current Financial Year, to December 31, 1999, there was no income from (supposed) core activities: The manufacture and trading in electronic products.

TARGET uses the subjunctive mood in the first paragraph of this report -- the inferred negative -- because it is assumed that minority shareholders of this '*sick*' Company are no longer wondering, or caring very much about core activities of their Company, following our in-depth report, published on [Friday, January 14, 2000, the lead report in Volume II, Number 10.](#)

The headline of this report, which has proved to be deadly accurate, was: '***STILL DOING POORLY -- MORE TO COME.***'

Well, on Monday, the Interim Report of Applied International came out -- and what a shocker it is!

Applied International has reported a Turnover of \$HK100,287,000 for the period, and logged in a Net Profit After Tax of about \$HK19.50 million.

This Net Profit Figure is a drop of about 44 percent, compared with the like period in 1998.

The Profits from Operations need careful scrutiny in order for them to be fully understood and their impact on the Group.

TARGET, therefore, has taken the liberty of reproducing that part of the Company's announcement for analysis:

	1999 (\$HK'000)	1998 (\$HK'000)
Gain on Disposal of Properties in the United States	18,236	56,330
Write back of the Unrealised Holding Loss on Listed Investments	10,000	Nil
Gain on Disposal of Listed Investment	4,806	Nil
Gain on Convertible Bonds Repurchased	1,290	3,070
Loss on Disposal of Property, Plant and Equipment	(850)	Nil
Gain on Disposal of Subsidiaries in Hongkong	Nil	965

The first item in the table -- an \$HK18,236,000 Gain on Disposal of Properties in the US -- was mentioned in our January Intelligence Report.

This item was included, in fact, as part of the 1999 Annual Report. It was described as being a '*Subsequent Event*'.

Note 41, on Page 60 of the 1999 Annual Report -- Financial Year ended June 30, 1999. This has now been changed to having the Financial Year, end on December 31 -- reads as follows:

*'Subsequent to the balance sheet date, the Company disposed of certain properties held for development at an aggregate consideration of approximately US\$9 million.'*

At the conversion rate of \$HK7.78 to \$US1, the \$US9 million translates into about \$HK70 million.

Clearly, this item has not been classified as an Extraordinary Item and, as such, one may reasonably assume that the \$HK70 million disposal of US properties amounted to about 70 percent of the Turnover for the 5 months to December 31, 1999.

It is stated that, on this disposal of the US property(ies), Applied International booked a gain of about \$HK18.24 million.

This figure, it would appear, represents about 76 percent of the Operating Profit of about \$HK23.70 million.

Looking at the other gains and write backs, it is clear that this Company could not have logged in any earnings from the manufacture, trading in, and sales of electronic products.

Without seeing all the figures and auditor's notes, it is very difficult to know, exactly, what is going on in the Company, but it is clear that, in order to keep the wolves away from the Company's doors, it is selling off the family jewels.

That is not to say that the Company is in any kind financially strained situation, because, by the last count, it still had plenty of cash in the bank; and, it is, still, selling off assets, raising more money.

What will happen when there are no more assets to sell is the question that reason men may like to ponder.

Chairman Raymond Hung Kin Sang did exactly the same thing in the 1999 Year -- sell some of the *'family jewels'* -- logging in about \$HK122 million, all classified as Exceptional Gains, and ... [CLICK TO ORDER FULL ARTICLE](#)

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