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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, you should at once hand this circular to the purchaser or transferee or 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)

**MAJOR TRANSACTIONS
DISPOSAL OF PROPERTIES**

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DEFINITIONS

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

“Abergeldie Agreement”	the preliminary agreement entered into between the Abergeldie Vendor and the Abergeldie Purchaser for the sale and purchase of the Abergeldie Property
“Abergeldie Disposal”	the disposal of the Abergeldie Property by the Abergeldie Vendor pursuant to the Abergeldie Agreement
“Abergeldie Property”	House No. 1 together with the garden, open terrace spaces, flat roof and carport attached therewith, Abergeldie 52 Plantation Road, Hong Kong
“Abergeldie Purchaser”	Forever Shiny Holdings Limited, a company incorporated in Hong Kong and the ultimate beneficial owners of which are Independent Third Parties
“Abergeldie Vendor”	Ambrose Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Agreements”	the Abergeldie Agreement and the Lockhart Road Agreement
“Company”	National Electronics Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Disposals”	the Abergeldie Disposal and the Lockhart Road Disposal
“DTZ”	DTZ Debenham Tie Leung Limited, an independent valuer
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules
“Latest Practical Date”	15 May 2009 being the latest practicable date prior to the printing of this circular for ascertaining certain information contain in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Lockhart Road Agreement”	the preliminary agreement entered into between the Lockhart Road Vendor and the Lockhart Road Purchaser for the sale and purchase of the Lockhart Road Properties
“Lockhart Road Disposal”	the disposal of the Lockhart Road Properties by the Lockhart Road Vendor pursuant to the Lockhart Road Agreement
“Lockhart Road Properties”	Nos. 459-461 Lockhart Road, Causeway Bay, Hong Kong
“Lockhart Road Purchaser”	Giant Rich Investment Limited, a company incorporated in Hong Kong and the ultimate beneficial owners of which are Independent Third Parties
“Lockhart Road Vendor”	Cinic Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Properties”	the Abergeldie Property and the Lockhart Road Properties
“Purchasers”	the Abergeldie Purchaser and the Lockhart Road Purchaser
“SFO”	Securities and Future Ordinance (Chapter 571) of the Laws of Hong Kong
“Shareholder(s) ”	the shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	the Abergeldie Vendor and the Lockhart Road Vendor

LETTER FROM THE BOARD

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

Executive Directors

Mr. Lee Yuen Ching, Jimmy (*Chairman*)
Mr. Lee Yuen Kui, James (*Managing Director*)
Mr. Lee Bon Chi, Loewe
Mr. Lee Yuen Cheor, Edward
Mr. Wai Kwong Yuen, Ricky

Non-executive Director

Miss Lee Yuen Yu, Dorathy

Independent Non-executive Directors

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal

Place of Business:

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

20 May 2009

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTIONS — DISPOSAL OF PROPERTIES

INTRODUCTION

On 28 April 2009, the Lockhart Road Vendor, a wholly-owned subsidiary of the Company, entered into the Lockhart Road Agreement with the Lockhart Road Purchaser to dispose the Lockhart Road Properties at a consideration of HK\$180,000,000.

On 29 April 2009, the Abergeldie Vendor, a wholly-owned subsidiary of the Company, entered into the Abergeldie Agreement with the Abergeldie Purchaser to dispose the Abergeldie Property at a consideration of HK\$120,000,000.

The Disposals constitute two major transactions of the Company under Chapter 14 of the Listing Rules and are conditional on approval by the Shareholders. The Company has obtained written approvals for the Disposals from a closely allied group of Shareholders who together hold approximately 51.94% of the issued share capital of the Company as at the date of the Lockhart Road Agreement and Abergeldie Agreement. Accordingly, no general meeting for the Shareholders' approval of the Disposals will be held.

The Company confirms that the locations of the properties disposed of in the past 12 months including the Properties are distinct, individual and unconnected and are not parts of one asset. The

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purchasers of the properties disposed of in the past 12 months including the Purchasers are neither connected nor associated with one another. The Group has not disposed of any property to the Purchasers in the past 12 months. On these bases, we consider Rule 14.22 of the Listing Rules does not apply.

The purpose of this circular is to provide you with further information on the Disposals.

LOCKHART ROAD AGREEMENT

Parties

Purchaser: Giant Rich Investment Limited, an Independent Third Party. The Company is unable to obtain the information of the principal business activities of the Lockhart Road Purchaser since the Lockhart Road Purchaser is an Independent Third Party. The Company has tried through the property agent to obtain such information, but no such information is provided to the Company.

Vendor: Cinic Limited

Information of the Lockhart Road Properties

The Lockhart Road Properties are located at Nos. 459-461 Lockhart Road, Causeway Bay, Hong Kong. The Lockhart Road Properties are two commercial properties, each of which consists of three floors with a gross floor area of about 4,700 square feet. One property is currently subject to tenancy and the other is currently vacant. The term of the said tenancy agreement is three years from 1 September 2007 to 31 August 2010 and the monthly rental is \$209,000 from 1 September 2007 to 31 August 2009 and HK\$218,000 from 1 September 2009 to 31 August 2010. The existing tenant is an Independent Third Party.

Consideration and payment terms

The consideration for the Lockhart Road Disposal of HK\$180,000,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Lockhart Road Properties of HK\$181,000,000 as at 28 April 2009, being a value indication by an independent valuer, DTZ Debenham Tie Leung Limited. The Group currently intends to use the net proceeds from the Lockhart Road Disposal in the following way: approximately HK\$121 million for repayment of bank loan and approximately HK\$57.1 million for general working capital of the Group.

The consideration for the Lockhart Road Disposal shall be payable to the Lockhart Road Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$7,200,000 has been paid by the Lockhart Road Purchaser upon signing of the Lockhart Road Agreement;

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- (b) a further deposit of HK\$10,800,000 has been paid by the Lockhart Road Purchaser on or before 15 May 2009; and
- (c) the remaining balance of HK\$162,000,000 shall be paid by the Lockhart Road Purchaser upon completion on or before 27 July 2009.

Completion

Pursuant to the Lockhart Road Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Lockhart Road Properties on or before 15 May 2009. Completion of the sale and purchase of the Lockhart Road Properties shall take place on or before 27 July 2009.

ABERGELDIE AGREEMENT

Parties

Purchaser: Forever Shiny Holdings Limited, an Independent Third Party. The Company is unable to obtain the information of the principal business activities of the Abergeldie Purchaser since the Abergeldie Purchaser is an Independent Third Party. The Company has tried through the property agent to obtain such information, but no such information is provided to the Company.

Vendor: Ambrose Limited

Information of the Abergeldie Property

The Abergeldie Property is located at House No. 1 together with the garden, open terrace spaces, flat roof and carport attached therewith, Abergeldie 52 Plantation Road, Hong Kong. The Abergeldie Property is a residential property with a gross floor area of 3,688 square feet which is currently vacant.

Consideration and payment terms

The consideration for the Abergeldie Disposal of HK\$120,000,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Abergeldie Property of HK\$115,000,000 as at 29 April 2009, being a value indication by an independent valuer, DTZ Debenham Tie Leung Limited. The Group currently intends to use the net proceeds from the Abergeldie Disposal in the following way: approximately HK\$93.3 million for repayment of bank loan and approximately HK\$24.3 million for general working capital of the Group.

The consideration for the Abergeldie Disposal shall be payable to the Abergeldie Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$3,000,000 has been paid by the Abergeldie Purchaser upon signing of the Agreement;

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- (b) a further deposit of HK\$9,000,000 has been paid by the Abergeldie Purchaser on or before 12 May 2009; and
- (c) the remaining balance of HK\$108,000,000 shall be paid by the Abergeldie Purchaser upon completion on or before 26 June 2009.

Completion

Pursuant to the Abergeldie Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Abergeldie Property on or before 12 May 2009. Completion of the sale and purchase of the Abergeldie Property shall take place on or before 26 June 2009.

REASON FOR THE DISPOSALS

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 and investment.

The Abergeldie Property was acquired by the Group in March 2008. Since the acquisition, the Abergeldie Property has been vacant. As at 31 March 2009, the unaudited net book value of the Abergeldie Property was HK\$115 million. Based on such net book value, a gain of approximately HK\$2.6 million is expected to accrue to the Group upon completion of the Abergeldie Agreement after taking into account of the related expenses payable by the Group of approximately HK\$2.4 million.

The Lockhart Road Properties were acquired at a total consideration of HK\$160 million together with related expenses of approximately HK\$7.88 million by the Group in January 2008. Since the acquisitions, one property located at No.461 Lockhart Road, Causeway Bay, Hong Kong was leased to Independent Third Parties until October 2008 and it has been vacant since then while the other property located at No. 459 Lockhart Road, Causeway Bay, Hong Kong has been leased to an Independent Third Party until now. As at 31 March 2009, the unaudited net book value of the Lockhart Road Properties increased to HK\$181 million as a result of an increase in fair value. Based on such net book value, a loss of approximately HK\$2.86 million is expected to accrue to the Group upon completion of the Lockhart Road Agreement after taking into account of the related expenses payable by the Group of approximately HK\$1.86 million.

Despite the said loss, the Directors consider that the Disposals provide an opportunity for the Group to realize the value of the Properties and provide working capital for the Group in view of the present property market in Hong Kong. The Directors consider that the Disposals are in the interest of the Company and the terms of the Agreements are fair and reasonable as far as the Shareholders are concerned.

The net loss both before and after taxation and extraordinary items attributable to the Abergeldie Property for the year ended 31 March 2009 was approximately HK\$22.5 million which was mainly contributed by the decrease in the fair value of the Abergeldie Property.

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The net profit both before and after taxation and extraordinary items attributable to the Abergeldie Property for the year ended 31 March 2008 was approximately HK\$0.6 million which was mainly contributed by the increase in the fair value of the Abergeldie Property.

The net profits both before and after taxation and extraordinary items attributable to the Lockhart Road Properties were approximately HK\$10.2 million for the year ended 31 March 2009 and approximately HK\$2.1 million for the year ended 31 March 2008, both of which were mainly contributed by the increases in the fair values of the Lockhart Road Properties.

FINANCIAL EFFECT OF THE DISPOSALS

The net assets of the Group will be decreased following the Disposals. The total assets of the Group will be decreased which is a result of the decrease in the net book value of the Properties and the increase in the bank balance. Such decrease in total assets will be offset by a decrease in bank loan following the Disposals. It is expected that the Disposals will reduce the Group's earnings which represents the rental income that can be earned under the current tenancy if the Disposals do not take place.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As stated in the Company's interim report for the six months ended 30 September 2008, the Group's turnover for the six months ended 30 September 2008 was HK\$1,747,918,000 which increased by about 206% over the same period last year while the Group's net profit for the six months ended 30 September 2008 was HK\$139,093,000 which increased by about 91% over the same period last year. The substantial increase in the Group's turnover and net profit was mainly due to the sale of condominium units of the Group's One St. Thomas project, Toronto, Canada.

The Group intends to continue its strategy of expanding its land bank for development as well as investment properties at desirable location in Hong Kong.

GENERAL

As the relevant percentage under the size tests (as defined in the Listing Rules) exceed 25% but not exceed 75%, the Disposals constitute major transactions of the Company under Chapter 14 of the Listing Rules and are conditional on approval by the Shareholders.

There has not been any change in control in the Company in the past 24 months.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approvals for the Disposals may be obtained by written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposals; and (b) written Shareholders' approvals have been obtained from a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Disposals. So far as the Directors are aware after making reasonable enquiries, no Shareholder is required to

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abstain from voting if the Company were to convene a general meeting for the approval of the Disposals. The Company has obtained written approvals dated 28 April 2009 and 29 April 2009 for the Disposals from the following closely allied group of Shareholders who together hold approximately 51.94% of the issued share capital of the Company as at the date of the Agreement:

- (1) Brentford Investments Limited, holding 252,102,979 Shares (representing approximately 25.92% of the issued share capital of the Company), which is wholly owned by a discretionary trust of which each of Messrs James Lee Yuen Kui and Edward Lee Yuen Cheor, the executive directors of the Company, are named beneficiaries. Mr. Jimmy Lee Yuen Ching is the cousin of Messrs James Lee Yuen Kui and Edward Lee Yuen Cheor; and
- (2) Fenmore Investments Limited, holding 253,106,873 Shares (representing approximately 26.02% of the issued share capital of the Company), which is wholly owned by a discretionary trust of which Mr. Jimmy Lee Yuen Ching, an executive director of the Company, and his family members including Mr. Loewe Lee Bon Chi, the son of Mr. Jimmy Lee Yuen Ching, are named beneficiaries. Mr. Jimmy Lee Yuen Ching is the cousin of Messrs James Lee Yuen Kui and Edward Lee Yuen Cheor.

The above closely allied group of Shareholders which would together be regarded as “acting in concert” for the purposes of the Takeovers Code has been voting in the same way in all resolutions since they were Shareholders. They have been Shareholders for over 8 years. The most recent major transaction that was approved by these Shareholders by way of written resolution is the acquisition of the Properties announced by the Company on 12 September 2007.

Accordingly, no general meeting for the Shareholders’ approval of the Disposals will be held.

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. INDEBTEDNESS

At the close of business on 31 March 2009, being the latest practicable date prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$1,171 million (of which HK\$922 million was secured by fixed charges on certain of the Group's assets with net book value of approximately 1,422 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\$7 million and contingent liabilities in respect of guarantees given to third parties of approximately HK\$0.2 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 March 2009 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group including the proceeds from the Disposals and its internally generated funds and assuming that the existing banking facilities of the Group will not be withdrawn, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

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



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

20 May, 2009

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

Dear Sirs,

Re: Ground, 1st, 2nd and 3rd Floors and the Roof, No. 459 Lockhart Road and No. 461 Lockhart Road, Causeway Bay, Hong Kong.

Instructions, Purpose & Date of Valuation	We refer to your instructions for us to carry out a market valuation of the property for disposal 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 28th April, 2009 (the “date of valuation”). We are acting as an independent party, and not as an agent of the vendor or any other parties and our valuation is prepared impartially without bias to any of the parties concerned.
Basis of Valuation	Our valuation of the property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.
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 considerations 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 sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions 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 and by making reference to comparable sales transactions as available in the relevant market. For counter-checking purpose, we have adopted the residual method in assessing the site value with reference to its development potential by deducting development costs, interest and developer's profit from its estimated gross development value.

Source of Information

We have relied to a very considerable extent on the information given by your Company and have accepted advice given to us 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 Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

We have inspected the exterior of the property. No structural survey has been made and in the course of our inspection, we did not note any serious defects. We are not able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Ho Siu Wa
Registered Professional Surveyor
M.H.K.I.S., M.R.I.C.S.
Director

Note: Ho Siu Wa MRICS MHKIS RPS(GP) has been a qualified valuer and has about 25 years experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 28th April, 2009
Ground, 1st, 2nd and 3rd Floors and The Roof, No. 459 Lockhart Road and No. 461 Lockhart Road, Causeway Bay, Hong Kong.	The property comprises two 4-storey plus cockloft tenement buildings erected upon the site with a total registered site area of approximately 2,253.30 sq.ft. (209.34 sq.m.).	The tenement erected on No. 459 Lockhart Road was leased for a term of 2 years from 1st September, 2007 to 31st August, 2009 at a monthly rent of HK\$209,000 (exclusive of rates and management fees) whilst the tenement erected on No. 461 Lockhart Road was vacant.	HK\$181,000,000
Sections B and C of Inland Lot No. 2833.	According to the redevelopment scheme provided, a 30-storey prestigious boutique hotel providing 78 guest rooms is proposed to be erected on the subject site. Upon completion, ground floor of the proposed hotel will accommodate entrance lobby and a shop unit on the ground floor. 1st floor will be designated as back of house area, 2nd and 3rd floors will be electrical and mechanical floors, whilst upper floors will accommodate a total of 78 guest rooms (4th, 13th, 14th and 24th floors omitted).		
	The total gross floor area of the proposed hotel is approximately 31,221 sq.ft. (2,900.50 sq.m.).		
	The property is held under a Government Lease for a term of 99 years from 15th April, 1929 renewable for a further term of 99 years. The current Government Rent payable each section of the lots is HK\$14 per annum.		

Notes:

- (1) The registered owner of the property is Cinic Limited.
- (2) The property is subject to a Debenture of Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 08013003210571 dated 10th January, 2008.
- (3) In the course of our valuation, we have valued the market value of the property in its then existing state reflecting its redevelopment potential in accordance with the redevelopment scheme provided. Besides, we have assumed the proposed hotel will be built to a commensurate standard and the proposed scheme has been approved by relevant government departments with all necessary fees and premium having been fully settled.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

20 May, 2009

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

Dear Sirs,

Re: House No. 1 together with the Garden, Open Terrace Spaces, Flat Roof and Carport attached therewith, Abergeldie, 52 Plantation Road, The Peak, Hong Kong.

Instructions, Purpose & Date of Valuation We refer to your instructions for us to carry out a market valuation of the property for disposal 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 29th April, 2009 (the “date of valuation”). We are acting as an independent party, and not as an agent of the vendor or any other parties and our valuation is prepared impartially without bias to any of the parties concerned.

Basis of Valuation Our valuation of the property represents its market value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

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 considerations 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 sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

Method of Valuation We have valued the properties 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 saleable transactions as available in the relevant market.

Source of Information We have relied to a very considerable extent on the information given by your Company and have accepted advice given to us 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 Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection We have inspected the exterior of the property. No structural survey has been made and in the course of our inspection, we did not note any serious defects. We are not able to report whether the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Ho Siu Wa
Registered Professional Surveyor
M.H.K.I.S., M.R.I.C.S.
Director

Note: Ho Siu Wa MRICS MHKIS RPS(GP) has been a qualified valuer and has about 25 years experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 29th April, 2009
House No. 1 together with the Garden, Open Terrace Spaces, Flat Roof and Carport attached therewith, Abergeldie, 52 Plantation Road, The Peak, Hong Kong.	Abergeldie comprises eight 3-storey semi-detached garden houses completed in 1993. A communal swimming pool and tennis court facilities are provided within the development. The subject property comprises a 3-storey garden house with covered car parking space on lower ground floor of the house.	The property was vacant.	HK\$115,000,000
1147/10000th shares of and in Rural Building Lot No. 551.	Saleable area of the property is approximately 304.67 sq.m. (3,280 sq.ft.). The property is held from the Government under a Government Lease for a term of 150 years from 30th September, 1878. The current Government Rent payable for the lot is HK\$570 per annum.		

Notes:

- (1) The registered owner of the property is Ambrose Limited.
- (2) The property is subject to a Legal Charge in favour of Fubon Bank (Hong Kong) Limited for all monies vide Memorial No. 08032500280085 dated 3rd March, 2008.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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:

Long positions in Shares

Name of Director	Personal interests	Corporate interests	Other interests	Total interests	Percentage of the issued share capital of the Company
Mr. Jimmy Lee Yuen Ching	—	—	253,106,873 (note a)	253,106,873	26.02%
Mr. Loewe Lee Bon Chi	—	—	253,106,873 (note a)	253,106,873	26.02%
Mr. James Lee Yuen Kui	5,940	—	252,102,979 (note b)	252,108,919	25.92%
Mr. Edward Lee Yuen Cheor	—	—	252,102,979 (note b)	252,102,979	25.92%
Mr. Ricky Wai Kwong Yuen	—	37,267,767 (note d)	—	37,267,767	3.83%
Dr. Samson Sun, M.B.E., J.P.	—	4,988,968 (note c)	—	4,988,968	0.51%

Notes:

- (a) The 253,106,873 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 252,102,979 Shares are part of the property of a discretionary trust of which each of Messrs. James Lee Yuen Kui and Edward Lee Yuen Cheor are named beneficiaries.
- (c) The 4,988,968 Shares are held by a company controlled by Dr. Samson Sun, M.B.E., J.P.
- (d) The 37,267,767 Shares are held by two companies controlled by Mr. Ricky Wai Kwong Yuen.

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 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 2008 (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.

(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 per cent. 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:

Name	Qualification
DTZ	Professional surveyors and valuers

DTZ does 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. DTZ 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, DTZ did not have any direct or indirect interests in any assets which have been, since 31 March 2008 (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:

1. an acquisition agreement dated 4 June 2007 entered into between Smart Rise Investments Limited, a wholly owned subsidiary of the Company, and Newgrounds Corporate Inc. in relation to an acquisition of a 20% equity interest in Eden Bay Corporation and 20% Shareholder's loan at a consideration of US\$15,838,166.91 (as disclosed in the Company's circular dated 25 June 2007);
2. a disposal agreement dated 16 July 2007 entered into between Cherish Limited, a wholly owned subsidiary of the Company, and Sea Bright Properties Limited in relation to a sale of a property located at House No. 8 (including its carport on lower ground floor, its garden on ground floor and its main roof), Villa Rosa, No. 88 Red Hill Road, Hong Kong at a consideration of HK\$82,000,000 (as disclosed in the Company's circular dated 6 August 2007);
3. an acquisition agreement dated 15 August 2007 entered into between St. Thomas Commercial Developments Incorporated, a wholly owned subsidiary of the Company, and

- Environment Planning Associates Limited and Helena Grossman in relation to an acquisition of a property located at 5, 7, and 9 Sultan Street, Toronto, Canada at a consideration of CAD5,150,000 (as disclosed in the Company's circular dated 3 September 2007);
4. an acquisition agreement dated 11 September 2007 entered into between Lens Limited, a wholly owned subsidiary of the Company, and Tam Woon Ying in relation to an acquisition of a property located at No. 99 Bonham Strand, Hong Kong at a consideration of HK\$28,800,000 (as disclosed in the Company's circular dated 7 November 2007);
 5. an acquisition agreement dated 10 September 2007 entered into between Cinic Limited, a wholly owned subsidiary of the Company, and Centraland Investment Limited in relation to an acquisition of a property located at No. 459 Lockhart Road, Hong Kong at a consideration of HK\$80,000,000 (as disclosed in the Company's circular dated 7 November 2007);
 6. an acquisition agreement dated 10 September 2007 entered into between Cinic Limited, a wholly owned subsidiary of the Company, and Wai Young De Wong in relation to an acquisition of a property located at No. 461 Lockhart Road, Hong Kong at a consideration of HK\$80,000,000 (as disclosed in the Company's circular dated 7 November 2007);
 7. a disposal agreement dated 4 October 2007 entered into between Sinoway Enterprises Limited, a wholly owned subsidiary of the Company, and Tipau Hong Kong Limited in relation to a sale of a property located at Unit 1 to 8, 6th Floor, Citicorp Centre, No. 18 Whitfield Road, Hong Kong (with carpark no. 28, 29 and 57) at a consideration of HK\$57,000,000 (as disclosed in the Company's circular dated 26 October 2007);
 8. a disposal agreement dated 5 October 2007 entered into between Rever Limited, a wholly owned subsidiary of the Company, and Cantic Limited in relation to a sale of a property located at Unit 3201, 32nd Floor, Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong at a consideration of HK\$37,934,900 (as disclosed in the Company's circular dated 26 October 2007);
 9. an acquisition agreement dated 7 November 2007 entered into between Clare Limited, a wholly owned subsidiary of the Company, and Top Best Investments Limited in relation to an acquisition of a property located at House 6, Double Bay, No. 46 Island Road, Hong Kong at a consideration of HK\$160,000,000 (as disclosed in the Company's circular dated 27 November 2007);
 10. a disposal agreement dated 10 December 2007 entered into between Rexel Limited, a wholly owned subsidiary of the Company, and Century Glory Investments Limited in relation to a sale of a property located at No. 59 Shouson Hill Road, Bay Villas, Hong Kong at a consideration of HK\$160,200,000 (as disclosed in the Company's circular dated 27 December 2007);

11. an acquisition agreement dated 14 December 2007 entered into between Ambrose Limited, a wholly owned subsidiary of the Company, and Benfield Investment Limited in relation to an acquisition of the Abergeldie Property at a consideration of HK\$122,800,000 (as disclosed in the Company's circular dated 17 January 2008);
12. a disposal agreement entered into on 22 April 2009 by 1061383 Ontario Limited, a wholly owned subsidiary of the Company with Rosa Ghods in relation to the sale of a property located at 29 High Point Road, City of Toronto, Canada at a consideration of CDN\$4,300,000; and
13. the Agreements.

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 5 June 2009:

- (a) the memorandum 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 material contracts referred to in this appendix; and
- (e) the Company's circulars dated 25 June 2007, 6 August 2007, 3 September 2007, 26 October 2007, 7 November 2007, 27 November 2007, 27 December 2007 and 17 January 2008.

9. GENERAL

- (i) The qualified accountant and company secretary of the Company is Ms. Yue Man Ying, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. Yue holds a Master Degree in Business Administration.
- (ii) The branch registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iii) The English version of this circular shall prevail over the Chinese text.