
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 Friday, 21 August 2009 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 in respect of 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 in Hong Kong 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.

23 July 2009

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Friday, 21 August 2009 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”	the meaning ascribed thereto in the Listing Rules;
“Auditors”	at any time the auditors of the Company at that time;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“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;
“connected person”	the meaning ascribed to it under the Listing Rules;
“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 the AGM Notice;
“Latest Practicable Date”	20 July 2009, 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 the AGM Notice;

DEFINITIONS

“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; and
“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

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Non-Executive Director:

Dorathy Lee Yuen Yu

Principal place of business in Hong Kong:

Suite 3201, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

Independent non-Executive Directors:

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

23 July 2009

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 you with 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).

As at the Latest Practicable Date, a total of 972,585,928 Shares were in issue. Subject to passing of ordinary resolution no. 8 at the AGM and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Issue Mandate above to issue a maximum of 194,517,185 Shares.

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. Loewe Lee Bon Chi, Mr. Ricky Wai Kwong Yuen and Dr. Samson Sun, M.B.E., J.P. who, being eligible, will offer themselves for re-election at the 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. No Shareholder will be required to abstain from voting at the AGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions in the AGM Notice will be voted by way of poll. The Company will announce the results of the AGM following the conclusion of the AGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the granting of the Issue Mandate and the Purchase Mandate and the re-election of Directors 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,
By the order of the Board
National Electronics Holdings Limited
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 31 March 2009 (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 972,585,928 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 97,258,592 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 25.92% of the issued share capital of the Company, and approximately 28.80% 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 26.02% of the issued share capital of the Company, and approximately 28.92% 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;

As the parties referred to in (i) and (ii) are parties presumed to be acting in concert under the Takeovers Code and their aggregate shareholding of the issued share capital of the Company is 51.94% as at the Latest Practicable Date, the Directors do not expect the increase in shareholding resulting from the exercise of the Purchase Mandate in full will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Board will endeavour to ensure that the exercise of the Purchase Mandate will not result in less than 25% of the Shares being held by the public.

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 PURCHASES MADE BY THE COMPANY

The Company has purchased 1,282,000 Shares on the Stock Exchange for a total consideration of HK\$378,900 during the preceding six months ended on the Latest Practicable Date as follows:

Date	No. of Shares	Total no. of Shares	Total Consideration HK\$	Share Price	
				Highest HK\$	Lowest HK\$
January/2009					
9	30,000		9,000	0.300	0.300
15	8,000		2,320	0.290	0.290
16	50,000		15,000	0.300	0.300
21	20,000		6,000	0.300	0.300
23	200,000		60,000	0.300	0.300
30	4,000	<u>312,000</u>	<u>1,140</u>	0.285	0.285
			93,460		

Date	No. of Shares	Total no. of Shares	Total Consideration HK\$	Share Price	
				Highest HK\$	Lowest HK\$
February/2009					
2	100,000		28,750	0.290	0.285
3	4,000		1,140	0.285	0.285
4	100,000		29,500	0.300	0.290
9	10,000		3,000	0.300	0.300
11	210,000		61,500	0.300	0.290
17	12,000		3,590	0.300	0.295
20	150,000		43,500	0.290	0.290
23	40,000		12,000	0.300	0.300
25	12,000	<u>638,000</u>	<u>3,600</u>	0.300	0.300
			186,580		
March/2009					
3	10,000		3,000	0.300	0.300
4	74,000		21,890	0.300	0.295
11	30,000		9,000	0.300	0.300
12	60,000		17,800	0.300	0.295
13	80,000		23,700	0.300	0.295
16	20,000		6,000	0.300	0.300
17	6,000		1,770	0.295	0.295
24	6,000		1,800	0.300	0.300
25	6,000		1,800	0.300	0.300
26	10,000		2,960	0.300	0.295
27	14,000	<u>316,000</u>	<u>4,120</u>	0.295	0.290
			93,840		
May/2009					
4	6,000		1,820	0.305	0.300
5	10,000	<u>16,000</u>	<u>3,200</u>	0.320	0.320
			5,020		
		<u>1,282,000</u>	<u>378,900</u>		

The Company repurchased the Shares referred to above because it believes that such repurchase will reduce the share capital of the Company, thereby enhancing the equity attributable to the Shares.

The Company confirms that the number of Shares repurchased over the 6 months preceding six months ended on the Latest Practicable Date were within the 10% limit pursuant to general mandate granted to the Directors to exercise all the powers of the Company to purchase Shares at the Company's annual general meeting held on 20 August 2008.

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>
July 2008	0.560	0.490
August 2008	0.520	0.460
September 2008	0.490	0.350
October 2008	0.410	0.250
November 2008	0.315	0.240
December 2008	0.325	0.255
January 2009	0.320	0.275
February 2009	0.310	0.280
March 2009	0.320	0.285
April 2009	0.340	0.290
May 2009	0.415	0.285
June 2009	0.410	0.360
July (up to and including the Latest Practicable Date)	0.430	0.365

The following are the details (as required by the Listing Rules) of the Directors, who will retire and, being eligible, offer themselves for re-election at the AGM.

Mr. Loewe Lee Bon Chi

Mr. Loewe Lee Bon Chi, (“Mr. Loewe Lee”) aged 29, 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 the property development and investment division. He is also a director of The Federation of Hong Kong Watch Trades & Industries Limited. Prior to joining the Group, he was an investment banker at JP Morgan in New York.

There is no service contract between the Company and Mr. Loewe Lee. He is currently entitled to receive a director’s fee of HK\$50,000 per annum, 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 26.02% 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.

During the three years preceding the Latest Practicable Date, Mr. Loewe Lee did not hold any directorship in other listed companies. There is no information relating to Mr. Loewe Lee that is required to be disclosed pursuant to Rule 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.

Mr. Ricky Wai Kwong Yuen

Mr. Ricky Wai Kwong Yuen, (“Mr. Ricky Wai”) M.Sc., aged 62, is the President and an executive Director of National Electronics and Watch Company Limited. Mr. Ricky Wai joined the Group in 1976 and is responsible for its LCD and LCD hybrid watch business and other electronic products.

There is no service contract between the Company and Mr. Ricky Wai. He is currently entitled to receive a director’s fee of HK\$50,000 per annum, a monthly salary of HK\$138,000 and a discretionary bonus. His remuneration 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. Ricky Wai 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 was interested in a total of 37,267,767 Shares (representing 3.83% of the total issued share capital of the Company) which are held by two companies controlled by Mr. Ricky Wai.

During the three years preceding the Latest Practicable Date, Mr. Ricky Wai did not hold any directorship in other listed companies. There is no information relating to Mr. Ricky Wai 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. Ricky Wai as Director of the Company.

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

Dr. Samson Sun, M.B.E., J.P., (“Dr. Samson Sun”) aged 84, is the Chairman of the Sun International Group of companies. He was the Deputy Chairman of Gilman & Co., Limited and later of Inchape Hong Kong in each case from 1967 to 1985. Dr. Samson Sun is the Honorary Permanent President of The Federation of Hong Kong Watch Trades & Industries Limited. He has over 53 years’ experience in the manufacturing, marketing and distribution of watches and 25 years’ experience in the marketing and distribution of consumer and electronic products. Dr. Samson Sun has chaired many voluntary community services and charitable organizations and is the former Vice-Chairman of Business and Professionals Federation of Hong Kong (BPF). Dr. Samson Sun is an independent non-executive director of Oriental Watch Holdings Limited and Cheuk Nang (Holdings) Limited, the shares of all of which are listed on the Stock Exchange.

There is no service contract between the Company and Dr. Samson Sun. He is currently entitled to receive a director’s fee of HK\$225,000 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. Dr. Samson Sun is not entitled to receive any bonus.

Dr. Samson Sun 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 was interested in a total of 4,988,968 Shares (representing 0.51% of the total issued share capital of the Company) which are held by a company controlled by Dr. Samson Sun.

Save as disclosed above, Dr. Samson Sun did not hold any directorship in other listed companies during the three years preceding the Latest Practicable Date. There is no information relating to Dr. Samson Sun 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 Dr. Samson Sun 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 Friday, 21 August 2009 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 31 March 2009;
2. To consider and if thought fit approve the payment of a final dividend recommended by the board of directors for the year ended 31 March 2009;
3. To consider and if thought fit approve the re-election of Mr. Loewe Lee Bon Chi as an executive Director of the Company;
4. To consider and if thought fit approve the re-election of Mr. Ricky Wai Kwong Yuen as an executive Director of the Company;
5. To consider and if thought fit approve the re-election of Dr. Samson Sun, M.B.E., J.P. as an independent non-executive Director of the Company;
6. To determine the directors’ remuneration for their services in an aggregate sum of not exceeding HK\$1,500,000; and
7. To consider and if thought fit approve re-appointment of HLB Hodgson Impey Cheng 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 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

NOTICE OF ANNUAL GENERAL MEETING

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 this 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 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, 23 July 2009

NOTICE OF ANNUAL GENERAL MEETING

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) The register of members of the Company will be closed from Friday, 14 August, 2009 to Friday, 21 August, 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend and determine the identity of the shareholders who are entitled to attend and vote at the meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars and Transfer Office in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 13 August, 2009.
- (2) 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.
- (3) 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.
- (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 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 (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.

NOTICE OF ANNUAL GENERAL MEETING

- (5) 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 of members in respect of such share shall alone be entitled to vote in respect thereof.
- (6) 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.