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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

**If you are in any doubt** about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Applied Development Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**APPLIED DEVELOPMENT HOLDINGS LTD.**

**實力建業集團有限公司 \***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 519)**

## **RENEWAL OF GENERAL MANDATES TO ISSUE SHARES AND PURCHASE SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING**

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This circular is despatched together with the annual report of Applied Development Holdings Limited for the year ended 30 June 2007 which comprises the Directors' report, the auditors' report by 16 October 2007 and the audited financial statements of Applied Development Holdings Limited and its subsidiaries for the year ended 30 June 2007.

A notice convening an annual general meeting of Applied Development Holdings Limited to be held at 3:00 p.m. on 7 November 2007 (Wednesday) at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Central, Hong Kong is set out on pages 12 to 15 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business at Units 3402-3, 34/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting, or any adjournment thereof, should you so wish.

\* *For identification purpose only*

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company to be held at 3:00 p.m. on 7 November 2007 (Wednesday) at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Central, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 12 to 15 of this circular;
“associate”	has the meanings ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“bye-laws”	the existing bye-laws of the Company;
“Company”	Applied Development Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange;
“connected person”	has the meanings ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares;
“Latest Practicable Date”	10 October 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to purchase Shares;

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## DEFINITIONS

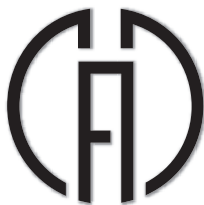
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“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

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LETTER FROM THE BOARD

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**APPLIED DEVELOPMENT HOLDINGS LTD.**

**實力建業集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 519)**

*Executive Directors:*

Mr. Hung Kin Sang, Raymond (*Managing Director*)

Ms. Hung Wong Kar Gee, Mimi (*Chairman*)

Mr. Fang Chin Ping

Mr. Hung Kai Mau, Marcus

*Registered office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Independent Non-executive Directors:*

Mr. Soo Hung Leung, Lincoln, J.P.

Mr. Lo Yun Tai

Mr. Lun Tsan Kau

Mr. Lam Ka Wai, Graham

*Principal place of business:*

Units 3402-3, 34/F

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central  
Hong Kong

10 October 2007

*To the Shareholders*

Dear Sir or Madam,

**RENEWAL OF GENERAL MANDATES TO ISSUE SHARES  
AND PURCHASE SHARES,  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to: (i) provide you with details of the proposed Issue Mandate and the proposed Purchase Mandate; (ii) set out an explanatory statement regarding the Purchase Mandate; and (iii) give you notice of the AGM.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### GENERAL MANDATES TO ISSUE AND PURCHASE SHARES

Ordinary resolutions will be proposed at the AGM to give to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and
- (ii) to purchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

In addition, a separate ordinary resolution will also be proposed at the AGM to add to the Issue Mandate those Shares purchased by the Company pursuant to the Purchase Mandate (if granted to the Directors at the AGM).

The Issue Mandate and the Purchase Mandate will expire on whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of the relevant resolutions at the AGM at which time such Issue Mandate and Purchase Mandate shall lapse unless, by ordinary resolutions passed at that meeting, the mandates are renewed, either unconditionally or subject to conditions; or
- (ii) the revocation or variation of the authority given under the relevant resolutions at the AGM by an ordinary resolution of the shareholders of the Company in general meeting.

The Directors have no present intention to exercise the Issue Mandate or the Purchase Mandate (if granted to the Directors at the AGM). The information in the explanatory statement is to provide you with the information reasonable necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Purchase Mandate at the AGM.

An explanatory statement containing information regarding the Purchase Mandate is set out in the appendix to this circular.

### RE-ELECTION OF DIRECTORS

The Board currently consists of eight Directors including four executive Directors, namely, Mr. Hung Kin Sang, Raymond (*Managing Director*), Ms. Hung Wong Kar Gee, Mimi (*Chairman*), Mr. Fang Chin Ping and Mr. Hung Kai Mau, Marcus, four independent non-executive Directors, namely, Mr. Soo Hung Leung, Lincoln, J.P., Mr. Lo Yun Tai, Mr. Lun Tsan Kau and Mr. Lam Ka Wai, Graham.

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## LETTER FROM THE BOARD

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According to Article 87(1) of the Company's bye-laws (the "Article"), one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall also retire from office by rotation at the AGM. In addition, the new code on corporate governance practices (the "Code") under Appendix 14 to the Listing Rules provides, inter alia, that every Director should be subject to retirement by rotation at least once every three years. In accordance with the Article and the Code, Mr. Soo Hung Leung, Lincoln, J.P. and Mr. Lun Tsan Kau shall retire by rotation at the AGM.

All of the abovenamed retiring Directors are eligible for re-election and have expressed their willingness to stand for re-election at the AGM. Brief biographical details for each of the abovenamed retiring Directors are set out as follows:

**(i) Mr. Soo Hung Leung, Lincoln, J.P.**

Mr. Soo Hung Leung, Lincoln ("Mr. Soo"), aged 62, BScChE, MBA, J.P., Independent Non-executive Director, is a stock broker and Chairman of Soo Pei Shao & Co. Ltd., and also an Independent Non-executive Director of Wing Lung Bank Limited and Wah Ha Realty Company Limited. Mr. Soo is also a member of the HKSAR Insider Dealing Tribunal, the Committee of the Spastics Association, Chairman of the English Advisory Committee of Hong Kong Baptist University, and Chairman of the HKSAR Board of Review (Film Censorship). Saved as Wing Lung Bank Limited and Wah Ha Realty Company Limited, Mr. Soo does not hold any directorship in any other listed company in the last three years.

Mr. Soo does not have any relationship with any directors, members of senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Soo beneficially owns 1,100,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance, representing approximately 0.13% of the issued share capital of the Company.

There is no service contract between the Company and Mr. Soo. In addition, Mr. Soo is not appointed for a specific term and his length of service as a director of the Company is subject to the relevant provisions in the bye-laws. Mr. Soo is currently entitled to receive a director's emoluments of HK\$100,000 per annum which is subject to annual review by the Board by reference to market benchmarks.

Save as disclosed above, there are no other matters concerning Mr. Soo that need to be brought to the attention of the shareholders of the Company nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

**(ii) Mr. Lun Tsan Kau**

Mr. Lun Tsan Kau, ("Mr. Lun"), aged 53, Independent Non-executive Director, holds a master of science degree in Electronics and Computer Science from the University of California at Berkeley, USA and a master of business administration degree from the

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## LETTER FROM THE BOARD

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University of Hong Kong. He joined the Group in 1997. He has over 28 years experience in investment, manufacturing, banking and real estate development. He was previously affiliated with several international banks, an electronics manufacturing company and a US based investment holding company. He is an Executive Director and the Deputy Managing Director of K. Wah International Holdings Limited. Saved as K. Wah International Holdings Limited, Mr. Lun does not hold any directorship in any other listed company in the last three years.

Mr. Lun does not have any relationship with any directors, members of senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lun does not beneficially own any share of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract between the Company and Mr. Lun. In addition, Mr. Lun is not appointed for a specific term and his length of service as a director of the Company is subject to the relevant provisions in the bye-laws. Mr. Lun is currently entitled to receive a director's emoluments of HK\$100,000 per annum which is subject to annual review by the Board by reference to market benchmarks.

Save as disclosed above, there are no other matters concerning Mr. Lun that need to be brought to the attention of the shareholders of the Company nor any information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

### **RECOMMENDATION**

The Directors consider that the granting of the Issue Mandate and the Purchase Mandate are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the relevant resolutions at the AGM.

### **ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at 3:00 p.m. on 7 November 2007 (Wednesday) at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Central, Hong Kong is set out on pages 12 to 15 of this circular for the purpose of, inter alia, considering and, if thought fit, passing the resolutions set out therein.

### **PROCEDURE BY WHICH A POLL MAY BE DEMANDED**

Pursuant to bye-law 76 of the bye-laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by: (i) the chairman; or (ii) at least three members present in person or by proxy or by representative for the time being entitled to vote at the meeting; or (iii) a member or members present in person or by proxy or by representative and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or (iv) by a member or members present in person or by proxy or by representative



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## LETTER FROM THE BOARD

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and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

### **ACTION TO BE TAKEN**

You will find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business at Units 3402-3, 34/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

By Order of the Board  
**Applied Development Holdings Limited**  
**Fang Chin Ping**  
*Executive Director*

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Purchase Mandate proposed to be granted to the Directors.

## **1. THE STOCK EXCHANGE RULES FOR PURCHASES OF SHARES**

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed purchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be purchased must be fully paid up.

## **2. FUNDING OF PURCHASES**

Any purchase will be made out of funds which are legally available for the purpose in accordance with the memorandum of association and bye-laws of the Company and the Companies Act 1981 of Bermuda. As compared with the financial position of the Company as at 30 June 2007 (being the date to which the latest audited financial statements of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed purchases were to be carried out in full during the proposed purchase period.

The Directors do not propose to exercise the Purchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

## **3. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 874,887,826 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and purchase Shares and on the basis that no further Shares are issued or purchased between the Latest Practicable Date and the AGM, the Directors would be authorised to exercise the powers of the Company to purchase a maximum of 87,488,782 Shares.

## **4. REASONS FOR PURCHASES**

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to purchase Shares on the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders.

## 5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Purchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and in accordance with the memorandum of association and bye-laws of the Company.

## 6. EFFECT OF THE TAKEOVERS CODE

If as a result of a purchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, the substantial Shareholders having interests in 10% or more of the issued share capital of the Company were:

Name of Shareholder	Number of Shares held	Approximate % shareholding	
		As at the Latest Practicable Date	If the Purchase Mandate is exercised in full
Capita Company Inc. ( <i>Note 1</i> )	359,153,435	41.05%	45.61%
Marami Foundation ( <i>Note 1</i> )	439,984,584	50.29%	55.88%
Hung Kin Sang, Raymond ( <i>Note 1</i> )	443,264,584	50.67%	56.29%
Hung Wong Kar Gee, Mimi ( <i>Note 1</i> )	449,294,640	51.35%	57.06%

*Notes:*

- These Shares are held by the following companies:

	Number of Shares
Malcolm Trading Inc.	43,992,883
Primore Co. Inc.	2,509,266
Capita Company Inc.	359,153,435
Applied Investment (Asia) Limited ( <i>Note 2</i> )	34,329,000
	<u>439,984,584</u>

Malcolm Trading Inc., Primore Co. Inc. and Capita Company Inc. are wholly-owned by Marami Foundation as trustee for the Raymond Hung/Mimi Hung & Family Trust, a discretionary trust the discretionary objects of which include the family members of Hung Kin Sang, Raymond and Hung Wong Kar Gee, Mimi. Among the 443,264,584 Shares which are deemed to be held by Hung Kin Sang, Raymond, 3,280,000 Shares are held under his personal interest. Among the 449,294,640 Shares which are deemed to be held by Hung Wong Kar Gee, Mimi, 9,310,056 Shares are held under her personal interest.

2. These Shares are held by Applied Investment (Asia) Limited, a wholly-owned subsidiary of the Company. Capita Company Inc. owns more than one-third of the issued Shares and is a wholly-owned subsidiary of Marami Foundation, the trustee of the Raymond Hung/Mimi Hung & Family Trust the discretionary objects of which include the family members of Hung Kin Sang, Raymond and Hung Wong Kar Gee, Mimi.

In the event the Directors exercise in full the power to purchase Shares which is proposed to be granted pursuant to the resolution, the interests of each of the above Shareholders in the Company would be increased to approximately the percentages as set out opposite their respective names in the table above. Such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power to purchase Shares to an extent which would render the aforesaid Shareholders or any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Purchase Mandate will not result in less than 25% of the Shares being held by the public.

## 7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the proposed Purchase Mandate is granted, to sell Shares to the Company. No connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make purchases of Shares.

## 8. SHARE PURCHASE MADE BY THE COMPANY

Save as disclosed below, no purchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the six months ended on the Latest Practicable Date.

Month/Year	Number of Shares Repurchased	Purchase price per Share		Aggregate purchase consideration HK\$
		Highest HK\$	Lowest HK\$	
April 2007	4,385,000	0.500	0.425	2,109,600
May 2007	2,855,000	0.560	0.460	1,445,800
June 2007	1,665,000	0.620	0.550	972,600
July 2007	3,115,000	0.890	0.540	2,100,800
August 2007	2,560,000	0.810	0.500	1,790,400
September 2007	440,000	0.640	0.610	281,300
Total	<u>15,020,000</u>			<u>8,700,500</u>

**9. SHARE PRICE**

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months immediately prior to the Latest Practicable Date were as follows:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2006</b>		
October	0.550	0.465
November	0.530	0.440
December	0.470	0.375
<b>2007</b>		
January	0.490	0.390
February	0.485	0.435
March	0.465	0.410
April	0.550	0.415
May	0.640	0.460
June	0.630	0.540
July	1.040	0.540
August	0.850	0.490
September	0.740	0.560
October 2007 till the Latest Practicable Date	0.730	0.550

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# NOTICE OF ANNUAL GENERAL MEETING

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## APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司 \*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 519)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting of Applied Development Holdings Limited (the “Company”) will be held at 3:00 p.m. on 7 November 2007 (Wednesday) at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Central, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements and reports of the directors and independent auditor of the Company for the year ended 30 June 2007.
2. To re-elect directors:
  - (a) Mr. Soo Hung Leung, Lincoln, J.P.
  - (b) Mr. Lun Tsan Kau
3. To determine the directors’ remuneration for their services.
4. To appoint auditors and authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions, which will be proposed as ordinary resolutions of the Company:

### **ORDINARY RESOLUTIONS**

5. **“THAT:**
  - (A) subject to paragraph (C) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;

\* For identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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- (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at close of business on the day of passing this resolution; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or
- (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

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## NOTICE OF ANNUAL GENERAL MEETING

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6. “**THAT:**

- (A) subject to paragraph (C) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to purchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the Directors;
- (C) the aggregate nominal amount of share capital of the Company purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (A) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or
- (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”



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## NOTICE OF ANNUAL GENERAL MEETING

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7. “**THAT** conditional upon the passing of ordinary resolutions numbered 5 and 6 in the notice of annual general meeting of the Company dated 7 November 2007, the aggregate nominal amount of the share capital of the Company which are purchased by the Company pursuant to and in accordance with ordinary resolution numbered 6 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with ordinary resolution numbered 5.”

By Order of the Board  
**Applied Development Holdings Limited**  
**Lee Wai Fun, Betty**  
*Company Secretary*

Hong Kong, 16 October 2007

*Executive Directors:*

Mr. Hung Kin Sang, Raymond  
Ms. Hung Wong Kar Gee, Mimi  
Mr. Fang Chin Ping  
Mr. Hung Kai Mau, Marcus

*Registered office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

*Independent Non-executive Directors:*

Mr. Soo Hung Leung, Lincoln, J.P.  
Mr. Lo Yun Tai  
Mr. Lun Tsan Kau  
Mr. Lam Ka Wai, Graham

*Principal place of business:*

3402-3, 34/F  
China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. A form of proxy for use at the meeting is enclosed.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the principal place of business of the Company at Units 3402-3, 34/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
5. No instrument appointing a proxy shall be valid after expiration of twelve months from the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve months from such date.
6. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.