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**APPLIED INTERNATIONAL  
ANNOUNCES 2005/06 INTERIM RESULTS  
TURNOVER UP 21.8% TO HK\$59,192,000  
PROFIT FROM OPERATION INCREASED 72.8% TO HK\$5,518,000  
POWERING SUSTAINABLE PROFIT FROM THE BVI PROJECT**

(Hong Kong, 22 March 2006) ----- **Applied International Holdings Ltd.** ("AIHL", "The Group", SEHK: 519) today announced the 2005/06 Interim Results. For the period ended 31<sup>st</sup> December 2005, the Group's turnover was HK\$59,192,000, increased by 21.8% as compared to the period ended 31 December 2004. Profit from operation amounted to HK\$5,518,000, representing an increase of 72.8% compared to the same period of last year. Profit attributed to shareholders for the period ended 31<sup>st</sup> December 2005 was approximately HK\$3,006,000, down 35.9% mainly due to the increase in sales and distribution costs as well as administrative expenses. Basic earnings per share was 0.32 HK cent.

The Board does not recommend the payment of an interim dividend for the six months ended 31<sup>st</sup> December 2005.

While the Group's property development brings promising future to the Group, investment properties and OEM electronic business continued to be a stable source of income. The Group's property investment generated rental revenue of approximately HK\$4,652,000 during the six months ended 31 December 2005, where turnover from OEM Business reached HK\$54,540,000.

**Mr. Raymond Hung, Managing Director of AIHL** said, "The period ended 31<sup>st</sup> December 2005 marked another exciting moment for the Group to become a prestigious resort developer. With numerous parties showing their investment interests in Beef Island owned by the Group, this Island continued to demonstrate its value as a rare luxury resort site with great potential. Meanwhile, the Group continued to advance our short- and long-term strategic pipeline through the development plan signed with the BVI government, strengthening the Group's position in the prospect of the BVI Project and further expansion of the Group."

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In view of the great development potential of the BVI Project, investors continue to knock the Group's door with attractive and tempting offer. In March 2006, the management received an offer from an independent third party, for a possible 100% buy out with a consideration of US\$ 60,000,000 and additional consideration of US\$15,000,000 [The company is entitled to 2.5% of gross residential revenue after such time as the project has achieved total gross residential revenue of US\$350,000,000 and this additional consideration is capped at a total payout of US\$15,000,000. The offer provides with the Company premium immediate cash out opportunity, further reconfirms Beef Island as a potential tourism paradise. The offer is under management consideration.

While the Group is in negotiation with Ritz-Carlton, several leading resort developers and investment funds in United States also showed their interest in developing a possible joint venture or equity joint-venture with the Group on the BVI Project.

On 2 December 2005, the Company's wholly-owned subsidiary, Quorum Island (BVI) Limited, signed an agreement with The Government of the British Virgin Islands for the development of Beef Island where the BVI Project is located. Under the Development Agreement, Quorum Island has been granted Pioneer Status on golf course and marina and mega-yacht facilities, and Hotel Aid on hotel and all branded villas, residences and fractional units.

Pursuant to Pioneer Status of the Development Agreement, many benefits are granted to the Company, these include a ten years (which is extendable) of tax holidays and import duty exemptions on capital equipment. In addition, a ten years (which is extendable) of tax holidays and import duty exemptions on building materials and equipment are also available to Quorum Island under Hotel Aid Act of the Development Agreement. The agreement sets a solid foundation for the development of the BVI Project

"Based on the competitive advantages of Beef Island, together with the support from the BVI Government, the management believes that the Group has the upper hand to receive the most attractive development offers from leading resort developers and potential investors. In view of all the positive responses, the management has strong confident that BVI Project will bring a promising outlook to the Group." **Mr. Hung** said.

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#### **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.