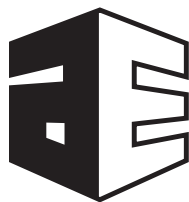


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# APPLIED INTERNATIONAL HOLDINGS LIMITED

實力國際集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 519)

## HEADS OF AGREEMENT IN RELATION TO THE PROPOSED ESTABLISHMENT OF RITZ-CARLTON RESORT, TORTOLA, BRITISH VIRGIN ISLANDS

### RESUMPTION OF TRADING OF SHARES

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcements issued by the Company dated 27th October, 2004 and 6th April, 2005 regarding, amongst others, the discussion with an independent party in relation to the establishment of a possible joint venture to develop a golf course, hotel and marina in Beef Island, the British Virgin Islands. The Directors are pleased to announce that the Company, through its wholly-owned subsidiary, has entered into the Heads of Agreement with Ritz Carlton on 11th April, 2005 to develop the Site.

**The proposed transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

At the request of the Company, trading in the shares of the Company was suspended with effect from 2:30 p.m. on 15th April, 2005 pending the issue of this announcement. Trading in the shares of the Company will resume with effect from 9:30 a.m. on 20th April, 2005.

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## HEADS OF AGREEMENT

Under the Heads of Agreement, the parties set out their intention to enter into:

- (i) an agreement for a 50-50 joint venture arrangement regarding the development of the Site;
- (ii) hotel operating agreements under which Ritz Carlton will manage the Hotel;
- (iii) agreements relating to the development, construction, marketing, sale and operation of the Club/Residences.

It was agreed under the Heads of Agreement that for a period of 180 days commencing from 11th April, 2005, the parties will negotiate exclusively with each other with respect to the operation and management of the project. During such period, (i) Quorum Island will obtain approvals, consents or permits necessary to construct the project (ii) Ritz Carlton or its designee will perform a market study and prepare a ten year projection of operating income of the project based on the study (iii) Ritz Carlton will review the architectural plans for the Hotel and Club/Residences prepared by Quorum Island and (iv) the parties will discuss the form, timing and details of the financial participations of the parties in respect of the joint venture.

It was proposed in the Heads of Agreement that Phase I of the development will consist of the Hotel, a number of Club/Residences units to be agreed between the parties, the golf course, a 150-slip marina and other non-branded real estate over which Ritz Carlton will have approval rights. The marina will be designed and operated by a third party acceptable to the parties. Phase II of the development, portions or all of which may be developed at the same time as Phase I is expected to be made up largely of Mt. Alma Hillside Estates, the Bluff Estates, the Cove Estates and Little Cay Estates, all located within the Site.

The Heads of Agreement sets out the general terms upon which the parties intend to develop and operate the project and are subject to the execution of final agreements between the parties. Apart from the provisions regarding exclusivity, confidentiality and certain conditions to be included in the final agreements (if any), no provision of the Heads of Agreement is deemed to be binding on the parties. Further announcement will be made by the Company in compliance with the Listing Rules as and when appropriate.

**The proposed transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

## INFORMATION ON BEEF ISLAND, THE BRITISH VIRGIN ISLANDS AND THE PROJECT

According to a feasibility study of the project prepared by Ritz-Carlton Development Planning and Feasibility, the British Virgin Islands, covering a large areas to the northeast of the U.S. Virgin Islands and about 90 miles east of Puerto Rico, comprise around 16 inhabited and more than 40 uninhabited islands and Cays. The principal gateway for airlift to the British Virgin Islands is Beef Island which is connected to Tortola, the main island of the British Virgin Islands, via a road bridge. A US\$55 million development of the Beef Island Airport, which included a 300-meter runway extension, enlarge apron and new 4,300 SM terminal building, was completed in early 2004. The feasibility study considers the prospect of the development to be excellent as regards its potential market absorption. Based on the feasibility's review of the site's location, accessibility and physical characteristics and in consideration of the outstanding quality of the environment in which it is situated, the site is given an "A+" rating.

The Company has set out its plan regarding the Beef Island development in its interim report 2004. An update on the plan subsequent to the signing of the Heads of Agreement is as follows:-

## *Hotel*

The proposed Ritz-Carlton on Beef Island, comprising a 120-room resort and 40 condominiums included in a rental pool operated by Ritz Carlton, will be just one component of a large luxury resort and residential real estate project occupying a large part of Beef Island.

## *State-of-the-art Mega Yacht Facility*

The Trellis Bay has always been the finest location in the Caribbean region for yachting because it is located in the heart of Sir Francis Drake Channel, which is a famous sailing trail in the world. The Group's objective is to develop an important yachting and chartering center with the only state-of-the-art mega yacht facility in the British Virgin Islands. The creation of a marina would be the heart of the development and most of the activities will be concentrated in the Marina Village which consists of shopping arcade, restaurants and bars.

## *18 holes Jack Nicklaus Signature Champion Golf Course & Club House*

The Group has invited Mr. Jack Nicklaus to design a Signature Golf Course which will be the only Jack Nicklaus Signature Champion golf course in the British Virgin Islands. The plan documents will consist of a general strategy plan, a clearing plan, contour plans, a conceptual golf course drainage plan, a grassing plan, a bunker study plan and a conceptual landscape plan.

## *Golf residence, Marina Village Residence and Ocean View Custom Lots Residence*

The Group intends to develop various branding residential products, which include a golf residence, marina village residence and ocean view lots residence. The total unit supply will amount to approximately 600 units.

## **RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the shares of the Company was suspended with effect from 2:30 p.m. on 15th April, 2005. Trading in the shares of the Company will resume with effect from 9:30 a.m. on 20th April, 2005.

As at the date of this announcement, the executive Directors are Mr. Hung Kin Sang, Raymond, Ms. Hung Wong Kar Gee, Mimi and Mr. Fang Chin Ping and the independent non-executive Directors are Mr. Soo Hung Leung, Lincoln, Mr. Lo Yun Tai and Mr. Lun Tsan Kau.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Board”	the board of Directors of the Company;
“Club/Residences”	“Ritz-Carlton Club” fractional ownership units and /or other “Ritz-Carlton” hotel branded real estate to be developed on the Site;
“Company”	Applied International Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange;
“Directors”	the directors of the Company;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Heads of Agreement”	the heads of agreement entered into between Quorum Island and Ritz Carlton Hotel dated 11th April, 2005;
“Hotel”	a luxury class international resort hotel of approximately 190 rooms made up of a 120-key core hotel and approximately 40 two bedroom condominiums that will be sold to third party investors on a rental pool scheme, an 18-hole championship golf course, a spa, and other related facilities to be developed on the Site;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	a person who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules) and who is not a connected person of the Company (as that term is defined in the Listing Rules);
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Quorum Island”	Quorum Island (BVI) Ltd, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company;
“Ritz Carlton”	Ritz Carlton Hotel Company, Ltd., and Independent Third Party;
“Site”	a site of approximately 640 acres located at Beef Island, Tortola, the British Virgin Islands; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the board  
**Applied International Holdings Limited**  
**Hung Kin Sang, Raymond**  
*Chairman*

\* *For identification only*

Hong Kong, 19th April, 2005

“Please also refer to the published version of this announcement in China Daily”