



APPLIED INTERNATIONAL HOLDINGS LIMITED

實力國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 519)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Applied International Holdings Limited (the “Company”) will be held at 2:00 p.m. on Friday, 26 November 2004 at The Oregon Room, The American Club, 47th Floor, Two Exchange Square, No. 8 Connaught Place, Central, Hong Kong for the following purposes:–

1. To receive and consider the audited financial statements and reports of the directors and auditors of the Company for the year ended 30 June 2004.
2. To re-elect a retiring director.
3. To determine the directors’ remuneration for their services.
4. To appoint auditors and authorise the board of directors to fix their remuneration.

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

ORDINARY RESOLUTIONS

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

(C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the Bye-Laws of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at close of business on the day of passing this resolution; and

(D) for the purposes of this resolution:

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

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

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

6. **“THAT:**

(A) subject to paragraph (C) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to purchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;

- (B) the approval in paragraph (A) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the Directors;
- (C) the aggregate nominal amount of share capital of the Company purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (A) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution; and
- (D) for the purposes of this resolution:

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

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

7. “**THAT** conditional upon the passing of ordinary resolutions numbered 5 and 6 in the notice of annual general meeting of the Company dated 26 November 2004, the aggregate nominal amount of the share capital of the Company which are purchased by the Company pursuant to and in accordance with ordinary resolution numbered 6 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with ordinary resolution numbered 5.”

As special business to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution of the Company.

SPECIAL RESOLUTION

8. “**THAT** the new bye-laws of the Company marked “A” produced to this meeting and signed by the Chairman, for identification purpose only, be and are hereby approved and adopted as the new bye-laws of the Company, in substitution for and to the exclusion of the existing bye-laws of the Company and that the directors of the Company be and are hereby authorised to do all things and acts and sign all documents which they consider necessary, desirable or expedient in connection with the foregoing.”

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

Hong Kong, 30 October 2004

Executive Directors

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

Independent non-executive Directors

Mr. Soo Hung Leung, Lincoln
Mr. Lo Yun Tai
Mr. Lun Tsan Kau

Notes:

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

6. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.
7. Below is a brief summary of the provisions of the new bye-laws of the Company proposed to be adopted by the Company pursuant to resolution numbered 8 above and which are in addition to or different from the existing Bye-Laws:

a. New definition of “Associate” and “Clearing House”

“Associate” shall have the meaning attributed to it in the Listing Rules from time to time.

“Clearing House” shall mean a clearing house recognised by the laws of the jurisdiction in which the Shares are listed or quoted on a stock exchange.

b. New provision in relation to votes of Shareholders

New Bye-Law 76(2) provides that where any Shareholder is required under the Listing Rules to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

c. New Provision in relation to the removal of directors by ordinary resolution

The existing Bye-Law 118 provides that a director may be removed by a special resolution.

New Bye-Law 86(4) provides that a director may be removed by an ordinary resolution.

d. New Provisions in relation to votes of Directors

Pursuant to the existing Bye-Law 103(A)(ii), subject to certain exceptions set out in the existing Bye-Law 103(A)(iii), a director is precluded from voting or from being counted in the quorum at board meetings in relation to any contract or arrangement in which he has a material interest.

New Bye-Law 103 provides that, among other things, subject to the exceptions set out in New Bye-Law 103(1)(i) to (iv), a Director shall not vote on any board resolution nor shall he be counted in the quorum at any board meeting in relation to any contract or arrangement or any other proposal in which he or any of his associate(s) (as defined in the Listing Rules) is/are materially interested.

e. New provisions in relation to notice to be given when person proposed for election

The existing Bye-law 116 provides that notice in writing of the intention to propose a person for election as a director and notice in writing by that person of his willingness to be elected have to be given to the Company at least seven days before the date of the general meeting.

Pursuant to New Bye-Law 88, the period for lodgment of the above notices shall commence on (and include) the day after the despatch of the notice of the general meeting appointed for such election and end on (and exclude) the day that is seven days before the date of such general meeting.

f. New provisions in relation to electronic means

The existing Bye-Laws do not provide for service of notices by electronic means.

New Bye-Law 162 provides that, among other things, any notice or document (including any corporate communication (as this term is defined in the Listing Rules)) shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and New Bye-Law 163(b) provides that, among other things, any notice, if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent.

g. Summary financial reports and despatch thereof by electronic means

The existing Bye-Laws do not allow Shareholders to elect to receive a summary financial report of the Group in place of the complete annual report and accounts of the Group.

New Bye-Law 154 provides that, subject to compliance with all applicable laws, rules and regulations, including the Listing Rules, the Company may send to a Shareholder a summary financial statement derived from the Company's annual accounts and the directors' report provided that such Shareholder may, if he so requires by notice in writing served on the Company, demand that the Company sends him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

New Bye-Law 155 provides for, among other things, despatch of summary financial statements by publication thereof on the Company's website or in any other permitted manner (including by sending any form of electronic communication).

* *For identification only*

"Please also refer to the published version of this announcement in the South China Morning Post"