

*For more information, please contact:
JOVIAN Financial Communications Ltd.
Angel YY Yeung /Mary Ng
Tel No.: (852) 2581 0168
Fax No.: (852) 2854 2012
Email: mary.ng@joviancomm.com*

**APPLIED INTERNATIONAL
ANNOUNCES 2004/05 ANNUAL RESULTS
PROFIT FROM OPERATION INCREASED 246.4 % TO HK\$110,230,000
SMOOTH PROGRESS FOR THE BVI DEVELOPMENT PROJECT
SUBSTANTIAL RETURNS ARE EXPECTED**

(Hong Kong, 13 October 2005) ----- **Applied International Holdings Ltd.** ("AIHL", stock code: 519) today announced that for the year ended 30 June 2005, turnover increased 1.2% to HK\$105,295,000. Profit from operation amounted to HK\$110,230,000, representing an increase of 246.4% compared to last year. As the unusual one-off gain on disposal of subsidiaries and discontinued operations recorded last year, the audited consolidated profit attributable to shareholders of the Group for the year ended 30th June, 2005 amounted to approximately HK\$103,525,000, an increase of approximately 7.3% compared to last year. Earnings per share was 11 cents. The Board does not recommend a final dividend.

The increase in profit from operation was mainly attributed to the revaluation profit of HK\$100,880,000 which was derived from the adoption of the new Hong Kong Financial Standards and an improvement in cost control of the Group's operation, management and administration.

Mr. Raymond Hung, Managing Director of AIHL said, "Last year was a year of transition for the Group. The development of the BVI Project changed the dynamics of our company and laid the foundation for the Group to reposition as a premium resort developer."

AIHL, through its wholly-owned subsidiary, has entered into the Heads of Agreement with the internationally well-known hotel operator The Ritz-Carlton Hotel Company, L.L.C. on 11th April, 2005 to develop a golf course, hotel and marina in Beef Island, the British Virgin Islands and the negotiation is underway.

"We have contracted a team of world class partners in designing and building golf course, marina, resorts and residential property. All of our team believe that the BVI Project is marvellous due to the natural landscape of Beef Island and it will definitely bring in substantial return to the Group. Moreover, we will explore more property investment and development opportunities to further enhance our position of a premium resort developer." said Mr. Hung.

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The construction works of the golf course and recreation clubhouse of the BVI Project are expected to be completed in the beginning of 2008, while the mega-yacht marina facility and hotel facility will be completed in the beginning of 2009. The Group also expects to launch the presales of residential and fractional units on Beef Island in the second half year of 2006.

About Applied International Holdings Limited

Applied International Holdings Limited is listed on the Hong Kong Stock Exchange and is engaged in OEM, Investment Properties and Resort Development business.

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