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**APPLIED INTERNATIONAL ANNOUNCES
PURCHASE OF 18 MILLION SQUARE FEET IN
ST. CROIX ISLAND IN US VIRGIN ISLANDS FOR US\$21 MILLION**

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TARGET TO DEVELOP THE ISLAND INTO A CASINO HOTEL AND GOLF COURSE

(Hong Kong, 21 June 2006) ----- **Applied International Holdings Ltd.** ("AIHL," "The Group" SEHK: 519) is pleased to announce its wholly owned subsidiary on June 16, 2006 purchased an area size of approximately 18 million square feet (413 US acre) ("the Island Property") in St. Croix Island of the United States Virgin Islands (USVI) with area of consideration for US\$21,000,000 via signing an agreement for the sale and purchase with the vendors Sixteen Plus and Peter's Farm.

The Group intends to develop the Island Property into a 5-star casino hotel, an 18-holes golf course and residential units including branded villas, beach-front villas, residences and fractional ownership units.

Mr. Raymond Hung, Managing Director of AIHL said, "We are pleased to purchase the Island Property, of which we will turn into our second signature resort project. The Group never stops exploring opportunities to diversify our resort product and market segment. While our current resort development project in the British Virgin Islands ("the BVI Project") is a destination resort, the hotel-casino development project at St. Croix will help us to expand our market segment, especially targeting those tourists who wish to gamble. Meanwhile, these two projects bring mutual benefit to each other and satisfy all needs from travelers ranging from youngsters to family travelers."

The Island Property is of great developmental potential. It is located in St. Croix, the largest island of the United States Virgin Islands in the Caribbean Sea. The Property has a strong competitive advantage of being on the same island as Henry E. Rohlsen International Airport which has the capacity to receive jets as large as Boeing 747s. Furthermore, 2 million tourists per year visit the USVI, indicating the increasing supply of potential tourists, and potential clients for the casinos to be developed in the United States Virgin Islands.

"Gambling giant MGM Mirage is also investing in a 600-acre resort and casino in St. Croix. This speaks for the great development potential of the USVI. To leverage on this opportunity, the Group intends to partner with renowned gaming operators to develop this Property, and the Group is confident that both signature resort projects in the pipeline will bring in substantial returns to our shareholders." **Mr. Hung** continued, "The experience and expertise we earn and accumulate during the development resort project in our BVI Project, coupled with this new development project, will well position us as a resort developer."

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The Group confirms that the consideration for the Property has been determined after arm's length negotiations between the parties by reference to (i) the acquisition prices offered by other potential buyers of the Property in the previous years and in particular, the proposed acquisition price of the Property agreed to be paid by a potential purchaser in November 2005, which was valued at US\$21,000,000, such proposed acquisition did not proceed due to financial problems of the potential purchaser and (ii) the development potential of the Property having taken into account the investments of other develops in St Croix.

The initial deposit of US\$500,000 has been paid to Hamilton Real Estate, the escrow agent, upon signing the agreement. Further deposit in the sum of US\$300,000 is payable within 60 days after the termination of the due diligence period, 365 days from the agreement date, or when the Federal Government Liens is released, whichever is sooner. The remaining balance in the sum of US\$20,200,000 is payable upon closing date. And the purchase will be financed by internal resources.

"Safety is always the top concern of rich people. Similar to the British Virgin Islands, St. Croix is one of the safest places in the Caribbean Sea with a comprehensive legal system. Tourists will be able to enjoy their vacation with the confidence that they can enjoy the same stability and security as that of the U.S. mainland." **Mr. Hung concluded.**

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About Applied International Holdings Limited (SEHK: 519)

Applied International Holdings Ltd. principal activities are property developments in the British and US Virgin Islands, investment properties in Hong Kong and the PRC, and OEM manufacturing.

About St. Croix

St Croix is the largest of the United States Virgin Islands, 82 square miles in area. Much of St. Croix is as unspoiled as the day Christopher Columbus landed here more than 500 years ago. Gentle hills, turquoise waters, and quaint old towns. The main towns of Christiansted and Frederiksted boast numerous historic buildings, colorful shops, and fine restaurants along their wide streets. Historic churches still remain from the days when the towns were prosperous commercial ports. Buck Island Underwater National Park is one of St. Croix's most popular attractions, boasting 704 acres of clear water and healthy coral reefs. Estate Whim Plantation, the Cruzan Rum Factory, and casinos are the other popular attractions on the island. St. Croix has tremendous commercial potential to be developed into a five star luxury resort area.