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**APPLIED INTERNATIONAL ANNOUNCES  
JOINT VENTURE WITH INTERISLE TO DEVELOP BVI PROJECT**

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**STRONG MANAGEMENT TEAM TARGETING  
ATTRACTIVE RETURNS AND DEVELOPMENT**

(Hong Kong, 15 August 2006) ----- **Applied International Holdings Ltd. ("AIHL", "The Group", SEHK: 519)** is pleased to announce that its wholly-owned subsidiaries have entered into a joint venture agreement with Interisle Development Ltd. ("Interisle"), a joint venture of Interlink Group ("Interlink") and Island Global Yachting ("IGY"), on 11 August 2006 regarding the Group's wholly-owned subsidiary Quorum Island (BVI) Ltd ("Quorum"). Under the agreement, AIHL will receive an immediate cash of US\$30 million (equivalent to approximately HK\$234,000,000) from Quorum to redeem 50% of the equity held by the Group and Interisle will subscribe for 50% interest in Quorum for a total consideration US\$21 million (equivalent to approximately HK\$163,800,000). Quorum will be held as to 50% by AIHL and 50% by Interisle. The closing of the Transaction will occur on or before 30 November 2006.

With the value of US\$51 million of Quorum's total net assets, the Group agreed to receive at least US\$30 million and an additional sum of US\$5.25 million from Interisle upon no requirement of capital contribution from Interisle. Based on the maximum amount of US\$35.25 million under the agreement, a maximum gain of approximately US\$26.2 million will be recognized by the Group, being the difference between the maximum amount and 50% of the total assets value of Quorum as at 30 June 2006 in the amount of US\$9.05 million and the remaining capital gain of US\$11.95 million will remain as further capital contribution of Quorum by the Group. In addition, no stockholder will be required to guarantee or incur any liability in respect of any portion of the Initial Loan or any Development Loan save that under the terms of the Agreement. Therefore, the Agreement puts AIHL in a very good position in developing the site.

**Mr. Raymond Hung, Managing Director of AIHL** said, "We are pleased that the joint venture with Interisle is realised. As Interlink and IGY are experts in the construction and resort development industry, this alliance with renowned expertise in the industry provides us an opportunity to realize its investment and improve the liquidity of the Group. We believes that the Project, with its innovative approach to resort development comprising golf course, hotel and properties, will generate a steady income stream for the Group in future years."

*Applied International JV with InterIsle*  
15 August 2006

"Having in mind that the site acquired with 28.75 million sq. ft (660 acres) in 1994 at cost of approximately US\$10million, the site has already brought considerable return to the Group. Given the strong economic fundamentals and a healthy prospect in resorts and property sector, and in particular with the increasing popularity of golf sports worldwide, the Group considers the Project to be a significant investment and will further bring sustainable profit to the Group." **Mr. Hung** continued.

Quorum and InterIsle have also entered into the Development and Management Agreement on 11 August 2006 pursuant to which Quorum has appointed InterIsle as the development manager of the Project. Upon the closing of the Transaction, InterIsle and the Group would have agreed upon and approved the Master Plan and the Development Budget, and Quorum would have received planning approval of the Master Plan from Development Control Authority and all other appropriate governmental authorities of the British Virgin Islands.

Pursuant to the joint venture arrangement, **AIHL** and InterIsle intend to develop the Real Property into a mixed-use luxury resort, to include, among others, a luxury hotel that may include a condominium hotel and fractional ownership element, an 18-hole championship golf course, a variety of residential units, a marina and high-end retail commercial area, together with the related infrastructure improvements and installation of utilities.

"The Group has now set a stronger foundation for the BVI Project. We believe that together with the tempting environment the BVI has, this Project will be the landmark of the Caribbean Sea and attracts thousands of visitors. After the completion of the Agreement, the Group will be well-equipped for acquisition of land bank for future resort development in the region of South America, Pacific Islands and Caribbean." **Mr. Hung** concluded.

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#### **About Applied International Holdings Limited (SEHK: 519)**

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

#### **About InterIsle and the Development Manager**

InterIsle and the Development Manager are both owned as to 50% by Interlink and 50% by IGY. To the best of the knowledge, information and belief of the Directors (having made all reasonable enquiries), InterIsle is an investment holding company and the Development Manager is a company engaged in property development.

### **About Interlink Group (“Interlink”)**

Interlink Group has been a leader for 28 years in Puerto Rico and the Caribbean in the development and construction of high-end residential, hospitality and resort projects. Some of Interlink’s signature projects include the development and construction of Las Casitas Village, a AAA Five-Diamond Award resort, consisting of a 159-unit condo-hotel located at the El Conquistador Resort & Golden Door Spa; and the restoration of the historic Hotel El Convento in Old San Juan, a 350-year old former convent converted to a 68-room boutique hotel, which is a member of the Small Luxury Hotels of the World. In addition, Interlink has managed the construction of hotel works totaling more than 1,400 rooms and has developed over 2,500 housing units in Puerto Rico and Florida.

Interlink is currently developing Bahía Beach Resort & Golf Club on a 500-acre beachfront property 16 miles east of the San Juan International Airport. This project, master-planned by EDSA, includes a St. Regis Resort and Residences designed by Hill Glazier Architects, a Robert Trent Jones II championship golf course managed by Troon Golf, and multiple luxury residential projects designed by SB Architects. Interlink is also the developer of the 500-room Sheraton Convention Center Hotel in San Juan, designed by RTKL and BBGM, and scheduled to break ground during the summer of 2006.

### **About IGY**

IGY is the premier developer and manager of luxury marina facilities. IGY focuses on designing, developing, acquiring, and controlling mega-yacht and other luxury-class marina facilities in key yachting and nautical tourism areas around the world. Headquartered in New York, IGY also has offices in Ft. Lauderdale, Florida, Greenville, South Carolina, St. Thomas, US Virgin Islands, St. Maarten, Netherlands Antilles, and Dubai, UAE. IGY’s flagship development is Yacht Haven Grande, a US\$175 million mega-yacht marina and mixed-use facility located in St. Thomas, United States Virgin Islands, and scheduled to open in September 2006.

IGY is a controlled affiliate of Island Capital Group LLC (“ICG”), a real estate merchant bank headquartered in New York. ICG holds a portfolio of interests in real estate investment properties and securities with market capitalization of more than US\$20 billion. The current portfolio includes 230 Park Avenue in New York and 260 Park Avenue South in New York. ICG has recently sold interests in more than US\$8 billion of investment properties located throughout the United States.