

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



APPLIED INTERNATIONAL HOLDINGS LIMITED

實力國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

DISCLOSEABLE TRANSACTION

DISPOSAL OF INTEREST IN A SUBSIDIARY – SUPPLEMENTAL AGREEMENT

On 15 June 2005, Applied Properties and Mr. Lai entered into a supplemental agreement (the “Supplemental Agreement”) to amend certain terms of the Share Transfer Agreement. Pursuant to the Supplemental Agreement, among other things, the total Consideration payable was reduced from RMB15,000,000 (approximately HK\$14,136,940) to RMB14,400,000 (approximately HK\$13,571,462), Completion was deferred from 8 December 2004 till on or before 30 June 2005 and the balance of the Consideration payable by Mr. Lai on Completion was reduced from RMB13,500,000 (approximately HK\$12,723,246) to RMB12,900,000 (approximately HK\$12,157,768).

Reference is made to the Company’s announcement dated 13 September 2004 and the circular of the Company dated 4 October 2004 (the “Circular”). Terms used in this announcement shall have the same meanings as defined in the Circular unless otherwise specified.

On 9 September 2004, Applied Properties and Mr. Lai entered into the Share Transfer Agreement pursuant to which Applied Properties agreed to sell and Mr. Lai agreed to purchase the Jiangmen Shares for a total Consideration of RMB15,000,000 (approximately HK\$14,136,940). Mr. Lai paid a deposit of RMB1,500,000 (approximately HK\$1,413,694) upon signing the Share Transfer Agreement. The balance of the Consideration of RMB13,500,000 (approximately HK\$12,723,246) was payable by Mr. Lai on Completion which was scheduled to take place on 8 December 2004.

In or around November 2004, differences in opinion arose between Mr. Lai and Applied Properties as to the size of the Jiangmen Property (as set out in the Share Transfer Agreement) as a result of a notice issued by 江門市國土局 (the “Land Bureau”) reclaiming the land use right attributable to a portion of the Jiangmen Property (the “Land Reclamation Notice”). Consequently, Completion did not take place on 8 December 2004.

As a result of subsequent negotiations, Applied Properties and Mr. Lai entered into the Supplemental Agreement on 15 June 2005 to amend certain terms of the Share Transfer Agreement. Pursuant to the Supplemental Agreement, among other things, (a) Completion was deferred to on or before 30 June 2005; (b) Mr. Lai shall pay the relevant outstanding charges in connection with the Land Reclamation Notice as stipulated by the PRC governmental authorities and all fees, taxes and expenses in connection therewith (together, the “Reclamation Charges”); and (c) having regard to the Reclamation Charges payable by Mr. Lai, it was agreed between the parties that the total Consideration payable be reduced from RMB15,000,000 (approximately HK\$14,136,940) to RMB14,400,000 (approximately HK\$13,571,462) and the balance of the Consideration payable by Mr. Lai on Completion be reduced from RMB13,500,000 (approximately HK\$12,723,246) to RMB12,900,000 (approximately HK\$12,157,768).

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.

Unless otherwise specified in this announcement, conversions of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.06105 to HK\$1.00. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate.

By order of the board
Applied International Holdings Limited
Fang Chin Ping
Executive Director

Hong Kong, 16 June 2005

* *For identification only*

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