
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

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

A notice convening the annual general meeting of the Company to be held on Thursday, 16th August, 2007 at 10:00 a.m at Pheasant & Jasmine Room, 1/F., Mandarin Oriental, 5 Connaught Road, Central, Hong Kong is set out on pages 13 to 17 of this circular.

A form of proxy for use at the annual general meeting of the Company is enclosed. Whether or not you are able to attend the annual general meeting of the Company in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s principal place of business at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting, or any adjournment thereof, if you so wish.

24th July, 2007

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Thursday, 16th August, 2007 at 10:00 a.m. at Pheasant & Jasmine Room, 1/F., Mandarin Oriental, 5 Connaught Road, Central, Hong Kong
“AGM Notice”	the notice convening the AGM set out on pages 13 to 17 of this circular
“Associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	National Electronics Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot and issue Shares in the manner set out in resolution no. 9 in the AGM Notice
“Latest Practicable Date”	20th July, 2007 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchase Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to purchase Shares in the manner set out in resolution no. 8 in the AGM Notice
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of (a) Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

Executive Directors:

Jimmy Lee Yuen Ching

Chairman

James Lee Yuen Kui

Managing Director

Loewe Lee Bon Chi

Edward Lee Yuen Cheor

Ricky Wai Kwong Yuen

Non-Executive Director:

Dorathy Lee Yuen Yu

Independent non-Executive Directors:

Dr. Samson Sun, *M.B.E., J.P.*

William Chan Chak Cheung

Chan Kwok Wai

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal place of business in Hong Kong:

Suite 3201, Gloucester Tower

The Landmark

11 Pedder Street

Central

Hong Kong

24th July, 2007

To the Shareholders,

Dear Sir or Madam,

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

INTRODUCTION

The purpose of this circular is to (i) provide you with details of the proposed Issue Mandate and the proposed Purchase Mandate; (ii) set out an explanatory statement regarding the Purchase Mandate as required under the Listing Rules; (iii) provide the information regarding the re-election of Directors; and (iv) give you notice of the AGM.

LETTER FROM THE BOARD

GENERAL MANDATES TO ISSUE AND PURCHASE SHARES

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

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

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

An explanatory statement containing information regarding the Purchase Mandate as required by the Listing Rules is set out in Appendix I to this circular.

RE-ELECTION OF DIRECTORS

In accordance with Bye-Law 99, the Directors retiring by rotation at the forthcoming AGM are Mr. James Lee Yuen Kui, Ms. Dorathy Lee Yuen Yu and Mr. William Chan Chak Cheung who, being eligible, offer themselves for re-election. In accordance with Bye-Law 102, Mr. Loewe Lee Bon Chi, who was appointed on 22nd May, 2007, shall retire and offer himself for re-election at the forthcoming AGM. The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 13 to 17 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's principal place of business at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not prevent you from attending and voting at the AGM, or any adjournment thereof, if you so wish.

Pursuant to Bye-Law 70, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded (i) by the Chairman; or (ii) by at least three members present in person or by proxy or by representative for the time being entitled to vote at the meeting; or (iii) by any member or members present in person or by proxy or by representative and representing not less than one-tenth of the total voting rights of all the members

LETTER FROM THE BOARD

having the right to vote at the meeting; or (iv) by a member or members present in person or by proxy or by representative and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

RECOMMENDATION

The Board considers that the granting of the Issue Mandate and the Purchase Mandate are in the best interests of the Company and its Shareholders and accordingly recommend all the Shareholders to vote in favour of the relevant resolutions as set out in the AGM notice.

Yours faithfully,
Jimmy Lee Yuen Ching
Chairman

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

1. LISTING RULES FOR PURCHASES OF SHARES

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

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

2. FUNDING OF PURCHASES

Any purchase will be made out of funds which are legally available for the purpose in accordance with the memorandum of association and bye-laws of the Company and applicable laws of Bermuda. As compared with the financial position of the Company as at 31st March, 2007 (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 purchases were to be carried out in full during the proposed purchase period.

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

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,031,885,928 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and purchase Shares and on the basis that no further Shares are issued or purchased between the Latest Practicable Date and the AGM, the Company would be allowed under the purchase proposal to purchase a maximum of 103,188,592 Shares (representing 10% of the total issued share capital of the Company) during the period from the date of the AGM up to:

- (i) the conclusion of next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

4. REASONS FOR PURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to purchase Shares on the market as this will give the Company greater flexibility. Such purchases will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

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

6. EFFECT OF THE TAKEOVERS CODE

If as a result of a purchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights 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:

- (i) Mr. James Lee Yuen Kui and Mr. Edward Lee Yuen Cheor were together interested in 252,102,979 Shares, representing approximately 24.43% of the issued share capital of the Company, and approximately 27.15% of the issued share capital of the Company in the event the Purchase Mandate is exercised in full, assuming no further change in the number of Shares so held, such Shares being part of the property of a discretionary trust of which each of them is a named beneficiary;
- (ii) Mr. Jimmy Lee Yuen Ching and Mr. Loewe Lee Bon Chi were together interested in 253,106,873 Shares, representing approximately 24.53% of the issued share capital of the Company, and approximately 27.25% of the issued share capital in the event the Purchase Mandate is exercised in full, assuming no further change in the number of Shares so held, such Shares being part of the property of a discretionary trust of which each of them is a named beneficiary;
- (iii) Mr. Ricky Wai Kwong Yuen was interested in 37,267,767 Shares, representing approximately 3.61% of the issued share capital of the Company, and approximately 4.01% of the issued share capital in the event the Purchase Mandate is exercised in full, assuming no further change in the number of shares so held;
- (iv) Dr. Samson Sun was interested in 4,988,968 Shares, representing approximately 0.48% of the issued share capital of the Company, and approximately 0.54% of the issued share capital in the event the Purchase Mandate is exercised in full, assuming no further change in the number of shares so held; and

- (v) such increases may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors do not intend to exercise the power to purchase Shares to an extent which would render the aforesaid Shareholders or any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeover Code. The Board will endeavour to ensure that the exercise of the Purchase Mandate will not result in less than 25% of the Shares being held by the public.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

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

8. SHARE PURCHASE MADE BY THE COMPANY

The Company has purchased 6,158,000 Shares on the Stock Exchange during the preceding six months ended on the Latest Practicable Date as follows:

Date	No. of Shares	Total no. of Shares	Share Price	
			Highest HK\$	Lowest HK\$
January/2007				
2	486,000		0.370	0.365
3	100,000		0.365	0.365
4	100,000		0.375	0.375
11	300,000		0.365	0.365
12	100,000		0.365	0.365
15	100,000		0.365	0.365
16	100,000		0.360	0.360
17	100,000		0.360	0.360
18	100,000		0.360	0.360
19	100,000		0.365	0.365
22	100,000		0.365	0.365
23	100,000		0.365	0.360
24	104,000		0.365	0.360
25	100,000		0.365	0.365
26	546,000		0.360	0.355
29	152,000		0.365	0.360

APPENDIX I**EXPLANATORY STATEMENT**

Date	No. of Shares	Total no. of Shares	Share Price	
			Highest HK\$	Lowest HK\$
30	100,000		0.365	0.360
31	154,000	2,942,000	0.370	0.365
February/2007				
1	100,000		0.375	0.375
8	100,000		0.390	0.385
16	50,000		0.385	0.385
28	26,000	276,000	0.385	0.385
March/2007				
1	76,000		0.385	0.385
2	86,000		0.380	0.380
5	60,000		0.355	0.355
7	50,000		0.370	0.370
8	44,000		0.375	0.375
9	50,000		0.380	0.380
12	22,000		0.380	0.380
13	68,000		0.380	0.380
14	54,000		0.375	0.375
15	60,000		0.385	0.385
16	40,000		0.385	0.380
20	70,000		0.385	0.380
21	60,000		0.385	0.385
22	50,000		0.385	0.385
27	100,000		0.395	0.395
28	72,000		0.395	0.395
29	200,000		0.400	0.400
30	150,000	1,312,000	0.400	0.395
April/2007				
10	50,000		0.395	0.395
13	50,000		0.390	0.390
20	40,000		0.400	0.400
23	40,000		0.400	0.400
24	50,000		0.400	0.400
25	50,000		0.400	0.400
27	60,000		0.405	0.400
30	60,000	400,000	0.400	0.400

Date	No. of Shares	Total no. of Shares	Share Price	
			Highest HK\$	Lowest HK\$
May/2007				
2	170,000		0.400	0.395
3	120,000		0.405	0.400
4	130,000		0.400	0.400
7	130,000		0.400	0.400
8	130,000		0.400	0.400
9	150,000		0.400	0.400
10	100,000		0.405	0.405
11	100,000		0.415	0.405
15	48,000		0.420	0.420
16	100,000		0.420	0.415
17	50,000	<u>1,228,000</u>	0.435	0.435
		<u>6,158,000</u>		

9. SHARE PRICE

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

	Shares	
	Highest HK\$	Lowest HK\$
July 2006	0.360	0.310
August 2006	0.345	0.305
September 2006	0.325	0.315
October 2006	0.325	0.305
November 2006	0.365	0.305
December 2006	0.370	0.325
January 2007	0.380	0.355
February 2007	0.435	0.370
March 2007	0.420	0.350
April 2007	0.410	0.385
May 2007	0.600	0.395
June 2007	0.620	0.480
July till the Latest Practicable Date	0.830	0.500

The following are the details (as required by the Listing Rules) of the four Directors, who will retire and, being eligible, offer themselves for re-election at the AGM to be held on 16th August, 2007.

Mr. James Lee Yuen Kui

Mr. James Lee Yuen Kui (“Mr. James Lee”) aged 53, is the Managing Director of the Group. He joined the Group in 1976 and is currently responsible for administration, trading of watch components and material procurement from foreign suppliers.

There is no service contract between the Company and Mr. James Lee. He is currently entitled to receive a director’s fee of HK\$50,000 per annum, a monthly salary of HK\$226,000 and a discretionary bonus. His remuneration is subject to annual review by the Board and is determined with reference to his duties and responsibilities with the Company as well as the prevailing market conditions.

Mr. James Lee is a cousin of Mr. Jimmy Lee Yuen Ching, who is the Chairman of the Company, an uncle of Mr. Loewe Lee Bon Chi, who is an executive Director of the Company and the brother of Mr. Edward Lee Yuen Cheor, who is an executive Director of the Company and Ms. Dorathy Lee Yuen Yu, who is a non-executive Director of the Company. As at the Latest Practicable Date, he was interested in a total of 253,102,979 Shares (representing 24.43% of the total issued share capital of the Company) which are part of the property of a discretionary trust of which each of himself and Mr. Edward Lee Yuen Cheor are named beneficiaries.

There is no information relating to Mr. James Lee that is required to be disclosed pursuant to Rules 13.51(2) (h) to (w) of the Listing Rules, and save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with the re-election of Mr. James Lee as Director of the Company.

Ms. Dorathy Lee Yuen Yu

Ms. Dorathy Lee Yuen Yu (“Ms. Dorathy Lee”), aged 47, an non-executive Director of the Company. She has not previously held any positions with the Company or its subsidiaries before joining the Group in September 2004.

There is no service contract between the Company and Ms. Dorathy Lee. She is currently entitled to receive a director’s fee of HK\$50,000 per annum which is subject to annual review by the Board and is determined with reference to her duties and responsibility with the Company as well as the prevailing market conditions.

Ms. Dorathy Lee is the sister of Mr. James Lee Yuen Kui, the Managing Director of the Company, and Mr. Edward Lee Yuen Cheor, who is an executive Director of the Company. She is also a cousin of Mr. Jimmy Lee Yuen Ching, who is the Chairman of the Company and an aunt of Mr. Loewe Lee Bon Chi, who is an executive Director of the Company. As at the Latest Practicable Date, she has no interest in the Shares of the Company.

There is no information relating to Ms. Dorathy Lee that is required to be disclosed pursuant to Rules 13.51(2) (h) to (w) of the Listing Rules, and save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with the re-election of Ms. Dorathy Lee as Director of the Company.

Mr. William Chan Chak Cheung

Mr. William Chan Chak Cheung (“Mr. William Chan”) aged 59, an independent non-executive Director of the Company. He graduated from the University of Toronto with a Bachelor of Arts degree. He is also a member of the Canadian Institute of Chartered Accountants. Mr. Chan is the Chairman of Chine Connect Company Limited, a consulting company. Mr. Chan is an independent non-executive Director of King Fook Holdings Limited, a company listed on Main Board of the Stock Exchange of Hong Kong Limited. Mr. Chan is a retired partner of PricewaterhouseCoopers (“PwC”) after a career spanning 34 years in Canada, Hong Kong and Mainland China. He was partner in charge of China tax services at PwC and brings experience in solving complex business issues in many different industries.

There is no service contract between the Company and Mr. William Chan. He is currently entitled to receive a director’s fee of HK\$150,000 per annum which is subject to annual review by the Board and is determined with reference to his duties and responsibility with the Company as well as the prevailing market conditions.

Mr. William Chan does not have any relationship with any other Director, senior management, substantial or controlling Shareholder of the Company. As at the latest Practicable Date, he has no interest in the Shares of the Company.

There is no information relating to Mr. William Chan that is required to be disclosed pursuant to Rules 13.51(2)(h) to (w) of the Listing Rules, and save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with the re-election of Mr. William Chan as Director of the Company.

Mr. Loewe Lee Bon Chi

Mr. Loewe Lee Bon Chi (“Mr. Loewe Lee”), aged 27, an executive Director of the Company. He graduated from Harvard University and obtained a bachelor of arts degree with honours in economics. He joined the Group in July 2005 and is responsible for overseeing the overall operations of the watch components trading division as well as property development and investment division. Prior to joining the Group, he was an investment banker at JP Morgan in New York. Mr. Loewe Lee has not held any directorship in any listed public company in the last three years.

There is no service contract between the Company and Mr. Loewe Lee. He is currently entitled to receive a monthly salary of HK\$160,000 and a discretionary bonus. His remuneration is subject to annual review by the Board and is determined with reference to his duties and responsibilities with the Company as well as the prevailing market conditions.

Mr. Loewe Lee is the son of Mr. Jimmy Lee Yuen Ching, who is the Chairman of the Company, and the nephew of Mr. James Lee Yuen Kui, who is the Managing Director of the Company, Mr. Edward Lee Yuen Cheor, who is an Executive Director of the Company, and Ms. Dorathy Lee Yuen Yu, who is a non-executive Director of the Company. As at the Latest Practicable Date, he was interested in a total of 253,106,873 Shares (representing 24.53% of the total issued share capital of the Company) which are part of the property of a discretionary trust of which he is one of the named beneficiaries

There is no information relating to Mr. Loewe Lee that is required to be disclosed pursuant to Rules 13.51(2)(h) to (w) of the Listing Rules, and save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with the re-election of Mr. Loewe Lee as Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

NOTICE IS HEREBY GIVEN THAT the annual general meeting of National Electronics Holdings Limited (the “Company”) will be held on Thursday, 16th August, 2007 at 10:00 a.m. at Pheasant & Jasmine Room, 1/F., Mandarin Oriental, 5 Connaught Road, Central, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and reports of the directors and auditors of the Company for the year ended 31st March, 2007;
2. To approve the payment of a final dividend recommended by the board of directors for the year ended 31st March, 2007;
3. To re-elect Mr. James Lee Yuen Kui as an executive Director of the Company and authorise the board of directors to fix his remuneration;
4. To re-elect Ms. Dorothy Lee Yuen Yu as a non-executive Director of the Company and authorise the board of directors to fix her remuneration;
5. To re-elect Mr. William Chan Chak Cheung as an independent non-executive Director of the Company and authorise the board of directors to fix his remuneration;
6. To re-elect Mr. Loewe Lee Bon Chi as an executive Director of the Company and authorise the board of directors to fix his remuneration;
7. To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorize the board of directors to fix their remuneration;

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

8. **“THAT**
 - (a) subject to paragraph (c) below, 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 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 recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or 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) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period 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) above during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the time of 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; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.

9. **“THAT**

- (a) subject to paragraph (c) below and subject to the consent of the Bermuda Monetary Authority, where applicable, 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 unissued shares in the share 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) above shall authorize 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 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) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or

NOTICE OF ANNUAL GENERAL MEETING

conversion under the terms of any warrants or other securities which may be issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (iii) the exercise of any option granted under any share option scheme adopted by the Company; or (iv) an issue of shares in lieu of the whole or part of a dividend on shares pursuant to any scrip dividend or other similar scheme implemented in accordance with the bye-laws of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution; and

(d) for the purpose of this resolution,

“Relevant Period” means the period from the time of 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; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company 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 recognized regulatory body or any stock exchange).”;

10. **“THAT** conditional upon the passing of the ordinary resolutions numbered no. 8 and 9 in the notice convening the annual general meeting of the Company, the aggregate nominal amount of the share capital of the Company which are purchased by the Company pursuant to and in accordance with the said ordinary resolution no. 8 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted and agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance

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with ordinary resolution no. 9 as set out in the notice of the annual general meeting of the Company provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution.”.

By Order of the Board
Yue Man Ying
Company Secretary

Hong Kong, 24th July, 2007

Executive Directors:

Jimmy Lee Yuen Ching
James Lee Yuen Kui
Loewe Lee Bon Chi
Edward Lee Yuen Cheor
Ricky Wai Kwong Yuen

Non-Executive Director:

Dorathy Lee Yuen Yu

Independent non-Executive Directors:

Dr. Samson Sun, *M.B.E., J.P.*
William Chan Chak Cheung
Chan Kwok Wai

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. Votes may be given either personally or by duly authorized corporate representative or by proxy. A member who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.
- (3) 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 of that power or authority shall be deposited at the Company's principal place of business in Hong Kong at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong not less than forty-eight 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. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or upon the poll concerned.

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- (4) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

- (5) Any corporation which is a member of the Company may, by resolutions of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.