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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.



APPLIED DEVELOPMENT HOLDINGS LTD.

實力建業集團有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 519)

**PROPOSED GRANT OF SHARE OPTIONS,
RENEWAL OF GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
REFRESHMENT OF SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

This circular is despatched together with the annual report of Applied Development Holdings Limited for the year ended 30 June 2009 which comprises the Directors' report, the auditors' report and the audited financial statements of Applied Development Holdings Limited and its subsidiaries for the year ended 30 June 2009.

A notice convening an annual general meeting of Applied Development Holdings Limited to be held at 3:00 p.m. on 24 November 2009 (Tuesday) at Aberdeen Room, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 17 to 21 of this circular. A form of proxy for use at the annual general meeting is enclosed with 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*

29 October 2009

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RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

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 24 November 2009 (Tuesday) at Aberdeen Room, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 17 to 21 of this circular;
“associate”	the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“bye-laws”	the 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”	the meaning 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;
“Interested Directors”	Directors who are grantees of the Options;
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution;
“Latest Practicable Date”	23 October 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Options”	options to subscribe for an aggregate of 44,430,000 Shares, conditionally granted to the Interested Directors under the Share Option Scheme;
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution;
“Scheme Limit”	the meaning ascribed thereto in the section headed “Refreshment of Scheme Limit” in the Letter from the Board in this circular;
“Scheme Mandate Limit”	the meaning ascribed thereto in the section headed “Refreshment of Scheme Mandate Limit” in the Letter from the Board in this circular;
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Share Option Scheme”	the share option scheme adopted by the Company on 16 September 2002;
“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.

LETTER FROM THE BOARD



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. Hung Kai Mau, Marcus
Mr. Fang Chin Ping

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

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

29 October 2009

To the Shareholders

Dear Sir or Madam,

**PROPOSED GRANT OF SHARE OPTIONS,
RENEWAL OF GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
REFRESHMENT OF SCHEME MANDATE LIMIT
UNDER THE SHARE OPTION SCHEME,
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 resolutions to be proposed at the forthcoming AGM in relation to: (a) the conditional grant of Options to the executive Directors; (b) the proposed Issue Mandate and the proposed Repurchase Mandate; (c)

* *For identification purpose only*

LETTER FROM THE BOARD

refreshment of Scheme Mandate Limit under the Share Option Scheme; and (d) re-election of Directors; (ii) set out an explanatory statement regarding the Repurchase Mandate; and (iii) give you notice of the AGM.

GRANT OF OPTIONS

The Share Option Scheme was adopted on 16 September 2002 and will expire on 15 December 2012. Pursuant to the terms of the Share Option Scheme, among other things:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time (the “Scheme Limit”); and
- (2) the number Shares which may issued upon exercise of all share options to be granted under the Share Option Scheme and any other option schemes of the Company shall not exceed 10% of the total number of Shares in issue on the day of adoption of the Share Option Scheme (“Scheme Mandate Limit”).

The existing Scheme Mandate Limit of the Share Option Scheme is 94,108,074 Shares, being 10% of the Shares of the Company in issue on the date of the Scheme Mandate Limit was approved on 16 September 2002. As options carrying the right subscribe for 49,643,141 Shares have been granted under the Share Option Scheme, the Board resolved in the board meeting held on 21 October 2009 to conditionally grant the Options to the Interested Directors, details of which are as follows:

Name of directors	No. of Options to be granted	% of the issued share capital
1. Mr. Hung Kin Sang, Raymond	22,700,000	2.60%
2. Ms. Hung Wong Kar Gee, Mimi	13,330,000	1.53%
3. Mr. Hung Kai Mau, Marcus	8,400,000	0.96%
	<u>44,430,000</u>	<u>5.09%</u>

The details of the grant of the Options are set out in Appendix II to this circular.

After considering the past contribution to the Group from the above Directors, the Remuneration Committee (totally 2 of 3 independent non-executive Directors of the Company in accordance with Rule 17.04 of the Listing Rules) proposed the grant of the above 44,430,000 Options (details set out in Appendix II) to the above executive directors as their reward. Therefore, the independent non-executive directors recommend that the independent Shareholders vote in favour of the relevant resolutions to approve the grant of the Options at the AGM.

LETTER FROM THE BOARD

Mr. Hung Kin Sang, Raymond is a substantial shareholder and the Managing Director of the Company, and is principally responsible for overall management activities of the Company including business strategy planning and development.

Ms. Hung Wong Kar Gee, Mimi is a substantial shareholder and the Chairman of the Company, and who is responsible for chairing all meetings of the Board and ensuring the management operations of the Company follow the Board's instructions in effective and efficient ways.

Mr. Hung Kai Mau, Marcus, is an executive director and assists the Managing Director of the Company in all management activities of the Company.

No Interested Directors voted in the meeting of the Remuneration Committee or the board meeting at which the grant of the Options was proposed and approved respectively.

As at the Latest Practicable Date, the interests of the Interested Directors in shares of the Company (with the meaning of Part XV of the Securities and Futures Ordinance), were as follows:

Name of Director	Number of Shares			Approximate % of Total shareholding
	Beneficial owner	Held by a discretionary trust	Held by controlled corporation	
Hung Kin Sang, Raymond	3,280,000	405,655,584 <i>(Note 1)</i>	34,329,000 <i>(Note 2)</i>	443,264,584 50.76%
Hung Wong Kar Gee, Mimi	9,310,056	405,655,584 <i>(Note 1)</i>	34,329,000 <i>(Note 2)</i>	449,294,640 51.45%
Hung Kai Mau, Marcus	2,960,000	–	–	2,960,000 0.34%

Notes:

- These shares were held by the following companies:

	Number of ordinary shares
Malcolm Trading Inc.	43,992,883
Primore Co. Inc.	2,509,266
Capita Company Inc.	359,153,435
	405,655,584

Malcolm Trading Inc., Primore Co. Inc. and Capital Company Inc. are wholly-owned by the Marami Foundation as trustee for the Raymond Hung/Mimi Hung & Family Trust, a discretionary trust of which Mr. Hung Kin Sang, Raymond and Ms. Hung Wong Kar Gee, Mimi are both beneficiaries.

- These shares were held by Applied Investment (Asia) Limited, a wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Save as disclosed above and other than certain nominee shares in subsidiaries held in trust for the Company by certain directors as at the Latest Practicable Date, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations. No directors of the company who are trustees of the scheme or have a direct or indirect interest in the trustees.

Pursuant to Rules 17.02(2) of the Listing Rules, the existing Share Option Scheme which was adopted on 16 September 2002 will be available at units 3402-3, 34/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during business hours from 10:00 a.m. to 4:00 p.m., Mondays to Fridays, from 2 November to 23 November 2009 for shareholders' inspection.

Pursuant to Rules 17.03(4) and 17.04(1) of the Listing Rules, the grant of the Options must be approved by Shareholders. The Options granted to the above directors are conditional on the passing of an ordinary resolution by the Shareholders at the AGM to approve the grant of Options and to authorize the Directors to allot and issue Shares pursuant to the exercise of the Options. All connected persons of the Company, including Mr. Hung Kin Sang, Raymond, Ms. Hung Wong Kar Gee, Mimi and Mr. Hung Kai Mau, Marcus and their associates are required to abstain from voting in favour of the resolution at the AGM.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

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

- (i) to allot, issue and otherwise deal with new Shares of 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. As at the Latest Practicable Date, the issued share capital of the Company comprised 873,217,826 fully paid-up Shares. If there is no allotment or repurchase of the Shares between the Latest Practicable Date and the date of AGM, the maximum number of Shares which can be allotted, issued or otherwise dealt with pursuant to the Issue Mandate will be 174,643,565 Shares; and
- (ii) to repurchase Shares of 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. As at the Latest Practicable Date, the issued share capital of the Company comprised 873,217,826 fully paid-up Shares. If there is no allotment or repurchase of the Shares between the Latest Practicable Date and the date of AGM, the maximum number of Shares which can be repurchased pursuant to the Repurchase Mandate will be 87,321,782 Shares.

LETTER FROM THE BOARD

In addition, a separate ordinary resolution will also be proposed at the AGM to add to the number of Shares which may be allotted, issued or otherwise dealt with pursuant to the Issue Mandate, those Shares repurchased by the Company pursuant to the Repurchase Mandate (if granted to the Directors at the AGM).

The Issue Mandate and the Repurchase 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 Repurchase 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 in a general meeting.

The Directors have no present intention to exercise the Issue Mandate or the Repurchase 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 Repurchase Mandate at the AGM. An explanatory statement containing information regarding the Repurchase Mandate is set out in the Appendix I to this circular.

REFRESHMENT OF SCHEME MANDATE LIMIT

In order to provide the Company with greater flexibility in granting share options to eligible persons (including but not limited to employees and Directors) of the Company under the Share Option Scheme as incentives or rewards for their contribution to the Company, a resolution will be proposed at the forthcoming AGM in relation to the refreshment of the Scheme Mandate Limit of the Share Option Scheme.

The Share Option Scheme was adopted on 16 September 2002. Pursuant to the terms of the Share Option Scheme, among other things:

- (1) the maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time (the “Scheme Limit”); and
- (2) the number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of Shares in issue on the day of adoption of the Share Option Scheme (“Scheme Mandate Limit”).

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The Company may renew the Scheme Mandate Limit at any time, subject to prior Shareholders' approval in general meeting and the Stock Exchange granting listing of and permission to deal in the Shares to be issued upon exercise of options granted pursuant to the refreshment of the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit as "refreshed" must not exceed 10% of the Shares in issue as at the date of the approval of the refreshment of the Scheme Mandate Limit. Share options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for purpose of calculating the Scheme Mandate Limit as "refreshed".

The existing Scheme Mandate Limit of the Share Option Scheme is 94,108,074 Shares, being not exceeding 10% of the Shares of the Company in issue on the day the Scheme Mandate Limit was approved on 16 September 2002. The Directors believe that the Share Option Scheme is a cost effective way to provide incentives to, and recognise the contributions of, the Group's employees and other selected grantees. The refreshment of the Scheme Mandate Limit will give the Directors more flexibility in employing the Share Option Scheme in the future should they need to grant share options over the existing limit. Accordingly, the Directors would like to take the AGM as an opportunity to approve the refreshment of the Scheme Mandate Limit.

As at the Latest Practicable Date, the options carrying the right to subscribe for 49,643,141 Shares have been granted under the existing Scheme Mandate Limit. If the Scheme Mandate Limit is "refreshed" at the AGM, on the basis of 873,217,826 Shares in issue as at the Latest Practicable Date and assuming that no further Shares are allotted and issued or repurchased by the Company between the Latest Practicable Date and the date of AGM, the Scheme Mandate Limit will be "refreshed" to 87,321,782 Shares (the "Refreshed Limit"). The Scheme Limit is 212,322,206 Shares. As the grant of the Shares Option to the Interested Directors will be from the Refreshed Limit if the relevant resolution in respect of the "Refreshed Limit" is approved, the balance of the refreshed Scheme Mandate Limit will be 42,891,782 if the relevant resolutions to approve the grant of Share Options to the Interested Directors are approved. The Company wishes to seek the Shareholders' approval of a refreshment of the Scheme Mandate Limit at the AGM subject to the requirements under the Listing Rules. The Refreshed Limit does not exceed the Scheme Limit. Save for the Share Option Scheme, the Company has not adopted any other share option schemes.

The refreshment of the Scheme Mandate Limit is subject to (i) the Shareholders' approval at the AGM; and (ii) the Listing Committee granting approval for the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any share options granted under the refreshed limit of the Share Option Scheme.

Application will be made to the Stock Exchange for listing of and permission to deal in the Shares to be issued upon exercise of share options granted pursuant to the refreshed Scheme Mandate Limit.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

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

According to bye-law 87(1) of the bye-laws (the “bye-law”), inter alia, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to but not greater than one-third, shall retire from office by rotation at the AGM. In addition, the code on corporate governance practices (the “Code”) contained in 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. The Chairman of the Company will not be subject to retirement by rotation, or be taken into account in determining the number of Directors to retire, as provided by the Bye-law. Mr. Fang Chin Ping (“Mr. Fang”) and Mr. Lo Yun Tai (“Mr. Lo”) shall retire at the AGM and they will not offer themselves for re-election. Mr. Fang and Mr. Lo also confirmed that there is neither disagreement with the Board nor matter which needs to be brought to the attention of the holders of securities of the Company in respect of their retirement.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at 3:00 p.m. on 24 November 2009 (Tuesday) at Aberdeen Room, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 17 to 21 of this circular.

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.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Therefore, pursuant to bye-law 66(a) of the bye-laws, the chairman of the AGM will demand that voting on all resolutions put forward at the AGM shall be taken by way of poll. The Company will appoint scrutineers to handle vote-taking procedures at the AGM. The results of the poll will be published on the websites of the Stock Exchange and the Company as soon as possible in accordance with Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

This document includes particulars given in compliance with the Rules of The Stock Exchange and the directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the proposals referred to in this circular are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of all the relevant resolutions at the AGM.

By Order of the Board
Applied Development Holdings Limited
Hung Kai Mau, Marcus
Executive Director

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Repurchase 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, which include that all proposed repurchases 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 repurchase 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. It is presently proposed that any repurchase of Shares would be funded from the available cash flow and/or working capital facilities of the Company.

As compared with the financial position of the Company as at 30 June 2009 (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 repurchases were carried out in full during the proposed repurchase period. The Directors do not propose to exercise the Repurchase Mandate to such an 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 873,217,826 Shares. Subject to the passing of the relevant ordinary resolutions at the AGM and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Directors would be authorised to exercise the powers of the Company to repurchase a maximum of 87,321,782 Shares.

4. REASONS FOR REPURCHASES

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 repurchase Shares on the market. Such repurchases 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 repurchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that they will exercise the power to repurchase Shares pursuant to the Repurchase 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 repurchase 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 Repurchase Mandate is exercised in full
Capita Company Inc. (Note 1)	359,153,435	41.13%	45.70%
Marami Foundation (Note 1)	439,984,584	50.39%	55.99%
Hung Kin Sang, Raymond (Note 1)	443,264,584	50.76%	56.40%
Hung Wong Kar Gee, Mimi (Note 1)	449,294,640	51.45%	57.17%

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 (Note 2)	34,329,000
	439,984,584

Malcolm Trading Inc., Primore Co. Inc. and Capita Company Inc. are wholly-owned by Marami Foundation, the trustee of 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.

- 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 repurchase Shares pursuant to the Repurchase Mandate which is proposed to be granted pursuant to the relevant 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 repurchase Shares to such an extent which would render the aforesaid Shareholders or any Shareholder or group of Shareholders having an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Board does not intend to exercise the Repurchase Mandate such an extent which would 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 have any present intention, in the event that the proposed Repurchase Mandate is exercised, 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 repurchases of Shares.

8. SHARE REPURCHASES MADE BY THE COMPANY

Save as disclosed below, no repurchase 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.

Date	Number of Shares Repurchased	Repurchase price per Share		Aggregate Repurchase Consideration HK\$
		Highest HK\$	Lowest HK\$	
24 April 2009	<u>30,000</u>	0.149	0.145	<u>4,523</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:

	Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
October	0.280	0.115
November	0.240	0.150
December	0.198	0.190
2009		
January	0.215	0.190
February	0.181	0.110
March	0.150	0.126
April	0.168	0.131
May	0.205	0.132
June	0.238	0.183
July	0.230	0.190
August	0.520	0.205
September	0.405	0.248
October 2009 up to and including the Latest Practicable Date	0.305	0.260

PRINCIPAL TERMS OF THE OPTIONS

The principal terms of the Options are as follows:

Grantor:	The Company
Number of Options:	options to subscribe for an aggregate of 44,430,000 Shares
Grantees:	(i) Mr. Hung Kin Sang, Raymond (options to subscribe for 22,700,000 Shares); (ii) Ms. Hung Wong Kar Gee, Mimi (options to subscribe for 13,330,000 Shares); (iii) Mr. Hung Kai Mau, Marcus (options to subscribe for 8,400,000 Shares)
Date of Grant:	21 October 2009 (“Date of Grant”)
Exercise Period:	The Shares under the Options must be subscribed for within 5 years from the date of grant of the Options. There is no minimum period for the Options to be held before they can be exercised.
Performance Target:	The Options do not specify a performance target which must be achieved before they can be exercised.
Payment on Acceptance of the Options:	The Options must be accepted by the Interested Directors within 30 days from the Date of Grant. Grantees shall remit HK\$1.00 in favour of the Company upon acceptance of the grant of the Options.
Exercise Price:	HK\$0.290 per Share, being the higher of (i) the closing price of the Shares on the Date of Grant and (ii) the average closing price of the Shares for the 5 trading days immediately before the Date of Grant. The closing price of the Shares on the Date of Grant and 5 trading days preceding it are as follows:

Date	Closing Price
14 October 2009	HK\$0.300
15 October 2009	HK\$0.290
16 October 2009	HK\$0.285
19 October 2009	HK\$0.280
20 October 2009	HK\$0.290
21 October 2009	HK\$0.290

Ranking of Shares: Shares allotted and issued upon the exercise of the Options will rank pari passu with the other Shares in issue at the relevant date of allotment except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore is before the relevant date of allotment but prior to exercise the Options do not carry any voting rights, or rights to participate in any dividends or distributions, of any rights arising on a liquidation of the Company or otherwise.

SHAREHOLDERS' APPROVAL FOR THE OPTIONS

Pursuant to Rules 17.03(4) and 17.04(1) of the Listing Rules,

- (1) where any further grant of options to a participant would result in the securities issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of securities in issue, such further grant must be separately approved by Shareholders in general meeting with such participant and his associates abstaining from voting;
- (2) each grant of options to a Director, chief executive or substantial shareholder of a listed issuer under the Share Option Scheme must be approved by independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options); and
- (3) where any grant of options to a substantial Shareholder would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and
 - (b) (where securities are listed on the Stock Exchange), having an aggregate value based on the closing price of the securities at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by Shareholders.

Therefore, the above grant of Options is conditional upon approval of the shareholders of the Company (other than its connected persons (as defined in the Listing Rules)) at the forthcoming AGM. All connected persons of the Company (including the Interested Directors and their associates) are required to abstain from voting in favour of the relevant resolution at the forthcoming AGM.

NOTICE OF ANNUAL GENERAL MEETING



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 24 November 2009 (Tuesday) at Aberdeen Room, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, 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 2009.
2. To determine the directors’ remuneration for their services.
3. To appoint auditors and authorise the board of directors of the Company 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

4. **“THAT:**
 - (A) the grant to Mr. Hung Kin Sang, Raymond, share options (the “Options”) to subscribe for 22,700,000 Shares at the subscription price of HK\$0.290 per Share subject to such conditions (if any) on the exercise of the Options as stipulated in the offer letter issued pursuant to the Share Option Scheme be and is hereby approved;
 - (B) the grant to Ms. Hung Wong Kar Gee, Mimi, Options to subscribe for 13,330,000 Shares at the subscription price of HK\$0.290 per Share subject to such conditions (if any) on the exercise of the Options as stipulated in the offer letter issued pursuant to the Share Option Scheme be and is hereby approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (C) the directors of the Company be and are hereby authorised to grant to Mr. Hung Kai Mau, Marcus, Options to subscribe for 8,400,000 Shares at the subscription price of HK\$0.290 per Share subject to such conditions (if any) on the exercise of the Options as stipulated in the offer letter issued pursuant to the Share Option Scheme be and is hereby approved; and
 - (D) the Directors of the Company be and are hereby authorised to do on behalf of the Company whatever they may, in their absolute discretion, consider necessary, desirable or expedient for the purposes of, or in connection with, the grant of the Options referred to in paragraphs (A), (B) and (C).”
5. (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;
- (B) the approval in paragraph (A) shall authorise the Directors 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 which may be 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 (i) a Rights Issue (as hereinafter defined); or (ii) pursuant to the exercise of any options granted under the share option scheme adopted by the Company; or (iii) an issue of shares upon the exercise of subscription or conversion rights attached to warrants which might be issued by the Company or any securities which are convertible into shares of the Company; or (iv) 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 as at the 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 the authority

NOTICE OF ANNUAL GENERAL MEETING

granted under this resolution 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 a general meeting.

“Rights Issue” means an offer of shares in the capital of the Company, 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 in that place).

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, the exercise by the Directors of all powers of the Company to purchase such shares being 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 which may be 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 share capital of the Company in issue as at the close of business on the day of passing this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(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 the authority granted under this resolution 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 a general meeting.”
7. **“THAT** conditional upon the passing of ordinary resolutions numbered 5 and 6 in the notice of annual general meeting of the Company dated 29 October 2009, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased 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.”
8. **“THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of the Company which may be allotted and issued upon the exercise of options to be granted under the share option scheme adopted by the Company on 16 September 2002 (the “Share Option Scheme”), the existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Share Option Scheme be and is hereby refreshed and renewed provided that the total number of Shares which may be allotted and issued upon the exercise of all the options to be grant under the Share Option Scheme (excluding options granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the close of business on the day of passing this resolution (the “Refreshed Limit”) and that the directors of the Company be and are hereby unconditionally authorised, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options

NOTICE OF ANNUAL GENERAL MEETING

under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

By Order of the Board
Applied Development Holdings Limited
Ng Kit Ling
Company Secretary

Hong Kong, 29 October 2009

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

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

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 of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the annual general meeting.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
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 certified copy of such power or authority 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 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 named in it as 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 of the Company from attending and voting in person on any or all resolutions on which he is entitled to vote at the meeting or poll concerned, and in such event any vote cast by his proxy on the same resolution shall be null and void.
7. All resolutions will be voted on by way of poll.