

The following is the text of a letter, summary of values and valuation certificates, received from Sallmanns (Far East) Ltd., an independent valuer, in connection with their valuation of the property interests of the Group as at 31st March, 2001.



CHARTERED SURVEYORS, PROPERTY CONSULTANTS
LAND, BUILDING, PLANT & MACHINERY VALUERS
FINANCIAL AND INTANGIBLE ASSET VALUERS

15/F Trinity House
165-171 Wanchai Road
Wanchai
Hong Kong

11th May, 2001

The Directors
Sinotronics Holdings Limited
Room 2807, China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Sinotronics Holdings Limited (the "Company") and its subsidiaries (together the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the properties as at 31st March, 2001.

Where possible, our valuations of the property interests are our opinion of the open market value which we would define as intended to mean "the best price at which an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of the valuation assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

For property no. 2 in Group II, our valuation of the property is our opinion of its fair market value. Fair market value is defined as the estimated amount at which the subject property in its continued use might be expected to be purchased and sold between a willing buyer and a willing seller, neither being under compulsion, each having a reasonable knowledge of all relevant facts, with equity to both for continuation of the current operation of the property as part of on-going business.

Due to the nature of the buildings and structures constructed on the property, there are no readily identifiable market comparables and the buildings and structures cannot be valued by direct comparison approach. They have therefore been valued by depreciated replacement cost approach. Depreciated Replacement Cost Approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction cost for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

Our valuations have been made on the assumption that the owner sells the properties on the open market in their existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the properties.

Where, the property of which the land use rights are granted by PRC government with the land premium and other necessary fees being paid by instalments, our valuation is made on the assumption that the land premium will be settled in accordance with the agreed payment terms in order to secure a proper legal interest in the property.

In valuing the property interests in PRC, we have complied with all the requirements contained in the Chapter 8 to the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited.

The current status regarding major approvals, title documents and other documents required in PRC of the properties has been verified by the Group’s PRC legal adviser, Trend Associates and is set out as follows:

Property	Document/Approval			
	Land Use Rights Certificate	Building Ownership Certificate	State-owned Land Use Rights Grant Contract/ Sale and Purchase Contract	Tenancy Agreement
Group II – Property interest held and occupied by the Group in PRC				
2	Yes	Yes	Yes	N/A
Group III – Property interest rented and occupied by the Group in PRC				
3	N/A	N/A	N/A	Yes
4	N/A	N/A	N/A	Yes
5	N/A	N/A	N/A	Yes
6	N/A	N/A	N/A	Yes
7	N/A	N/A	N/A	Yes

N/A : Not applicable

The property interests in Group I and Group III rented to and occupied by the Group have no commercial value due mainly to the short term nature or prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents or insufficient proof of legal title to the properties.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the relevant properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. Based on our experience of valuations of similar properties in Hong Kong and PRC, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements have been taken.

We have relied to a considerable extent on the information provided by the Group and the legal opinion of the Group’s legal adviser and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, rentals, site and floor areas and all other relevant matters.

We have been shown copies of various title documents and official site plans relating to the properties that are owned by the Group in PRC. However, we have not searched the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us. Due to nature of the land registration system in PRC, we are unable to search the original documents to verify the existing title of the properties or any material encumbrances that might be attached to the properties.

We have inspected the exterior and, where possible, the interior of the properties included in the attached valuation certificates, in respect of which we have been provided with such information as we have required for the purpose of our valuations. However, no structural survey has been made, but in the course of our inspection we did not note any apparent serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought and received confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars. The exchange rate used in converting the value of the properties in Group II into Hong Kong Dollars is RMB1.07=HK\$1 and no significant fluctuation in such exchange rate has been found between the valuation date and the date of this letter.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
SALLMANN'S (FAR EAST) LTD.
Paul L. Brown
B.Sc., FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has extensive experience in the valuation of properties in Hong Kong, PRC, the United Kingdom and the Asia – Pacific region.

SUMMARY OF VALUES

GROUP I – PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

Property	Open market value attributable to the Group as at 31st March, 2001 <i>HK\$</i>
1. Room 2807 28th Floor China Resources Building No. 26 Harbour Road Wanchai Hong Kong	No commercial value
Sub-total:	Nil

GROUP II – PROPERTY INTEREST HELD AND OCCUPIED BY THE GROUP IN PRC

Property	Fair market value in existing state as at 31st March, 2001	Interest attributable to the Group	Fair market value attributable to the Group as at 31st March, 2001 <i>HK\$</i>
2. Land, various buildings and structures Honglu Town Fuqing City Fujian Province PRC	39,819,000	90%	35,837,100
Sub-total:			35,837,100

GROUP III – PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN PRC

Property	Open market value attributable to the Group as at 31st March, 2001 <i>HK\$</i>
3. Room 1602 Block 7 600 Long Liuzhou Road Xu Hui District Shanghai PRC	No commercial value
4. Room 201 Jin Bao Building Sha Wan Long Gang District Shenzhen City Guangdong Province PRC	No commercial value
5. Room 403 No. 505 Ke Ji Village Xing Long Road Hu Li District Xiamen City Fujian Province PRC	No commercial value
6. 7th Level No. 8 Chuang Ye Road Gao Xin Da Dao Gao Xin District Chengdu City Sichuan Province PRC	No commercial value
7. 15th Level Zhong Mei Building No. 107 Gu Tian Road Fuzhou City Fujian Province PRC	No commercial value
	Sub-total: _____ Nil
	Grand total: _____ <u>35,837,100</u>

VALUATION CERTIFICATE

GROUP I – PROPERTY INTEREST RENTED AND OCCUPIED BY THE GROUP IN HONG KONG

Property	Description and tenure	Particulars of occupancy	Open market value attributable to the Group as at 31st March, 2001 <i>HK\$</i>
1. Room 2807 28th Floor China Resources Building No. 26 Harbour Road Wanchai Hong Kong	<p>The property comprises an office unit on the 28th floor of a 50-storey building completed in about 1983.</p> <p>The property has a gross floor area of 1,239 sq.ft. or thereabouts.</p> <p>The property is rented to the Group for a term of one year nine months and sixteen days commencing on 1st October, 2000 to 16th July, 2002 at a monthly rental of HK\$23,541 exclusive of rates, management fees and air-conditioning charges.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

VALUATION CERTIFICATE

GROUP II – PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN PRC

Property	Description and tenure	Particulars of occupancy	Fair market value attributable to the Group as at 31st March, 2001 HK\$
2. Land, various buildings and structures Honglu Town Fuqing City Fujian Province PRC	<p>The property comprises an industrial site with an area of 34,775 sq.m. on which various buildings and structures completed in various stages between 1997 to 1999 are erected.</p> <p>The total gross floor area of these buildings is 17,246.07 sq.m.</p> <p>The property was granted the land use rights for a term of 25 years till 21st September, 2025.</p> <p>The major buildings include a 3-storey office building, two 1 to 3 storeys factories, a 5-storey dormitory building and a 2-storey canteen and a single storey warehouse.</p>	The property is currently occupied by the Group for industrial and ancillary purposes.	35,837,100

Notes:

- Pursuant to a new land use rights transfer contract dated 21st September, 2000 entered into between Fuqing City Land Administration Bureau and Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) the land use rights of the aforesaid subject land with a site area of 34,775 sq.m. are transferred to Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) as a granted land at the consideration of RMB2,347,312.5 for a term of 25 years until 21st September, 2025 for industrial use.
- Pursuant to a State-owned Land Use Rights Certificate, Rong Hong Guo Yung (001) Zi Di No. 01326, issued by People's Government of Fuqing City on 15th March, 2001, the land use rights of the subject land with a site area of approximately 34,775 sq.m. are held by Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) for industrial use.
- Pursuant to the Building Ownership Certificate, Rong Fang Quan Zheng R Zi Di No. 0010301, issued by People's Government of Fuqing City on 1st March, 2001, the following buildings with a total gross floor area of 17,246.07 sq.m. are held by Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司).

Use	Gross Floor Area (sq.m.)	Use	Gross Floor Area (sq.m.)
Workshop	3,611	Canteen	1,061.62
Workshop	7,990.97	Electricity Distribution Room	152
Warehouse	990.36	Sewage Treatment	113.68
Office	863.44	Guard House	16
Dormitory	2,447		
		Total Area	17,246.07

- The Group's PRC legal adviser stated that:
 - Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) had obtained the State-owned Land Use Rights Certificate for the subject land on 15th March, 2001.
 - Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) had obtained the Building Ownership Certificate for the buildings erected on the subject land on 1st March, 2001.
 - After obtaining the State-owned Land Use Rights Certificate for the subject land, Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) can freely transfer, sublet or mortgage the subject land the buildings erected thereon.

VALUATION CERTIFICATE

GROUP III – PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN PRC

Property	Description and tenure	Particulars of occupancy	Open market value attributable to the Group as at 31st March, 2001 <i>HK\$</i>
3. Room 1602 Block 7 600 Long Liuzhou Road Xu Hui District Shanghai PRC	<p>The property comprises an office unit on the 16th level of a 20-storey building completed in about 1995.</p> <p>The property has a saleable floor area of approximately 110 sq.m.</p> <p>The property is rented to Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) for a term from 15th January, 1998 to 14th January, 2003 at a monthly rental of RMB3,500.</p>	The property is currently occupied by the Group for office purpose.	No commercial value
4. Room 201 Jin Bao Building Sha Wan Long Gang District Shenzhen City Guangdong Province PRC	<p>The property comprises an unit on the 2nd level of a 10-storey building completed in about 1993.</p> <p>The property has a gross floor area of approximately 115 sq.m.</p> <p>The property is rented to Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) for a term from 6th February, 1998 to 6th February, 2003 at a monthly rental of RMB3,450.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Open market value attributable to the Group as at 31st March, 2001 <i>HK\$</i>
5. Room 403 No. 505 Ke Ji Village Xing Long Road Hu Li District Xiamen City Fujian Province PRC	<p>The property comprises an office unit on the 4th level of a 6-storey building completed in about 1996.</p> <p>The property has a gross floor area of approximately 120 sq.m.</p> <p>The property is rented to Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) for a term from 3rd February, 1998 to 2nd February, 2003 at a monthly rental of RMB3,080.</p>	The property is currently occupied by the Group for office purpose.	No commercial value
6. 7th Level No. 8 Chuang Ye Road Gao Xin Da Dao Gao Xin District Chengdu City Sichuan Province PRC	<p>The property comprises an office unit on the 7th level of a 9-storey building completed in about 1996.</p> <p>The property has a gross floor area of approximately 120 sq.m.</p> <p>The property is rented to Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) for a term from 2nd March, 1998 to 2nd March, 2003 at a monthly rental of RMB3,000.</p>	The property is currently occupied by the Group for office purpose.	No commercial value

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Open market value attributable to the Group as at 31st March, 2001 <i>HK\$</i>
7. 15th Level Zhong Mei Building No. 107 Gu Tian Road Fuzhou City Fujian Province PRC	<p>The property comprises an office unit on the 15th level of a 27-storey building completed in about 1998.</p> <p>The property has a gross floor area of approximately 880 sq.m.</p> <p>The property is rented to Fujian Fuqiang Delicate Circuit Plate Co., Ltd. (福建福強精密印制綫路板有限公司) from Ms. He Yu Zhu, the spouse of Mr. Lin, the controlling shareholder of the Company, for a term from 1st February, 1999 to 1st February, 2004 at a monthly rental of RMB35,200.</p>	The property is currently occupied by the Group for office purpose.	No commercial value