



APPLIED INTERNATIONAL HOLDINGS LIMITED

實力國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 519)

ANNOUNCEMENT

Quorum Island, a wholly-owned subsidiary of the Company, has signed the Development Agreement with The Government of the British Virgin Islands for the development of the Site.

This is a voluntary announcement made by Applied International Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcements issued by the Company dated 27 October 2004, 6 April 2005, 19 April 2005 and 20 April 2005 in respect of, among others, the proposed establishment of a 50-50 joint venture with The Ritz-Carlton Hotel Company, L.L.C. to develop a site (the “**Site**”) located at Beef Islands, Tortola, the British Virgin Islands which is owned by Quorum Island (BVI) Limited (“**Quorum Island**”), a wholly-owned subsidiary of the Company.

The board of directors (the “**Board**”) of the Company is pleased to announce that on 2 December 2005, Quorum Island signed an agreement (the “**Development Agreement**”) with The Government of the British Virgin Islands for the development of the Site. Under the Development Agreement, Quorum Island has been granted the Pioneer Status on golf course and marina & mega-yacht facilities, and the Hotel Aid on hotel and all branded villas, residences and fractional units. A period of ten years (which is extensible) of tax holidays and import duty exemptions on capital equipment are available to Quorum Island pursuant to the Pioneer Status. In addition, a period of ten or twenty years (which is extensible) of tax holidays and import duty exemptions on building materials and equipment are also available to Quorum Island under the Hotel Aid Act.

Pursuant to the Development Agreement, the Company is allowed to change the land use of the Site from raw land to hotel and real estate land zoning. This symbolizes that the Company’s development of the Site has officially kicked off and its development prospects have been significantly increased. Further, the Company has been granted various privileges in developing the Site under the Development Agreement as described above which will greatly minimize its development and operation cost.

The transaction under the Development Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

This announcement is made by the order of Board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By Order of the board of
Applied International Holdings Limited
Hung Kai Mau, Marcus
Executive Director

Hong Kong, 6 December 2005

As at the date of this Announcement, the executive directors of the Company are Mr. Hung Kin Sang, Raymond, Ms. Hung Wong Kar Gee, Mimi, Mr. Fang Chin Ping and Mr. Hung Kai Mau, Marcus and the independent non-executive directors of the Company are Mr. Soo Hung Leung, Lincoln, Mr. Lo Yun Tai, Mr. Lun Tsan Kau and Mr. Lam Ka Wai, Graham.

* *For identification only*

“Please also refer to the published version of this announcement in the South China Morning Post”