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APPLIED INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

CLARIFICATION ANNOUNCEMENT

The Board wishes to refer to and supplement the circular issued by the Company dated 25th October, 2002 in relation to the proposals for general mandate to issue securities and general mandate to repurchase securities.

Reference is made to the circular issued by the Company dated 25th October, 2002 ("Circular") in relation to the proposals for general mandate to issue securities and general mandate to repurchase securities ("Repurchase Mandate"). Terms defined in this announcement shall have the same meaning as defined in the Circular unless the context requires otherwise. The board of Directors ("Board") wishes to supplement the Circular with the information set out below.

As at the date of the Circular, the Company has 189,334,149 outstanding warrants ("Warrants") which entitle the holders to subscribe for one fully-paid Share for every warrant they hold at the subscription price of HK\$0.48 (subject to adjustment) at any time between 4th May, 2000 and 30th April, 2004. Based on such figure and assuming no Warrant will be issued and purchased up to the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to purchase up to 10% of the outstanding Warrants at the date of passing the resolution and with a maximum of 18,933,414 Warrants.

In the event that the Repurchase Mandate is exercised in full by the Directors, as far as the Directors are aware, there will be sufficient public float for the Shares as required under rule 8.08 of the Listing Rules.

Due to an inadvertent oversight, the Company omitted to submit the Circular to the Stock Exchange for review prior to dispatching it to shareholders as should have been required under Rule 10.06(b) of the Listing Rules. This constitutes a breach of the relevant Listing Rules and the Stock Exchange has indicated that it reserves its right to take appropriate action against the Company in this regard. To ensure future compliance, the Company will ensure that its relevant officers are familiarised with the Listing Rules and that professional advice will be sought as and when required. Any explanatory statement relating to share repurchase shall be submitted to the Stock Exchange for review prior to dispatching to shareholders in compliance with the Listing Rules.

By Order of the Board
Applied International Holdings Limited
Fang Chin Ping
Director

19th November, 2002, Hong Kong