
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of 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 and the accompanying 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 transferee.

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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

MAJOR TRANSACTION

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DEFINITIONS

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

“Acquisition”	the purchase of the Property pursuant to the Agreement
“Adjustment Date”	11:59 p.m. (GMT-4) on the day prior to the Completion Date
“Agreement”	the conditional sale and purchase agreement dated 7 May 2014 entered into between the Seller and the Purchaser in relation to the Acquisition
“Announcement”	the announcement of the Company dated 9 May 2014 in relation to the Acquisition
“associates”	has the meaning ascribed in the Listing Rules
“Board”	the board of directors of the Company
“Company”	National Electronics Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion Date”	7 July 2014
“connected person(s)”	has the meaning ascribed in the Listing Rules
“Consideration”	the consideration of C\$87,500,000 (which is equivalent to approximately HK\$622,073,375) in respect of the Acquisition
“Deposit”	a deposit of C\$8,750,000 (which is equivalent to approximately HK\$62,207,337.5) in respect of the Acquisition
“Directors”	the directors of the Company
“GMT”	Greenwich Mean Time
“Group”	the Company and its subsidiaries
“Independent Third Party”	an independent third party who is not a “connected person” as defined in the Listing Rules
“Independent Property Valuer”	CBRE Limited, the independent valuer appointed by the Company for valuing the Property

DEFINITIONS

“Land”	Parcel 1-1 Section AD26; Lot 1, Plan D26, Toronto; Lot 2, Plan D26, Toronto; Lot 3, Plan D26, Toronto; Lot 4, Plan D26, Toronto; Lot 5, Plan D26, Toronto; Lot 6, Plan D26, Toronto; Allowance for lane Plan D26, Toronto; Lot 1, Plan 73E, Toronto; Lot 2, Plan 73E, Toronto; Lot 3, Plan 73E, Toronto; Lot 4, Plan 73E, Toronto; Lot 5, Plan 73E, Toronto; Lot 6, Plan 73E, Toronto; Lot 7, Plan 73E, Toronto; Lot 8, Plan 73E, Toronto; Lot 1 east side of Dalhousie St. Plan 22A, Toronto; Lot 2 east side of Dalhousie St. Plan 22A, Toronto; Lot 3 east side of Dalhousie St. Plan 22A, Toronto; Lot 6 east side of Dalhousie St. Plan 22A, Toronto; Lot 7 east side of Dalhousie St. Plan 22A, Toronto; Lot 8 east side of Dalhousie St. Plan 22A, Toronto; Lot 9 east side of Dalhousie St. Plan 22A, Toronto; Lot 10 east side of Dalhousie St. Plan 22A, Toronto; Lot 11 east side of Dalhousie St. Plan 22A, Toronto; Lot 12 east side of Dalhousie St. Plan 22A, Toronto; Lot 1 west side of Mutual St Plan 22A, Toronto; Lot 2 west side of Mutual St Plan 22A, Toronto; Lot 3 west side of Mutual St Plan 22A, Toronto; Lot 6 west side of Mutual St Plan 22A, Toronto; Lot 7 west side of Mutual St Plan 22A, Toronto; Lot 8 west side of Mutual St Plan 22A, Toronto; Lot 9 west side of Mutual St Plan 22A, Toronto; Part Lot 10 west side of Mutual St Plan 22A, Toronto; being Parts 1, 2, 3, 4, 5 and 6 on Plan 66R17283; Confirmed by BA1092, registered as CT257819 Toronto, City of Toronto, Canada
“Latest Practicable Date”	18 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Lease”	the licence agreement between the Seller and the Tenant dated 31 December 2010, which has been renewed and/or extended for a current term of one year from 1 January 2014 to 31 December 2014
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	collectively, the Land and the Lease
“Purchaser”	St. Thomas Developments Incorporated, a company incorporated in Canada and a wholly-owned subsidiary of the Company
“Party”	a party to the Agreement
“Seller”	Arsandco Investments Limited, a property investment company incorporated in Canada

DEFINITIONS

“Shareholders”	the shareholders of the Company
“Shareholders’ Approval”	the written approvals obtained from the Company’s closely allied group of Shareholders, as further described in the section headed “Implications under the Listing Rules” of this circular
“Shares”	ordinary shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	Vinci Park Canada
“CAD” or “C\$”	Canadian dollars, the lawful currency of Canada
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

For illustration purposes only, an exchange rate of CAD1.00 to HKD7.10941 is used in this circular. No representation is made that any amount in CAD or HKD is or could have been or could be converted at such rate or at any other rate or at all.

LETTER FROM THE BOARD

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

Executive Directors:

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

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Non-executive Director:

Ms. Lee Yuen Yu, Dorathy

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.
Mr. Chan Chak Cheung, William
Mr. Chan Kwok Wai

23 June 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

1. INTRODUCTION

Reference is made to the announcement of the Company dated 9 May 2014 in relation to the Acquisition.

On 7 May 2014, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Seller pursuant to which the Seller agreed to sell and the Purchaser agreed to purchase the Property. As one of the relevant percentage ratios (as defined in the Listing Rules) exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained a written approval from Brentford Investments Limited, which held 237,102,979 Shares as at the date of the Announcement (representing approximately 25.21% of the issued share capital of the Company), and from Fenmore Investments Limited, which held 250,637,835 Shares as at the date of the Announcement (representing approximately 26.65% of the issued share capital of the Company), for the approval of the transactions contemplated under the Agreement. As such, no general meeting will be convened by the Company to approve the Acquisition.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information on the Acquisition.

2. THE AGREEMENT

Date: 7 May 2014

Parties:

Seller: Arsandco Investments Limited, a property investment company

Purchaser: St. Thomas Developments Incorporated, a wholly-owned subsidiary of the Company or its assignee

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement, the Seller agreed to sell the Land and the Lease (collectively, the Property) to the Purchaser for a total consideration of C\$87,500,000 (which is equivalent to approximately HK\$622,073,375).

The Property is located at 88 Queen Street East and 20 and 30 Mutual Street, Toronto, Ontario, Canada. The Land is a piece of vacant land currently leased for use as car parking lots. The Land will be sold to the Purchaser on an "as is where is" basis and free from encumbrances, save as to the encumbrances and other interests affecting the title to the Land which have been identified and set out in the Agreement, including the Lease.

In connection with the Agreement, an assignment will be entered into for the assignment of the Lease by the Seller in favour of the Purchaser.

Consideration and payment terms

The total consideration for the Acquisition is C\$87,500,000 (which is equivalent to approximately HK\$622,073,375), which will be satisfied by payment in cash in Canadian dollars to the Seller in the following manner:

- (a) the Deposit, representing 10% of the Consideration, has been paid upon the signing of the Agreement; and
- (b) the balance of the Consideration will be paid to the Seller on the Completion Date, subject to a customary adjustment for current expenses and receivables (including without limitation, all operating costs, realty taxes, and water and assessment rates, current rents, prepaid rents and interest thereon (if any), security deposits and interest thereon (if any),

LETTER FROM THE BOARD

percentage rents, current expenses and operating cost recoveries from the Tenant, current receivables and other adjustments established by the usual practice in Ontario for the purchase and sale of a commercial property) as of the Adjustment Date; but excluding: (i) any outstanding rents, operating cost recoveries and receivables (which shall remain the property of the Seller) other than for the calendar month in which completion of the Acquisition takes place; and (ii) any utilities paid directly by the Tenant to the utility authority.

The Consideration was determined after arm's length negotiations with reference to, among other things, the market value of comparable properties, location of the Land, and the existing value and redevelopment value of the Land. The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Completion

Completion of the Acquisition is expected to take place on the Completion Date.

Upon completion of the Acquisition (including the assignment of the Lease), the Purchaser will be the legal registered owner of the Land.

Conditions precedent

Completion of the Acquisition is conditional upon (i) the compliance with and performance by each of the Seller and the Purchaser of its obligations under the Agreement in all material respects; (ii) the representations and/or warranties of each of the Seller and Purchaser remain true and accurate in all material respects on completion; and (iii) there shall have been no material changes to any representations and warranties of the Seller or to the Lease on completion.

If the conditions above have not been satisfied or waived by the Seller or the Purchaser (as the case may be) on or before the Completion Date, the Agreement shall be terminated and no Party shall have any claim against another save for default of obligations under the Agreement.

Termination and refund/forfeiture of the Deposit

If the Agreement is terminated:

- (a) due to non-compliance or failure to perform by the Purchaser of its obligations under the Agreement, then the Deposit together with all interest accrued thereon shall be forfeited to the Seller upon such termination; or
- (b) due to any reason except the default of the Purchaser, then the Deposit together with all interest accrued thereon shall be returned to the Purchaser upon such termination.

LETTER FROM THE BOARD

3. INFORMATION OF THE PROPERTY

The Land is approximately 2.47 acres, of which 972,756 square feet is zoned for commercial/residential use. The Land is currently vacant and leased by the Seller to the Tenant (who is an Independent Third Party) for use as a carpark until 31 December 2014. As at 7 May 2014, the Land, based on its existing state, had an appraised value of C\$90,000,000 (which is equivalent to approximately HK\$639,846,900) as valued by the Independent Property Valuer. Please refer to Appendix II for the valuation report of the Land.

Based on the information provided by the Seller, the total revenue generated from the Lease for the calendar year 2013 was C\$1,324,000 (which is equivalent to approximately HK\$9,412,859) and the rental payable from the Lease for the calendar year 2014 is C\$1,371,060 (which is equivalent to approximately HK\$9,747,428).

The Seller has not made its financial accounts (including the Property's contribution to the Seller's net profit) available to the Company. Please see paragraph 1 of Appendix III (Financial Information in Relation to the Property) for further details.

4. INFORMATION OF THE COMPANY, THE SELLER AND THE PURCHASER

Information of the Company

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development, property investment and hotel operation.

Information of the Seller

The Seller is a property investment company incorporated in Canada.

Information of the Purchaser

The Purchaser is a property development company incorporated in Canada, and is a wholly-owned subsidiary of the Company.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is being acquired for development purpose. The Directors consider that the acquisition of the Property and its development will enable the Group to enlarge its properties portfolio with high quality assets and the Group's property business portfolio will be strengthened and enhanced. The Company plans to redevelop the Land into a residential/commercial property for sale. The Company may reassess its plan depending on the market conditions and performance of the property market at the relevant time in the future.

The Directors consider that the Acquisition is on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

The Group intends to finance the Acquisition by cash of approximately HK\$175 million and bank borrowing of approximately HK\$465 million.

6. FINANCIAL EFFECTS OF THE ACQUISITION

Profit

According to the audited consolidated income statement for the year ended 31 March 2013 as per page 26 of the Annual Report 2013 of the Company, the profit of the Group for the year ended 31 March 2013 was approximately HK\$296.22 million.

As noted earlier, the Seller has not made its financial accounts (including the Property's contribution to the Seller's profit) available to the Company. However, given the immateriality of the relevant rental income as well as the likely minimal upkeep cost for the Land, which is currently vacant, the Directors believe that the profit of the Group would not have been materially different for the year ended 31 March 2013, had the Acquisition occurred at the start of such period. Further, the Directors do not consider the historical financial accounts of the Company (including the Property's contribution to the Seller's profit) to be necessarily indicative of the financial effects of the Acquisition. As noted earlier, the Company intends to redevelop the Land into a residential/commercial property for sale after the Acquisition, and the rental income and expenses in connection with the Land will likely differ before and after redevelopment.

Assets and liabilities

As at 30 September 2013, the unaudited consolidated total assets of the Group amounted to approximately HK\$3,759.44 million.

Assuming completion had taken place on 30 September 2013, and the consideration was funded from available banking facilities as at 30 September 2013 and the bank loan facilities obtained / committed to be entered into for the Acquisition, the unaudited pro forma consolidated total assets of the Group as at 30 September 2013 would be approximately HK\$4,224.91 million.

As at 30 September 2013, the unaudited consolidated total liabilities of the Group amounted to approximately HK\$2,167.26 million.

Assuming that completion had taken place on 30 September 2013 and the consideration was funded from available banking facilities as at 30 September 2013 and the bank loan facilities obtained / committed to be entered into for the Acquisition, the unaudited pro forma consolidated total liabilities of the Group as at 30 September 2013 would be approximately HK\$2,632.73 million.

7. IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant percentage ratios (as defined in the Listing Rules) exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the transactions contemplated under the Agreement. As such, no Shareholder would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of such matters.

The Company has a closely allied group of Shareholders which together hold approximately 51.86% of the total issued share capital of the Company as at the date of the Announcement. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained a written approval from Brentford Investments Limited which held 237,102,979 Shares as at the date of the Announcement (representing approximately 25.21% of the issued share capital of the Company), and from Fenmore Investments Limited which held 250,637,835 Shares as at the date of the Announcement (representing approximately 26.65% of the issued share capital of the Company), for the approval of the transactions contemplated under the Agreement. The said 237,102,979 Shares held by Brentford Investments Limited are part of the property of a discretionary trust of which each of Messrs. James Lee Yuen Kui and Edward Lee Yuen Cheor is named beneficiary. The said 250,637,835 Shares held by Fenmore Investments Limited are part of the property of a discretionary trust of which Mr. Jimmy Lee Yuen Ching and his family members including Mr. Loewe Lee Bon Chi are named beneficiaries. Messrs. James Lee Yuen Kui and Edward Lee Yuen Cheor are brothers and they are cousins of Mr. Jimmy Lee Yuen Ching, who is the father of Mr. Loewe Lee Bon Chi.

As such, no general meeting will be convened by the Company to approve such matters. If, despite the said written approval from Brentford Investments Limited and Fenmore Investments Limited having been obtained, voting was required and the Company held a general meeting for the approval of the transactions contemplated under the Agreement, the Directors would have recommended that the Shareholders vote in favour of such resolution.

8. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

By Order of the Board
National Electronics Holdings Limited
Lee Yuen Ching Jimmy
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Audited financial information of the Group for each of the three years ended 31 March 2011, 31 March 2012 and 31 March 2013 are disclosed in the annual reports of the Company for the years ended 31 March 2011 (pages 20 to 96), 31 March 2012 (pages 22 to 112) and 31 March 2013 (pages 26 to 120) dated 27 June 2011, 27 June 2012 and 25 June 2013 respectively were published on both the website of the Stock Exchange (www.hkex.com.hk) and the designated website of the Company (<http://www.irasia.com/listco/hk/national/index.htm>).

Interim financial information of the Group for the six-month ended 30 September 2013 is disclosed in the interim report of the Company for the six-month ended 30 September 2013 (pages 1 to 24) dated 28 November 2013, which was published on both the website of the Stock Exchange (www.hkex.com.hk) and the designated website of the Company (<http://www.irasia.com/listco/hk/national/index.htm>).

The Directors are of the opinion that there is not any material adverse change in the financial or trading position of the Group since the date to which the latest published audited accounts of the Company have been made up.

2. INDEBTEDNESS OF THE GROUP

As at 30 April 2014, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$2,059 million (of which HK\$1,358 million was secured by fixed charges on certain of the Group's assets with net book value of approximately HK\$2,579 million, including properties) representing short and long term loans and trust receipt loans. In addition, the Group had outstanding at that date obligations under hire purchase contracts and finance leases of approximately HK\$38.76 million and contingent liabilities in respect of guarantees given to third parties of approximately HK\$0.6 million.

Save as aforesaid, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on the Latest Practicable Date any loan capital and/or debt securities issued and outstanding or agreed to be issued or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills, if any) or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL OF THE GROUP

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group and its internally generated funds and the effect of the Agreement, the Group will have sufficient working capital to satisfy its present requirements for the next twelve (12) months from the date of this circular in the absence of unforeseen circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUPWatches and Watch Components

The turnover and profit of the Group's watch manufacturing and watch component trading division decreased slightly due to the continued escalation of manufacturing costs in China coupled with the slow recovery of the European and U.S. economies.

The continued weakness and instability of the European Union's financial status, the fragile U.S. economic recovery and the potential slowdown of growth in China will affect consumer demand that may persist this coming year. This will have a negative impact on the Group's watch manufacturing and watch component trading business.

The Group is cautious on the performance of its watch manufacturing and watch component trading business in this coming financial year.

Property Development and Investment

The Group's three joint venture boutique hotel apartments, with a real estate fund managed by JP Morgan Asset Management received good market reviews and achieved satisfactory occupancy rates. The Group entered into sale and purchase agreements on 28 April 2014 to acquire the remaining 73% shareholding interest in two of the said joint ventures, which will enable the Group to hold (i) the property located at No. 89 Jervois Street, Hong Kong, currently known as "The Jervois", for a consideration of HK\$219,347,587, which will be satisfied by payment of an equivalent amount in United States dollars in cash; and (ii) the properties located at Nos. 99, 101 and 103 Bonham Strand and 127 Wing Lok Street, Hong Kong, currently known as "99 Bonham", for a consideration of HK\$258,647,172, which will be satisfied by payment of an equivalent amount in United States dollars in cash. Please refer to the circular dated 16 June 2014 for further information.

The Group's own boutique hotel apartment, The Putman, located at 202 Queen's Road Central, Hong Kong, maintained a high occupancy rate and leasing interest remained strong. As a result, the Group's hotel operation division enjoyed double digit increase in terms of turnover and profit.

The introduction of the Special Stamp Duty, the Buyer's Stamp Duty and Double Stamp Duty together with the tightening of bank mortgage loan financing for property buyers continue to affect the transaction volume and price level of the property market. However, with regard to the recent high price transactions for luxury houses, the sentiment of the luxury residential market in Hong Kong has become positive on the back of limited supply and strong demand.

The Group remains optimistic about Hong Kong's medium and long term real estate market and will continue to look for attractive acquisition opportunities.

The superstructure of the Group's wholly owned boutique hotel apartment development at 194-196 Queen's Road Central, Hong Kong was completed and the project is expected to launch in the second half of 2014.

On 14 November 2012, the Group completed its purchase of House No. C36, Regalia Bay, No. 88 Wong Ma Kok Road, Hong Kong for long term investment purpose.

On 27 September 2012, the Group completed the purchase of the outstanding 50% shareholding in Tania Investments Holdings Limited, previously a jointly controlled entity with a real estate fund managed by J. P. Morgan Asset Management which indirectly owns the residential property located at 45 Tai Tam Road, Hong Kong. The site formation and foundation work of the Group's wholly owned luxurious residential development project at 45 Tai Tam Road was completed in preparation for the commencement of the superstructure works.

On 11 June 2012, Century Land Limited, which the Group owns 20% of its issued share capital, completed the transaction with the Agricultural Bank of China on the sale of its Grade A commercial investment property situated at 50 Connaught Road Central, Hong Kong for HK\$4.88 billion. The result was very satisfactory and the profit contribution of this investment property had been accounted for over the past few years.

Also in June 2012, the Group launched Twenty One Whitfield, its joint venture boutique hotel apartment, with a real estate fund managed by J.P. Morgan Asset Management located at 21 Whitfield Road, Hong Kong. It was the Group's first hotel apartment in the Causeway Bay / North Point location and the result has been satisfactory.

The following is the text of the letter and valuation certificate in relation to the Property received from CBRE Limited, an independent property valuer, prepared for the purpose of incorporation in this circular.



145 King Street West, Suite 600
Toronto, ON M5H 1J8

ST. THOMAS DEVELOPMENTS INCORPORATED
7 Lee Centre Drive
Toronto, ON M1H 3J8

13 June 2014

RE: 20 and 30 Mutual Street and 88 Queen Street East, Toronto, Ontario, Canada

Dear Sirs,

Instruction, Purpose & Date of Valuation

We refer to your instructions for us to carry out a market valuation of the above reference property for sale and purchase purpose. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 7th May, 2014 (the “date of valuation”).

Basis of Valuation

Our valuation of the property represents its market value which in accordance with the standards set forth in the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) and the International Valuation Standards published from time to time by the International Valuation Standards Council.

Valuation Assumptions

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale, and leaseback arrangement, special consideration or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages, or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sales. Unless otherwise stated, it is assumed that the property is free from encumbrances and outgoings of any onerous nature which could affect its value.

Method of Valuation

We have valued the property by direct comparison approach assuming sale of the property in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Source of Information

We have relied to a very considerable extent on the information given by the company and have accepted advice given to us to on such matters as planning approval, statutory notices, easements, tenure, particulars of occupancy, lettings, rentals, site and floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents provided to us and are therefore only approximations. No on-site measurement has been carried out.

Title Investigation

We have not been provided with copies of the title documents relating to the property but have caused searches to be made at the Land Titles office. However, we have not searched the original documents to verify ownership or ascertain any amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximations.

Site Inspection

We have inspected the exterior of the property. We have not carried out any soil or site investigation. In undertaking our valuations, we have assumed that the property is suitable for development and no extraordinary cost or delays will be incurred during construction.

Our valuation certificate is hereby enclosed for your attention.

Yours truly,
For and on behalf of
CBRE LIMITED
Valuation & Advisory Services
Paul Morassutti , AACI, MRICS
Executive Vice President and Senior Managing Director Valuation & Advisory Services

Note: Mr. Paul Morassutti is a Registered Professional Appraiser who has over 20 years experience in the valuation of properties in Canada.

Valuation Certificate

Property	Description and tenure	Particulars of occupancy	Capital Value in Existing state as at 7th May, 2014
20 and 30 Mutual and 88 Queen Street East, Toronto, Ontario, Canada	This property comprises a building lot with a registered site area of approximately 2.47 acres.	Vacant	CAD\$90,000,000
Legal Description PIN 21098-004(LT), Fee Simple Absolute	This property is leased to Vinci Park Canada under lease for a current term of 1 year, 1 January 2014 to 31 December 2014 renewable with option to terminate by the owner with 1 months notice. The current rent payable for the lot is CAD\$1,371,060 per annum.		

Notes:

- (1) The registered owner of the property is Arsandco Investments Limited.
- (2) There are currently no mortgages on title.
- (3) The property is zoned Commercial/ Residential with 9x coverage density, and is subject to Toronto Zoning By-law 569-2013 which provides, inter alia, that the total gross floor area of all buildings or structures to be erected or used on the lot shall not exceed 90,372 square metres (which is equivalent to approximately 972,756 square feet).

APPENDIX III FINANCIAL INFORMATION IN RELATION TO THE PROPERTY

1. PROFIT AND LOSS STATEMENT IN RELATION TO THE PROPERTY

In accordance with Rule 14.67(6)(b)(i) (the “Rule”) of the Listing Rules, a profit and loss statement of the Property for each of the years ended 31 March 2012, 2013 and 2014 has to be included in this circular. The Company has tried to gain access to all the information in relation to the Property required under the Rule from the Seller. However, the Company is unable to gain access to such information without any reasons given by the Seller. The Company has used its best endeavours and exhausted all possible means to gather the information required under the Rule but the only information which the Company has is the licence agreements (the “Leases”) of the Land. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 14.67(4)(b)(i) of the Listing Rules that the following profit and loss statement was disclosed instead. The Directors confirm that the omission of the profit and loss statements in relation to the Property pursuant to the Rule in the circumstances will not make this circular misleading or deceptive under Rule 2.13(2) of the Listing Rules in any material respect.

The profit and loss statement of the Property for each of the years ended 31 March 2012, 2013 and 2014 set out below has been prepared by the Directors solely based on the Leases provided by the Seller. Accordingly, it may not give a true picture of the performance of the Land actually occurred during each of the years ended 31 March 2012, 2013 and 2014.

	For the year ended 31 March		
	2012	2013	2014
	<i>C\$'000</i>	<i>C\$'000</i>	<i>C\$'000</i>
Rental income	<u>1,251</u>	<u>1,248</u>	<u>1,336</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equivalent to HK\$	<u>8,891</u>	<u>8,872</u>	<u>9,497</u>

Notes:

1. The rental income for each of the years ended 31 March 2012, 2013 and 2014 is derived from the Leases.
2. Based on the Leases, all charges, impositions, costs and expenses of every nature and kind (except reality taxes) relating to the Land and the use thereof are borne by the lessee of the Land.
3. Save for the Leases, the Directors do not have access to other information about the Land such as the Seller's financing agreement or tax arrangement in relation to the Land. The Company was further advised by its Canadian counsel that there are no government rents or rates payable in Canada and there is no information on other expenses and outgoing payables in respect of the Land available from the public search results. Due to the limited information available to the Directors, the Directors are unable to ascertain the other expenses (if any) in relation to the Land. Accordingly, no other expenses such as finance costs and reality taxes were included in the above profit and loss statement.

APPENDIX III FINANCIAL INFORMATION IN RELATION TO THE PROPERTY

4. The following procedures have been undertaken by HLB Hodgson Impey Cheng Limited, the auditors of the Company, in accordance with the Hong Kong Standard on Related Service 4400 “Engagements to Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), with respect to the Leases as described above, HLB Hodgson Impey Cheng Limited:

- (i) obtained from the management of the Company the rental income summary (as shown in page III-1) (the “Rental Income Summary”) and the rental income listing of the Land (the “Rental Income Listing”) and checked their arithmetic accuracy.
- (ii) compared the total amount of rental income for each of the years ended 31 March 2012, 2013 and 2014 as shown in the Rental Income Summary to the respective total rental amounts as shown in the Rental Income Listing.
- (iii) compared the particulars of the lessee names, lease periods, monthly rental amounts and total rental amount (the “Particulars”) as shown in the Rental Income Listing to the relevant licence agreements provided by the Seller.

HLB Hodgson Impey Cheng Limited’s findings are:

- (a) With respect to item (i), HLB Hodgson Impey Cheng Limited found the Rental Income Summary and the Rental Income Listing to be arithmetically accurate.
- (b) With respect to item (ii), HLB Hodgson Impey Cheng Limited found the total amount of rental income for each of the years ended 31 March 2012, 2013 and 2014 as shown in the Rental Income Summary (giving effect to rounding where applicable) to be in agreement with the Rental Income Listing.
- (c) With respect to item (iii), HLB Hodgson Impey Cheng Limited found the Particulars as shown in the Rental Income Listing to be in agreement with the relevant licence agreements provided by the Seller.

Because the above procedures do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, HLB Hodgson Impey Cheng Limited does not express any assurance on the profit and loss statement of the Property.

Had HLB Hodgson Impey Cheng Limited performed additional procedures or had HLB Hodgson Impey Cheng Limited performed an assurance engagement of the profit and loss statement of the Property in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, other matters might have come to HLB Hodgson Impey Cheng Limited’s attention that would have been reported to the Company.

APPENDIX III FINANCIAL INFORMATION IN RELATION TO THE PROPERTY

2. VALUATION OF THE PROPERTY

No valuation of the Property at the end of each of the years ended 31 March 2012, 2013 and 2014 was disclosed herein as the Directors were unable to obtain any valuation reports from the Seller.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Group has been prepared by the Directors to illustrate the effect of the Acquisition.

The unaudited pro forma statement of assets and liabilities of the Group has been prepared as if the Acquisition had been completed on 30 September 2013 and is based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2013 as extracted from the interim report of the Group for the six months ended 30 September 2013 after making pro forma adjustments that are (i) directly attributable to the Acquisition and not relating to future events or decisions; and (ii) factually supportable.

The unaudited pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it may not give a true picture of the assets and liabilities of the Group as at 30 September 2013 or any future date.

	Statement of assets and liabilities of the Group as at 30 September 2013 <i>HK\$'000</i> (Unaudited) (Note 1)	Pro forma adjustments <i>HK\$'000</i> (Unaudited) (Note 2)		Pro forma statement of assets and liabilities of the Group after the Acquisition <i>HK\$'000</i> (Unaudited)
Non-current assets				
Investment properties	731,612	640,475	(a)	1,372,087
Property, plant and equipment	572,146			572,146
Prepaid lease payments	12,639			12,639
Goodwill	678			678
Interests in associates	210,880			210,880
Interests in joint ventures	—			—
Available-for-sale investments	21,230			21,230
Derivative financial instruments	3			3
	<u>1,549,188</u>			<u>2,189,663</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

	Statement of assets and liabilities of the Group as at 30 September 2013 <i>HK\$'000</i> (Unaudited) (Note 1)	Pro forma adjustments <i>HK\$'000</i> (Unaudited) (Note 2)	Pro forma statement of assets and liabilities of the Group after the Acquisition <i>HK\$'000</i> (Unaudited)
Current assets			
Inventories	134,288		134,288
Prepaid lease payments	326		326
Investment held for trading	4,058		4,058
Inventory of unsold properties	7,359		7,359
Properties under development for sale	1,230,970		1,230,970
Bills receivables	805		805
Trade receivables, deposits and prepayments	152,411		152,411
Amounts due from associates	75,124		75,124
Amounts due from joint ventures	21,350		21,350
Tax recoverable	778		778
Bank balances and cash	<u>582,785</u>	(175,004) (b)	<u>407,781</u>
	<u>2,210,254</u>		<u>2,035,250</u>

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

	Statement of assets and liabilities of the Group as at 30 September 2013 <i>HK\$'000</i> (Unaudited) (Note 1)	Pro forma adjustments <i>HK\$'000</i> (Unaudited) (Note 2)	Pro forma statement of assets and liabilities of the Group after the Acquisition <i>HK\$'000</i> (Unaudited)
Current liabilities			
Trade payables, customers' deposits and accrued expenses	156,556		156,556
Bills payables	97,844		97,844
Amount due to an associate	46,816		46,816
Tax payable	10,101		10,101
Obligations under finance leases	6,618		6,618
Bank loans	<u>524,503</u>		<u>524,503</u>
	<u>842,438</u>		<u>842,438</u>
Net current assets	<u>1,367,816</u>		<u>1,192,812</u>
Total assets less current liabilities	<u>2,917,004</u>		<u>3,382,475</u>
Non-current liabilities			
Provisions for long service payments	6,731		6,731
Obligations under finance leases	31,687		31,687
Bank loans	1,211,462	465,471 (c)	1,676,933
Deferred tax liabilities	<u>74,943</u>		<u>74,943</u>
	<u>1,324,823</u>		<u>1,790,294</u>
Net assets	<u><u>1,592,181</u></u>		<u><u>1,592,181</u></u>

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. Being based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2013. Details of which were disclosed in the interim report of the Company for the six months ended 30 September 2013.

2. Being the adjustments for the Acquisition, including adjustments on:

(a) The total costs of the Acquisition as follows:

	<i>HK\$'000</i>
Consideration for the Acquisition	622,073
Land transfer tax	16,947
Professional fees in connection with the Acquisition	<u>1,455</u>
	<u><u>640,475</u></u>

(b) The portion of the total costs of the Acquisition settled through internal resources of the Group.

(c) The portion of the total costs of the Acquisition to be financed by additional banking facility, which will not repayable within the next twelve months from the date of drawdown.

3. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2013.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



國 衛 會 計 師 事 務 所 有 限 公 司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF NATIONAL ELECTRONICS HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of National Electronics Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 30 September 2013 and related notes as set out on pages IV-1 to IV-4 of the circular issued by the Company dated 23 June 2014 (the "Circular"). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in notes 1 to 3.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Acquisition (as defined in the Circular) on the Group's assets and liabilities as at 30 September 2013 as if the transaction had taken place at 30 September 2013. As part of this process, information about the Group's assets and liabilities has been extracted by the directors from the Group's financial statements for the six months ended 30 September 2013, on which no audit or review report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to AG 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

**APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hui Chun Keung, David
Practising Certificate Number: P05447

Hong Kong, 23 June 2014

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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.

2. DISCLOSURE OF INTERESTS**(a) Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(i) Ordinary shares of HK\$0.10 each

Name of director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Percentage of the issued share capital of the Company
Mr. Jimmy Lee Yuen Ching	Chairman	—	—	250,637,835 (note a)	250,637,835	26.75%
Mr. Loewe Lee Bon Chi	Managing Director	30,000,000	—	250,637,835 (note a)	280,637,835	29.95%
Mr. James Lee Yuen Kui	Managing Director	5,940	—	237,102,979 (note b)	237,108,919	25.31%
Mr. Edward Lee Yuen Cheor	Director	—	—	237,102,979 (note b)	237,102,979	25.30%
Mr. Ricky Wai Kwong Yuen	Director	—	37,267,767 (note c)	—	37,267,767	3.98%
Dr. Samson Sun, M.B.E., J.P.	Director	—	5,288,968 (note d)	—	5,288,968	0.56%

(ii) *Share options*

Name of Director	Capacity	Number of options held	Number of underlying shares	Percentage of the issued share capital of the Company
Mr. Loewe Lee Bon Chi	Managing Director (Beneficial owner)	15,200,000	15,200,000	1.62%
Mr. William Chan Chak Cheung	Independent Non-executive Director (Beneficial owner)	300,000	300,000	0.03%
Mr. Chan Kwok Wai	Independent Non-executive Director (Beneficial owner)	300,000	300,000	0.03%

Notes:

- (a) The 250,637,835 shares are part of the property of a discretionary trust of which Mr. Jimmy Lee Yuen Ching and his family members including Mr. Loewe Lee Bon Chi are named beneficiaries.
- (b) The 237,102,979 shares are part of the property of a discretionary trust of which each of Messrs. James Lee Yuen Kui and Edward Lee Yuen Cheor is named beneficiary.
- (c) The 37,267,767 shares are held by two companies controlled by Mr. Ricky Wai Kwong Yuen.
- (d) The 5,288,968 shares are held by a company controlled by Dr. Samson Sun, M.B.E., J.P.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which have been, since 31 March 2013 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

Share options

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 20 August 2008 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 19 August 2018. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At the Latest Practical Date, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 15,800,000, representing 1.69% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Consideration at HK\$1 is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the tenth anniversary of the date of grant. The exercise price is determined by the Directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The following table disclosed movements in the Company's share options during the year ended 31 March 2014:

Name of director	Date of grant	Exercise period	Exercise price per share HK\$	Balance at 1.4.2013	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Balance at 31.03.2014
Mr. Loewe Lee Bon Chi	18.3.2010	18.3.2010-17.03.2018	0.542	9,200,000	—	—	—	—	9,200,000
	23.3.2011	23.3.2011-22.3.2018	0.760	6,000,000	—	—	—	—	6,000,000
Mr. William Chan Chak Cheung	23.3.2011	23.3.2011-22.3.2018	0.760	300,000	—	—	—	—	300,000
Mr. Chan Kwok Wai	23.3.2011	23.3.2011-22.3.2018	0.760	300,000	—	—	—	—	300,000

The closing price of the Company's share immediately before 18 March 2010, the date of grant of the options, was HK\$0.540 and before 23 March 2011, the date of grant of the options, was HK\$0.760.

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, no person (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which will not expire or may not be terminated by the Company within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, there was no litigation or claims of material importance known to the Directors pending or threatened against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their associates (as such term is defined in the Listing Rules) had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinions, letter or advices contained in this circular:

(a) Name	(b) Qualification
CBRE Limited	Professional Surveyors and Valuers
HLB Hodgson Impey Cheng Limited	Certified Public Accountants

CBRE Limited (“CBRE”) and HLB Hodgson Impey Cheng Limited (“HLB”) do not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Each of CBRE and HLB has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or references to its name in the form and context in which they are included.

As at the Latest Practicable Date, CBRE and HLB did not have any direct or indirect interests in any assets which have been, since 31 March 2013 (the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) a disposal agreement entered into on 8 May 2012 by Century Land Limited, which the Company owns 20% of its entire issued share capital, with an independent party not connected with the Company in relation to the disposal of the land and building situated on No. 50 Connaught Road Central, Hong Kong for a consideration of HK\$4.88 billion;
- (b) an acquisition agreement entered into on 9 August 2012 by Tania Investments Limited, a wholly-owned subsidiary of the Company, with GCPF Cayman Holdings 6 Corp., in relation to the acquisition of 50% of the issued share capital of Tania Investments Holdings Limited at a consideration of HK\$250 million;
- (c) an acquisition agreement entered into on 4 September 2012 by Samford Limited, a wholly-owned subsidiary of the Company, with Supreme Class Limited, in relation to the purchase of House No. C36 Regalia Bay, No. 88 Wong Ma Kok Road, Hong Kong (including two car parking spaces) at a consideration of HK\$80 million;
- (d) a conditional sale and purchase agreement entered into on 28 April 2014 by Verde Group Limited, a wholly-owned subsidiary of the Company, with GCPF Cayman Holding 10 Corp., in relation to the purchase of 73% of the issued share capital of Smart Plus Group Limited and the assignment of the benefit of the shareholder loan at a consideration of HK\$ HK\$219,347,587;
- (e) a conditional sale and purchase agreement entered into on 28 April 2014 by Seafeld Capital Limited, a wholly-owned subsidiary of the Company, with GCPF Cayman Holding 11 Corp., in relation to the purchase of 73% of the issued share capital of Ally Vantage Limited and the assignment of the benefit of the shareholder loan at a consideration of HK\$258,647,172;

- (f) an assignment of shareholder loan entered into on 28 April 2014 by Verde Group Limited, a wholly-owned subsidiary of the Company, with GCPF Cayman Holding 10 Corp., in relation to the assignment of the benefit of the shareholder loan in respect of Smart Plus Group Limited;
- (g) a deed of termination entered into on 28 April 2014 by Verde Group Limited, a wholly-owned subsidiary of the Company, with GCPF Cayman Holding 10 Corp. and Smart Plus Group Limited, in relation to the termination of the shareholder's agreement in respect of Smart Plus Group Limited;
- (h) a deed of termination entered into on 28 April 2014 by Seafield Capital Limited, a wholly-owned subsidiary of the Company, with GCPF Cayman Holding 11 Corp. and Ally Vantage Limited, in relation to the termination of the shareholder's agreement in respect of Ally Vantage Limited;
- (i) a deed of termination entered into on 28 April 2014 by, among others, Spring Orchard Limited, Verde Group Limited and Seafield Capital Limited, each being a wholly-owned subsidiary of the Company, with GCPF Cayman Holding 9 Corp., GCPF Cayman Holding 10 Corp., GCPF Cayman Holding 11 Corp., in relation to the termination of the umbrella agreement as more particularly described in the announcement of the Company dated 3 June 2011;
- (j) a deed entered into on 28 April 2014 by, among others, Spring Orchard Limited, a wholly-owned subsidiary of the Company, to waive its right of first offer under the JVCo1 Right of First Offer as defined in the announcement of the Company dated 28 April 2014;
- (k) the Agreement; and
- (l) an agreement entered into on 15 May 2014 by Harbour Horizon Holdings Ltd, an indirect wholly-owned subsidiary of the Company with Ten Acre (Mayfair) Two Limited in relation to the grant and acceptance of the Leases for a total consideration of £3,725,000 (exclusive of value added tax) (which is equivalent to approximately HK\$48,611,250) as more particularly set out in the announcement of the Company dated 19 May 2014.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's principal place of business at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong during normal business on any weekday (except public holidays) from the date of this circular up to and including 7 July 2014:

- (a) the memorandum of association and Bye-laws of the Company;

- (b) the annual reports of the Company of each of the two financial years immediately preceding the issue of this circular;
- (c) the letter and valuation certificate referred to in Appendix II to this circular;
- (d) the report from HLB Hodgson Impey Cheng Limited on the unaudited pro forma financial information of the Group referred to in Appendix IV to this circular;
- (e) the written consent given by CBRE and HLB;
- (f) the material contracts referred to in this appendix;
- (g) the Company's circular dated 16 June 2014; and
- (h) this circular.

9. MISCELLANEOUS

- (a) The qualified accountant and company secretary of the Company is Mr. Wong Kam Kee, Andy, who is an associate member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wong holds an Executive Master Degree of Business Administration from Chinese University of Hong Kong and a Master of Science Degree in Financial Management from the University of London. Mr. Wong was an audit executive of an international accounting firm and held senior finance positions in several listed public companies in Hong Kong.
- (b) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda. The principal place of business of the Company is at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.