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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31 MARCH 2011

On 27 June 2011, it was announced that the board of directors (the “**Board**”) of National Electronics Holdings Limited (the “**Company**”) had recommended a final dividend of HK\$0.04 per share of the Company (the “**Share(s)**”) for the year ended 31 March 2011 (the “**Final Dividend**”) payable to the shareholders of the Company (the “**Shareholder(s)**”) whose names appeared on the register of members of the Company as at 22 August 2011 (the “**Record Date**”). The Final Dividend has been approved at the annual general meeting of the Company held on 11 August 2011 and will be paid in cash, with an option to elect to receive newly issued Shares (the “**New Shares**”) in lieu of all or part of the cash dividend, to the Shareholders (the “**Scrip Dividend Scheme**”).

For the purpose of calculating the number of New Shares to be allotted to the Shareholders under the Scrip Dividend Scheme, the market value of a New Share is calculated as the average of the closing prices of the existing Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days prior to and including 22 August 2011, which is HK\$0.784 per Share (the “**Market Value**”). Accordingly, the number of New Shares which a Shareholder will receive in respect of the Final Dividend, if he/she has elected to receive New Shares, will be calculated as follows:-

$$\begin{array}{rcccl} \text{Number of} & & \text{Number of existing} & & \text{HK\$0.04} \\ \text{New Shares to} & = & \text{Shares held on the Record} & \times & \text{(Final Dividend per Share)} \\ \text{be received} & & \text{Date for which election for} & & \text{HK\$0.784 (Market Value)} \\ & & \text{New Shares is made} & & \end{array}$$

The number of New Shares to be received will be rounded down to the nearest whole number. Fractional entitlements to the New Shares will not be allotted but will be aggregated and sold for the benefit of the Company. The New Shares issued in respect of the Final Dividend will, on issue, rank pari passu in all respects with the existing issued Shares except that such New Shares themselves will not rank for the Final Dividend.

Certain overseas Shareholders may not be permitted to participate in the Scrip Dividend Scheme and accordingly they will receive the Final Dividend wholly in cash. No Election Form (as defined below) will be sent to such overseas Shareholders. Details regarding participation of overseas Shareholders in the Scrip Dividend Scheme will be disclosed in the Circular (as defined below) to be published in due course.

A circular (the “**Circular**”) containing details of the Scrip Dividend Scheme and the relevant election form (the “**Election Form**”) will be despatched to Shareholders on or about Tuesday, 30 August 2011.

NO ACTION IS REQUIRED BY SHAREHOLDERS WHO WISH TO RECEIVE THE FINAL DIVIDEND IN CASH ONLY.

Shareholders who wish to elect to receive the Final Dividend wholly in New Shares or partly in cash and partly in New Shares must complete the Election Form in accordance with the instructions printed thereon and return the same as soon as possible to the Company’s Branch Share Registrar in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong so as to arrive no later than 4:30 p.m. on Friday, 16 September 2011.

The latest time for submission of the Election Forms will not be valid if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:-

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 16 September 2011. Instead the deadline for the submission of the Election Forms will be 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Friday, 16 September 2011. Instead the deadline for the submission of the Election Forms will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued in respect of the Final Dividend. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares. It is expected that share certificates for the New Shares and/or dividend warrants for cash entitlements will be sent to Shareholders by ordinary mail at the risk of those entitled

thereto on or around Monday, 26 September 2011. Dealing of the New Shares on the Stock Exchange is expected to commence on Thursday, 29 September 2011.

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

Hong Kong, 22 August 2011

As at the date of this announcement, the executive directors of the Company are Mr. Lee Yuen Ching, Jimmy, Mr. Lee Bon Chi, Loewe, Mr. Lee Yuen Kui, James, Mr. Lee Yuen Cheor, Edward and Mr. Wai Kwong Yuen, Ricky, the non-executive director of the Company is Ms. Lee Yuen Yu, Dorothy and the independent non-executive directors are Dr. Samson Sun, M.B.E., J.P., Mr. Chan Chak Cheung, William and Mr. Chan Kwok Wai.