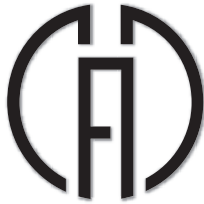

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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)

**ADOPTION OF A NEW SHARE OPTION SCHEME,
RENEWAL OF GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
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 2012 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 2012.

A notice convening an annual general meeting of Applied Development Holdings Limited to be held at 11:30 a.m. on 15 November 2012 (Thursday) at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 25 to 29 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 only*

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RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, 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, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders;
“AGM”	the annual general meeting of the Company to be held at 11:30 a.m. on 15 November 2012 (Thursday) at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 25 to 29 of this circular;
“associate(s)”	the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;
“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;
“Director(s)”	the directors of the Company;
“Eligible Participant”	any employees (whether full time or part time) of the Company or any of its Subsidiaries, executive, non executive and independent non-executive directors of the Company or any of its Subsidiaries and any business consultants, agents, financial or legal advisors whom the Board considers, in its sole discretion, have contributed to the business or operations of the Company or any of its Subsidiaries;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“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, 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”	9 October 2012, 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;
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company, further information and summary of the principal terms of which are set out in Appendix I;
“Options”	the options granted under the New Share Option Scheme to subscribe for Shares in accordance with the terms of the New 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 Mandate Limit”	has the meaning ascribed to it under the paragraph 3 of Appendix I set out on page 10 of 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;

DEFINITIONS

“Subsidiary(ies)”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Act 1981 of Bermuda as modified from time to time) of the Company;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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*)

(re-appointed on 15 August 2012)

Mr. Hung Kai Mau, Marcus (*Chairman*)

Ms. Ng Kit Ling (*appointed on 15 August 2012*)

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Mr. Lun Tsan Kau

Mr. Su Ru Jia

Mr. Lo Yun Tai (*re-appointed on 13 December 2011*)

Mr. Chan Ming Fai, Terence

(appointed on 13 December 2011)

Mr. Lam Ka Wai, Graham

(resigned on 12 December 2011)

Principal place of business:

Units 3402-3, 34/F

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

15 October 2012

To the Shareholders

Dear Sir or Madam,

**ADOPTION OF A NEW SHARE OPTION SCHEME,
RENEWAL OF GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE 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 resolutions to be proposed at the forthcoming AGM in relation to: (a) the adoption of a new Share Option Scheme; (b) the proposed Issue Mandate and the proposed Repurchase Mandate; and (c)

* *For identification only*

LETTER FROM THE BOARD

re-election of Directors; (ii) set out an explanatory statement regarding (a) the adoption of a New Share Option Scheme; (b) the proposed Issue Mandate and the proposed Repurchase Mandate; and (c) re-election of Directors and (iii) give you notice of the AGM.

PROPOSAL FOR ADOPTION OF THE NEW SHARE OPTION SCHEME

New Share Option Scheme

The Share Option Scheme expired on 16 September 2012 and the Company proposes to adopt a New Share Option Scheme which complies with Chapter 17 of the Listing Rules.

The purpose of the New Share Option Scheme is to provide incentives to participants thereunder who contribute to the Group and to enable the Group to recruit high caliber employees.

Save for the Share Option Scheme, as at the Latest Practicable Date, there was not in existence any other share option scheme of the Company involving the issue of Shares.

New Share Option Scheme

As at the Latest Practicable Date, there were in issue an aggregate of 837,773,826 existing Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the maximum number of new Shares allowed to be issued under the New Share Option Scheme and any other share option schemes of the Company on the Adoption Date will be 83,777,382 new Shares, representing approximately 10% of the total issued ordinary share capital of the Company. Pursuant to Note (2) to Rule 17.03(3) of the Listing Rules, the limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes must not exceed 30% of the number of Shares of the Company in issue from time to time. No options may be granted under any schemes of the Company if this will result in this 30% limit being exceeded.

Restriction on the time of grant of options

Pursuant to Rule 17.05 of the Listing Rules, a grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with Rule 2.07C. In particular, during the period commencing one month immediately preceding the earlier of:

- (1) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's interim or annual results; and

LETTER FROM THE BOARD

- (2) the deadline for the Company to publish its interim or annual results announcement under the Listing Rules,

and ending on the date of the results announcement, no option may be granted.

At the AGM, an ordinary resolution will be proposed for the Company to approve and adopt the New Share Option Scheme, pursuant to which Eligible Participants may be granted options to subscribe for Shares upon and subject to the terms and conditions of the rules of the New Share Option Scheme.

The adoption of the New Share Option Scheme is conditional upon, inter alia, (1) the approval of the Shareholders in the AGM; (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the New Share Option Scheme; and (3) if applicable, the Bermuda Monetary Authority granting approval to the issue of the Shares pursuant to the exercise of the options granted under the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix I to this circular. A copy of the New Share Option Scheme is available for inspection at the Company's head office and principal place of business in Hong Kong at Units 3402-3, 34/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

General

There is no general requirement of any minimum period for which an option must be held before it can be exercised although the Board will be empowered under the New Share Option Scheme to impose at its discretion any such minimum period at the time of grant of any particular option. The Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the New Share Option Scheme can be exercised. In addition, the Board will be empowered to determine the exercise price of a Share in respect of any particular option granted under the New Share Option Scheme on the basis set out in Appendix I. This level of discretion retained by the Board at the time of grant provides flexibility and allows the Board to tailor the terms of the grants to suit different Eligible Participants so that such Eligible Participants will be encouraged to subscribe for the Shares pursuant to the options granted by the Company as incentives and rewards for their contribution to the Group. The subscription of Shares by the Eligible Participants will further contribute towards the profitability and success of the Group. None of the Directors are trustees of the New Share Option Scheme and the Company does not at present intend to appoint a trustee to the New Share Option Scheme.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for granting approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options that may be granted under the New Share Option Scheme.

LETTER FROM THE BOARD

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 837,773,826 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 167,554,765 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 837,773,826 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 83,777,382 Shares.

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 II to this circular.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

The Board currently consists of seven Directors including three executive Directors, namely, Mr. Hung Kin Sang, Raymond (*Managing Director*), Mr. Hung Kai Mau, Marcus (*Chairman*) and Ms. Ng Kit Ling, four independent non-executive Directors, namely, Mr. Lun Tsan Kau, Mr. Su Ru Jia, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence.

Bye-laws 86(2) and 87(1) of the bye-laws of the Company (the “Bye-laws”) provide, inter alia, that one-third of the Directors for the time being (which include any Directors newly appointed by the Board to fill a casual vacancy), 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 all directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment and every Director should be subject to retirement by rotation at least once every three years. In accordance with the Bye-laws and the Code, Mr. Hung Kin Sang, Raymond, Ms. Ng Kit Ling, Mr. Lo Yun Tai and Mr. Chan Ming Fai, Terence shall retire at the AGM and matters which are required to be disclosed by the Listing Rules are set out in Appendix III to this circular.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at 11:30 a.m. on 15 November 2012 (Thursday) at Kennedy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 25 to 29 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

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the adoption of the New Share Option Scheme.

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
Chairman

NEW SHARE OPTION SCHEME**Summary of terms**

The following is a summary of the principal terms of the New Share Option Scheme to be adopted at the AGM:

1. Purpose

The purpose of the New Share Option Scheme is to enable the Company to grant options to employees, executives or officers of the Company or any of its Subsidiaries and any business consultants, agents, financial or legal advisors whom in the sole discretion of the Board, have contributed to the business or operations of the Company or any of its Subsidiaries as incentives and rewards for their contribution to the Company or such Subsidiaries.

2. Who may join

The Board may, at its discretion, offer Eligible Participants, being employees (whether full time or part time) of the Company or any of its Subsidiaries, executive, non-executive and independent non-executive directors of the Company or any of its Subsidiaries, and any business consultants, agents, financial or legal advisors whom the Board considers, in the sole discretion, have contributed to the business or operations of the Company or any of its Subsidiaries, options to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Group must not exceed 10 per cent. of the Shares in issue (the "Scheme Mandate Limit") on the date of approval and adoption of the New Share Option Scheme by the Shareholders (which is expected to be the date of the AGM). Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option scheme(s) will not be counted for the purpose of the 10 per cent limit.

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (a) refresh this limit at any time to 10 per cent of the Shares in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed); and/or

- (b) grant options beyond the 10 per cent limit to Eligible Participants specifically identified by the Board where upon the Company shall send a circular to the Shareholders containing, amongst others, a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30 per cent of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its Subsidiaries if this will result in the 30 per cent limit being exceeded.

4. Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Share Option Scheme and any other share option scheme(s) of the Company (including exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed one (1) per cent of the Shares in issue as at the date of grant.

Any further grant of options in excess of this one (1) per cent limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of such Eligible Participant, the number and terms of the options granted and to be granted, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

5. Price of Shares

The subscription price for a Share in respect of any particular option granted under the New Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day (and for this purpose shall be taken to be the date of the Board meeting at which the Board proposes to grant the options); (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the date of grant; and (c) the nominal value of a Share.

6. *Granting options to connected persons*

Any grant of options to a Director, chief executive or substantial shareholder of the Company or any of his associates (as defined in the Listing Rules) shall be subject to prior approval of the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the options).

If the Company proposes to grant options to a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other share option scheme(s) of the Company in the 12-month period up to and including the date of the offer of such grant:

- (a) representing in aggregate over 0.1 per cent of the Shares in issue on the date of the offer; and
- (b) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares as stated at the daily quotation sheets of the Stock Exchange at the date of each offer,

such grant of options will be subject to the issue of a circular by the Company and prior approval by the Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time. A connected person (as defined in the Listing Rules) of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

7. *Restrictions on the time of grant of options*

A grant of options may not be made after a price-sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price-sensitive information has been published in the newspaper. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (a) the date of the Board meeting for the approval of the Company's annual or interim results; and (b) the deadline for the Company to publish its interim or annual results announcement under the listing agreement and ending on the date of actual publication of the results announcement.

8. *Rights are personal to grantee*

An option is personal to the grantee and the grantee may not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or attempt to do so.

9. *Time of exercise of option*

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The date of grant of any particular option is the date when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 30th day after the option is offered to the relevant grantee. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the New Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years after the date of adoption of the New Share Option Scheme by Shareholders by resolution at a general meeting.

10. *Performance Target*

The Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the New Share Option Scheme can be exercised.

11. *Rights on ceasing to be an Eligible Participant and death*

- (a) If the grantee is under employment with the Company and/or any of the Subsidiaries, in the event of the grantee ceasing to be an Eligible Participant for any reason other than his ill-health, injury or disability (all evidenced to the satisfaction of the Board) or death or the termination of his employment on one or more of the grounds specified in paragraph 12 below, the grantee may exercise the option up to his entitlement at the date of cessation of his employment (to the extent not already exercised) within the period of one month following the date of such cessation (which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not) or such longer period as the Board may determine.
- (b) If the grantee is under employment with the Company and/or any of the Subsidiaries, in the event that the grantee ceases to be an Eligible Participant by reason of ill-health, injury or disability (all evidenced to the satisfaction of the

Board) or death and none of the events which would be a ground for termination of his employment specified in paragraph 12 below has occurred, the grantee or the legal representative(s) of the grantee, as the case may be, shall be entitled to exercise the option in full (to the extent not already exercised) on or before the earlier of (i) the last day in the 12-month period commencing from the date of ceasing to be an Eligible Participant or death (or such longer period as the Board may determine) or (ii) the relevant expiry date.

12. Lapse of option on dismissal

If the grantee is an employee of the Company and/or any of the Subsidiaries, the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his employment on any one or more of the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his debts or has become insolvent or has made any arrangement or has compromised with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Company or the relevant Subsidiary, his option will lapse and not be exercisable on the date of termination of his employment.

13. Rights on takeover

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the options granted to them, shareholders of the Company). If such offer having been approved in accordance with the applicable laws and regulatory requirements becomes or is declared unconditional, the grantee (or his legal personal representatives) shall be entitled to exercise the option in full or in part (to the extent not already exercised) thereafter and up to the closing date of such general offer (or any revised offer).

14. Rights on scheme of arrangement for the Company

If, pursuant to the Companies Act 1981 of Bermuda, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting

to consider such compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12:00 noon (Hong Kong time) on the Business Day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

15. Rights on winding-up

In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purposes of considering, and if thought fit approving, a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to each grantee and thereupon, every grantee shall be entitled by notice in writing to the Company at a time not later than two (2) Business Days prior to the proposed Shareholders' meeting referred to above exercise his option and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting allot such number of Shares to the grantee as the grantee may be entitled upon exercise of his option. The Company shall give notice to the grantees of the passing of such resolution within seven (7) days after the passing thereof.

16. Lapse of options

An option will lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry date relevant to that option;
- (b) the expiry of any of the periods referred to in paragraphs 11, 13 and 14 above;
- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 14 above becomes effective;

- (d) the date of commencement of the winding-up of the Company (as determined in accordance with the applicable law) as referred to in paragraph 15 above;
- (e) in the event the grantee is under employment with the Company and/or any of its Subsidiaries and/or any of its associated companies, the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his employment on any one or more of the grounds specified in paragraph 12 above. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in paragraph 12 above shall be conclusive;
- (f) the date on which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of the prohibitions specified in paragraph 8 above or the options are cancelled in accordance with paragraph 20 below; or
- (g) the date on which the grantee ceases to be an Eligible Participant for any reason (including the termination of the grantee's employment with the Company and/or any of the Subsidiaries by reason of redundancy or as a result of the grantee's own resignation) other than the termination of his employment on one or more of the grounds specified in subparagraph (e) above.

17. Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or such other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue on the date of issue.

18. Effect of alterations to capital

In the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the exercise price of each outstanding option and/or the number of Shares in respect of which any further options may be granted as the auditors of the Company or the independent financial adviser shall certify in writing to the Board to be in their opinion fair and reasonable and in compliance with Rule 17.03(13) of the Listing Rules and the note thereto. Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the

aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

19. Alteration of New Share Option Scheme

The terms and condition of the New Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules;
- (b) any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the New Share Option Scheme; or
- (c) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the New Share Option Scheme), shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect an option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme shall still comply with the Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

20. Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantee of the relevant options. Where the Company cancels options and issues new ones to the same grantee, the issue of such new options may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled options) within the limit approved by Shareholders.

21. Termination of the New Share Option Scheme

The Company may by resolution in general meeting at any time terminate the New Share Option Scheme and in such event no further option shall be offered but the provisions of New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options granted prior to such termination at the time of termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

22. *Condition of the adoption of the New Share Option Scheme*

The New Share Option Scheme is conditional on (a) the Shareholders' approval at the AGM; (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of options granted pursuant thereto; and (c) the Bermuda Monetary Authority granting approval for the granting of options and the allotment and issue of Shares upon the exercise of options granted pursuant thereto, if applicable.

23. *Disclosure in annual and interim reports*

The Company will disclose details of the New Share Option Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

24. *Present status of the New Share Option Scheme*

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options granted under the New Share Option Scheme.

Values of all options that can be granted under the New Share Option Scheme

The Board considers that it is not appropriate or helpful to Shareholders to state the value of all options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Board believes that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, since the options to be granted shall not be assignable, and no holder of the option shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any option.

In addition, the calculation of the value of the options is based on a number of variables such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Board believes that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

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 2012 (being the date to which the latest published 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 837,773,826 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 83,777,382 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, based on the register of members of the Company and to the best of the knowledge and belief of the Directors, the substantial Shareholders having interests in 5% or more of the issued share capital of the Company were:

Name of Shareholder	Personal Interest	Held by Corporates	Total	Approximate % shareholding	
				As at the Latest Practicable Date	If the Repurchase Mandate is exercised in full
Hung Kin Sang, Raymond ("Mr. Raymond Hung")	333,912,701	75,022,883 (Note)	408,935,584	48.81%	54.24%
Malcolm Trading Inc. (Note)	–	44,362,883	44,362,883	5.30%	5.88%

Note: These Shares are held by the following corporate entities controlled by Mr. Raymond Hung.

	Number of Shares
Malcolm Trading Inc.	44,362,883
Jaytime Overseas Limited	30,660,000
	<u>75,022,883</u>

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

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the previous six months immediately prior to the Latest Practicable Date.

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>
2011		
October	0.136	0.101
November	0.135	0.100
December	0.130	0.108
2012		
January	0.129	0.105
February	0.155	0.117
March	0.156	0.125
April	0.140	0.120
May	0.255	0.138
June	0.249	0.205
July	0.234	0.201
August	0.230	0.200
September	0.230	0.180
October 2012 up to and including the Latest Practicable Date	0.238	0.210

All of the following 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 retiring Directors are set out as follows:

(1) Mr. Hung Kin Sang, Raymond

Mr. Hung Kin Sang, Raymond (“Mr. Raymond Hung”), aged 64, Managing Director, holds a Bachelor of Science degree in Electrical Engineering from the University of Illinois and a Masters in Business Administration degree from the University of Chicago, United States of America. Mr. Raymond Hung founded the Group in April 1976, and he has been actively involved in the Group’s development over the last 36 years. Mr. Raymond Hung has overall responsibility for the activities of the Company.

Mr. Raymond Hung first became Managing Director and the Chairman of the Company in 1986. He resigned as the Chairman of the Company in 2005 and from his position as an Executive Director and the Managing Director on 6 April 2011. After his resignation as an Executive Director and Managing Director in 2011, Mr. Raymond Hung remained with the Group due to his substantial experience and involvement in the Group’s overseas projects. He also holds the directorship with all the Company’s subsidiaries.

Mr. Raymond Hung is the father of Mr. Hung Kai Mau, Marcus, the Chairman of the Company. Mr. Raymond Hung does not have any other relationship with any other director of the Company (“Director”), senior management or substantial or controlling shareholders (as defined in the Listing) of the Company.

As at the Latest Practicable Date, Mr. Raymond Hung was interested in 408,935,584 Shares within the meaning of Part XV of the Securities and Futures Ordinance, representing approximately 48.81% of the issued share capital of the Company. Mr. Raymond Hung has further confirmed to the Company (as was announced by the Company on 15 August 2012) that the equity interest in the Company controlled by Mr. Raymond Hung, companies wholly owned and controlled by Mr. Raymond Hung, his family member, and including the 9,310,056 Shares that are to be transferred from Ms. Mimi Wong Kar Gee to Mr. Raymond Hung, was, in aggregate, 421,205,640 Shares, representing approximately 50.27% of the issued share capital of the Company as at the Latest Practicable Date. He has not held any other directorships in any other listed public companies in the last three years.

There is no service contract between the Company and Mr. Raymond Hung. In addition, Mr. Raymond Hung 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 of the Company, including but not limited to the requirements for retirement by rotation and re-election at the general meetings of the Company. Mr. Raymond Hung is currently entitled to receive a Director’s emoluments of HK\$4,800,000 per annum, which includes primarily his salary and the cost of residential accommodation provided to Mr. Raymond Hung. Such emoluments are subject to annual review by the Board by reference to market benchmarks.

Save as disclosed above, there are no other matters concerning Mr. Raymond Hung 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.

(2) Ms. Ng Kit Ling

Ms. Ng Kit Ling (“Ms. Ng”), aged 47, Director, is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and she holds a Masters Degree in Accountancy from the Hong Kong Polytechnic University. She joined the Group in 2005 and immediately prior to her appointment as Executive Director, Ms. Ng was the Financial Controller and Company Secretary. She has over 26 years of experience in finance and accounting matters of companies listed in Hong Kong.

Ms. Ng does not have any relationship with any Directors, members, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Ng beneficially owns 10,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance, representing approximately 0.0012% of the issued share capital of the Company. She has not held any other directorships in any other listed public companies in the last three years.

There is no service contract between the Company and Ms. Ng. In addition, Ms. Ng is not appointed for a specific term and her length of service as a Director of the Company is subject to the relevant provisions in the bye-laws. Ms. Ng is currently entitled to receive a Director’s emoluments of HK\$810,000 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 Ms. Ng 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.

(3) Mr. Lo Yun Tai

Mr. Lo Yun Tai (“Mr. Lo”), aged 66, Independent Non-executive Director, holds a B.Sc. degree in Mechanical Engineering from National Taiwan University. He has over 41 years’ extensive experience in corporate management and operation of his chain of private companies of which he is the sole-proprietor. He is also familiar with the business, operations and development of the Company and its subsidiaries (the “Group”) acquired during the time when he was an Independent Non-executive Director of the Company from 1998 to 2009.

Mr. Lo does not have any relationship with any Directors, members, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lo 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. Lo. In addition, Mr. Lo is appointed for a specific term of 3 years and his length of service as a Director of the Company is subject to the relevant provisions in the bye-laws. Mr. Lo is currently entitled to receive a Director’s emoluments of HK\$150,000 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. Lo 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.

(4) Mr. Chan Ming Fai, Terence

Mr. Chan Ming Fai, Terence (“Mr. Chan”), aged 42, Independent Non-executive Director, holds a MBA degree in E-Commerce from University of Ballarat, Australia and a BBA degree in Economics from HK Baptist University. Mr. Chan is also a member of the Association of Chartered Certified Accountants. Mr Chan has been working as a financial consultant since 2008, before which he was a director of Zap Financial Consultancy Ltd, providing financial consulting or advisory service. He has over 18 years of experience in financial consulting, corporate restructuring, mergers and acquisitions, raising capital and financing, strategic financial planning, especially assisting over 100 Chinese enterprises in the obtaining of leasing finance and trade finance through banks in Hong Kong and China.

Mr. Chan does not have any relationship with any Directors, members, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Chan does not beneficially own any share of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He has not held any other directorships in any other listed public companies in the last three years.

There is no service contract between the Company and Mr. Chan. In addition, Mr. Chan is appointed for a specific term of 3 years and his length of service as a Director of the Company is subject to the relevant provisions in the bye-laws. Mr. Chan is currently entitled to receive a Director’s emoluments of HK\$150,000 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. Chan 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.

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 11:30 a.m. on 15 November 2012 (Thursday) at Kennedy Room, Level 7, Conrad 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 2012.
2. To re-elect retiring:
 - (a) Mr. Hung Kin Sang, Raymond
 - (b) Ms. Ng Kit Ling
 - (c) Mr. Lo Yun Tai
 - (d) Mr. Chan Ming Fai, Terence
3. To determine the directors’ remuneration for their services.
4. To appoint auditors and to 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

5. **“THAT:**

- (A) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of, and

* *For identification only*

NOTICE OF ANNUAL GENERAL MEETING

permission to deal in, the new shares of HK\$0.01 each in the capital of the Company (“Shares”) to be issued pursuant to the exercise of options which may be granted under the new share option scheme (“New Share Option Scheme”, the rules of which are summarised in the circular of the Company dated 15 October 2012 and contained in the document marked “A” produced to the meeting and initialed by the Chairman of the meeting for the purpose of identification only), the rules of the New Share Option Scheme be and are hereby approved and adopted and that the directors of the Company be and are hereby authorised to:

- (i) administer the New Share Option Scheme under which the options will be granted to eligible participants under the New Share Option Scheme to subscribe for Shares;
- (ii) modify and/or amend the rules of the New Share Option Scheme from time to time subject to the provisions of such rules;
- (iii) issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme; and
- (iv) make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the Shares may for the time being be listed, for listing of, and permission to deal in, the Shares which may thereafter from time to time issued and allotted pursuant to the exercise of the options under the New Share Option Scheme.”

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 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

NOTICE OF ANNUAL GENERAL MEETING

(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 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).”

7. **“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;

NOTICE OF ANNUAL GENERAL MEETING

- (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

- (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.”
8. “**THAT** conditional upon the passing of ordinary resolutions numbered 6 and 7 in the notice of annual general meeting of the Company dated 15 October 2012, 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 7 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 6.”

By Order of the Board
Applied Development Holdings Limited
Chui Man Fai
Company Secretary

Hong Kong, 15 October 2012

NOTICE OF ANNUAL GENERAL MEETING

Executive Director:

Mr. Hung Kin Sang, Raymond
Mr. Hung Kai Mau, Marcus
Ms. Ng Kit Ling

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Lun Tsan Kau
Mr. Su Ru Jia
Mr. Lo Yun Tai
Mr. Chan Ming Fai, Terence

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. The register of members of the Company will be closed from Monday, 12 November 2012 to Thursday, 15 November 2012 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 9 November 2012.
6. 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.
7. 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.
8. All resolution will be voted on by way of poll.