
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in National Electronics Holdings Limited (the “Company”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

PROPOSED BONUS ISSUE OF SHARES, GENERAL MANDATES TO ISSUE AND BUY BACK SHARES, RE-ELECTION OF DIRECTORS AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company to be held on Tuesday, 25 August 2015 at 10:00 a.m. at Dragon Room 1, The Hong Kong Bankers Club, 43/F, Gloucester Tower, The Landmark, Central, Hong Kong is set out on pages 14 to 19 of this circular.

A form of proxy for use in respect of the annual general meeting of the Company is enclosed. Whether or not you are able to attend the annual general meeting of the Company in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company’s principal place of business in Hong Kong at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting, or any adjournment thereof, if you so wish.

24 July 2015

CONTENTS

	<i>Page</i>
Expected Timetable	ii
Definitions	1
Letter from the Board	
Introduction	3
Proposed issue of Bonus Shares	3
Proposed general mandates to issue and buy back Shares	6
Proposed re-election of Directors	6
Annual General Meeting	7
Recommendation	7
Appendix I — Explanatory Statement	8
Appendix II — Re-election of Directors	12
Notice of Annual General Meeting	14

EXPECTED TIMETABLE

The expected timetable of the Proposed Final Dividend and Bonus Issue is set out as follows:

Events

2015

(Hong Kong time)

Latest time for lodging the transfer documents to the
Share Registrar in order to be eligible to attend
and vote at the AGM 4:30 p.m. on Monday, 17 August 2015

Closure of the Register of Members for determining
the Shareholders' entitlement to attend and vote at
the AGM From Tuesday, 18 August 2015
to Tuesday, 25 August 2015

Latest time for lodging the proxy form for the AGM 10:00 a.m. on Sunday, 23 August 2015

Record date for determining the entitlement to
attend and vote at the AGM Tuesday, 25 August 2015

AGM 10:00 a.m. on Tuesday, 25 August 2015

Announcement of poll results of the AGM Tuesday, 25 August 2015

Last day of dealings in Shares cum-entitlement to
the Proposed Final Dividend and Bonus Shares Wednesday, 26 August 2015

First day of dealings in Shares ex-entitlement to the
Proposed Final Dividend and Bonus Shares Thursday, 27 August 2015

Latest time for lodging the transfer documents to the
Share Registrar in order to qualify for the
Proposed Final Dividend and Bonus Shares 4:30 p.m. on Friday, 28 August 2015

Closure of the Register of Members for determining
the Shareholders' entitlement to the Proposed
Final Dividend and Bonus Shares From Monday, 31 August 2015
to Tuesday, 1 September 2015

Record Date of the Proposed Final Dividend and
Bonus Issue Tuesday, 1 September 2015

Despatch of dividend warrants for the Proposed
Final Dividend and share certificates for the
Bonus Shares Friday, 11 September 2015

First date of dealings in the Bonus Shares 9:00 a.m. on Monday, 14 September 2015

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Tuesday, 25 August 2015 at 10:00 a.m. at Dragon Room 1, The Hong Kong Bankers Club, 43/F, Gloucester Tower, The Landmark, Central, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 14 to 19 of this circular;
“Board”	the board of Directors;
“Bonus Issue”	the proposed issue of Bonus Shares by the Company on the basis of one (1) Bonus Share for every ten (10) existing Shares held by the Shareholders on the Record Date upon and subject to the terms and conditions referred to in this circular;
“Bonus Shares”	the Shares proposed to be issued pursuant to the Bonus Issue;
“Buy-back Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to buy back Shares in the manner set out in the AGM Notice;
“close associates”	the meaning ascribed thereto in the Listing Rules;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company”	National Electronics Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“core connected person(s)”	the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Excluded Shareholders”	Overseas Shareholders whom the Directors, after making enquiries, consider it is necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant foreign regulatory body or stock exchange in that place not to extend the Bonus Issue to them;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Mandate”	a general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot and issue Shares in the manner set out in the AGM Notice;
“Latest Practicable Date”	21 July 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong;
“Proposed Final Dividend”	Final dividend of 3.0 HK cents per share payable to the shareholders whose names on the register of members of the Company on the Record Date proposed by the Board and is subject to approval by the Shareholders in the AGM;
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date other than the Excluded Shareholders;
“Record Date”	1 September 2015, being the date for determining of entitlements to the Proposed Final Dividend and the Bonus Shares;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Share Option Scheme”	the share option scheme of the Company adopted on 20 August 2008;
“Share Registrar”	Tricor Standard Limited, the Company’s Share Registrar and Transfer Office in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong;
“Shareholder(s)”	holder(s) of (a) Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

Executive Directors:

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

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Non-executive Director:

Dorathy Lee Yuen Yu

Principal place of business in Hong Kong:

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

Independent Non-executive Directors:

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

24 July 2015

To the Shareholders

Dear Sir or Madam,

**PROPOSED BONUS ISSUE OF SHARES,
GENERAL MANDATES TO ISSUE AND BUY BACK SHARES,
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information of the resolutions to be proposed at the AGM, inter alia, the proposed Bonus Issue, the proposed Issue Mandate and the proposed Buy-back Mandate, the proposed re-election of Directors; and to give you the AGM Notice.

PROPOSED ISSUE OF BONUS SHARES

The Board recommends a Bonus Issue to the Qualifying Shareholders on the basis of one (1) Bonus Share for every ten (10) existing Shares held by the Shareholders whose names appear on the register of members of the Company on the Record Date, subject to the conditions set out below. Fractional entitlements to Bonus Shares will not be allotted to Shareholders and will be aggregated and sold for the benefit of the Company.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 935,566,511 Shares in issue. On the basis that the issued share capital of the Company remains unchanged on the Record Date, a total of 93,556,651 Bonus Shares will be issued under the Bonus Issue. Immediately after completion of the Bonus Issue, there will be a total of 1,029,123,162 Shares in the enlarged issued share capital of the Company.

Reasons for Bonus Issue

The Board believes that the Bonus Issue (i) will provide the Company with a wider capital base and therefore enhance the liquidity of the Shares; and (ii) is a return to the long-term support and care of the Shareholders.

Conditions of the Bonus Issue

The Bonus Issue will be conditional upon:

- (1) the approval of the Bonus Issue by the Shareholders at the AGM; and
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares.

Application for listing of Bonus Shares and dealings

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares. As at the Latest Practicable Date, no equity or debt securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no listing or permission to deal in the equity or debt securities is being or proposed to be sought from any stock exchange other than the Stock Exchange.

Status of the Bonus Shares

The Bonus Shares will be credited as fully paid at par and will, upon issue, rank pari passu with the existing Shares in all respects, including the entitlement of receiving dividends and other distributions the record date for which is on or after the date of allotment and issue of the Bonus Shares, but will not be entitled to the Bonus Issue and the Proposed Final Dividend.

Overseas Shareholders

As at the Latest Practicable Date, there were 1,469 Overseas Shareholders, their shareholdings representing approximately 3.23% of the issued share capital of the Company. The addresses of such Overseas Shareholders registered in the register of members of the Company were situated in Australia, Bangladesh, Belgium, British Virgin Islands, Canada, Channel Islands, Cyprus, Denmark, France, Germany, India, Ireland, Isle of Man, Liberia, Liechtenstein, Macau, Malaysia, Malta, Monaco, Netherlands, New Zealand, Nigeria, Norway, Oman, People's Republic of China, Philippines, Portugal, Republic of South Africa, Saudi Arabia, Scotland, Singapore, Spain, Switzerland, United Kingdom and United States of America.

LETTER FROM THE BOARD

In compliance with the necessary requirements of the Listing Rules, the Company had made enquiries with its legal advisers regarding the legal restrictions under the laws of the relevant places and requirements of the relevant regulatory body or stock exchange in those places for extending the Bonus Issue to such Overseas Shareholders. Based on the results of such enquiries, there is no legal restriction that prevents the issuance of the Bonus Shares to such Overseas Shareholders.

The Company will ascertain whether there are any other Overseas Shareholders on the Record Date. Enquiry will be made by the Company pursuant to the Listing Rules on the legal restrictions under the laws of the relevant place(s) and requirements of the relevant regulatory body or stock exchange in that/those place(s) for extending the Bonus Issue to such other Overseas Shareholders (if any). Upon such enquiry, if the Directors consider the exclusion of such Overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Excluded Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed to the Excluded Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

Notwithstanding the enquiries made by the Company with its legal advisers, any Shareholder with a registered address outside Hong Kong or otherwise residing outside Hong Kong should consult their professional advisers as to whether they are permitted to receive the Bonus Shares under the Bonus Issue and the taxation consequences of receiving the Bonus Shares. It is the responsibility of the Shareholders who receive the Bonus Shares under the Bonus Issue to comply with the laws of the relevant jurisdictions.

Closure of register of members

In order to determine Shareholders who are qualified for the Bonus Issue, the register of members of the Company will be closed from Monday, 31 August 2015 to Tuesday, 1 September 2015 (both days inclusive), during which period no transfer of shares will be registered. To qualify for the Bonus Issue, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 28 August 2015.

Certificates for Bonus Shares

Subject to fulfilment of the conditions of the Bonus Issue mentioned above, it is expected that share certificates for the Bonus Shares will be despatched to the Qualifying Shareholders on Friday, 11 September 2015 by ordinary mail at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, 14 September 2015. Each Shareholder will receive one share certificate for all entitled Bonus Shares.

LETTER FROM THE BOARD

Adjustment to the outstanding share options

As at the Latest Practicable Date, share options attaching the rights to subscribe for a total of 15,500,000 Shares granted under the Share Option Scheme remained outstanding. In accordance with the Share Option Scheme and the Listing Rules, holders of outstanding share options who have not exercised their share options prior to the Record Date will be entitled to adjustment to the exercise price and/or the number of their outstanding share options. As at the Latest Practicable Date, adjustments to the outstanding share options are yet to be determined. An announcement will be made by the Company in this regard.

PROPOSED GENERAL MANDATES TO ISSUE AND BUY BACK SHARES

Ordinary resolutions will be proposed at the AGM to give to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares of not exceeding 20% of the total number of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM; and
- (ii) to buy back Shares of not exceeding 10% of the total number of the issued share capital of the Company as at the date of passing the proposed resolution at the AGM.

In addition, a separate ordinary resolution will be proposed at the AGM to extend the Issue Mandate by adding the number of Shares bought back by the Company pursuant to the Buy-back Mandate (if granted to the Directors at the AGM).

As at the Latest Practicable Date, a total of 935,566,511 Shares were in issue. Subject to passing of ordinary resolution no. 9 at the AGM and on the basis that no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Issue Mandate to issue a maximum of 187,113,302 Shares.

An explanatory statement containing information regarding the Buy-back Mandate as required by the Listing Rules is set out in Appendix I to this circular.

PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Bye-law 99, the Directors retiring by rotation at the forthcoming AGM are Mr. Ricky Wai Kwong Yuen and Dr. Samson Sun, M.B.E., J.P. who, being eligible, will offer themselves for re-election at the AGM. The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

Dr. Samson Sun, M.B.E., J.P. has served as an Independent Non-executive Director of the Company for more than 9 years. Pursuant to code provision A.4.3 of the Corporate Governance Code in Appendix 14 of the Listing Rules, his further appointment should be subject to a separate resolution to be approved by the Shareholders. During his years of appointment, Dr. Samson Sun, M.B.E., J.P. has demonstrated the attributes of an independent non-executive director by providing independent views and advice and there is no evidence that his tenure has had any impact on his independence.

LETTER FROM THE BOARD

The Board is of the view that Dr. Samson Sun, M.B.E., J.P. meets the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of the guidelines. The Board is satisfied that Dr. Samson Sun, M.B.E., J.P. has the required integrity, independence and experience to fulfill the role of an independent non-executive director. Therefore, the Board recommends the re-appointment and re-election of Dr. Samson Sun, M.B.E., J.P. as an Independent Non-executive Director in the AGM.

ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 14 to 19 of this circular. A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's principal place of business at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not prevent you from attending and voting at the AGM, or any adjournment thereof, if you so wish. No Shareholder will be required to abstain from voting at the AGM.

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

RECOMMENDATION

The Board considers that the Bonus Issue, the granting/extension of the Issue Mandate, the granting of the Buy-back Mandate and the re-election of Directors are in the interests of the Company and its Shareholders and accordingly recommend all the Shareholders to vote in favour of the relevant resolutions as set out in the AGM Notice.

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

This appendix includes an explanatory statement required by the Stock Exchange to be presented to Shareholders concerning the Buy-back Mandate proposed to be granted to the Directors.

1. LISTING RULES FOR BUY-BACK OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to buy back their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed buy-back of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be bought back must be fully paid up.

2. FUNDING OF BUY-BACK

Any buy-back will be made out of funds which are legally available for the purpose in accordance with the memorandum of association and Bye-laws of the Company and applicable laws of Bermuda. As compared with the financial position of the Company as at 31 March 2015 (being the date to which the latest published audited financial statements of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event the proposed buy-back were to be carried out in full during the proposed buy-back period.

The Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 935,566,511 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and buy back Shares and on the basis that no further Shares are issued or bought back between the Latest Practicable Date and the AGM, the Company would be allowed under the buy-back proposal to buy back a maximum of 93,556,651 Shares (representing 10% of the total issued share capital of the Company) during the period from the date of the AGM up to:

- (i) the conclusion of next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable laws of Bermuda to be held; or
- (iii) the revocation, variation or renewal of the Buy-back Mandate by ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

4. REASONS FOR BUY-BACK

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to buy back Shares on the market as this will give the Company greater flexibility. Such buy-back will only be made when the Directors believe that such buy-back will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Buy-back Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and in accordance with the Bye-laws of the Company.

6. EFFECT OF THE TAKEOVERS CODE

If, as a result of buy-back of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of Rule 32 of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors:

- (i) Mr. James Lee Yuen Kui and Mr. Edward Lee Yuen Cheor, in aggregate, were interested in 237,108,919 Shares, of which 237,102,979 shares are part of the property of a discretionary trust of which they are named beneficiaries and 5,940 shares were held by Mr. James Lee Yuen Kui, representing approximately 25.34% of the issued share capital of the Company. In the event the Buy-back Mandate is exercised in full, their interest will be increased to approximately 28.16% of the issued share capital of the Company assuming no further change in the number of Shares so held;
- (ii) Mr. Jimmy Lee Yuen Ching and Mr. Loewe Lee Bon Chi, in aggregate, were interested in 280,637,835 Shares, of which 250,637,835 Shares are part of the property of a discretionary trust of which they are named beneficiaries and 30,000,000 shares were interest of Mr. Loewe Lee Bon Chi, representing approximately 30.00% of the issued share capital of the Company. In the event the Buy-back Mandate is exercised in full, their interest will be increased to approximately 33.33% of the issued share capital of the Company assuming no further change in the number of Shares so held.

As at the Latest Practicable Date, the parties referred to in (i) and (ii) above are parties presumed to be acting in concert under the Takeovers Code and their aggregate shareholding of the issued share capital of the Company was approximately 55.34%. In the event the Buy-back Mandate is exercised in full, the aggregate shareholding of the issued share capital of the parties referred to in (i) and (ii) above would be approximately 61.49%. The Directors do not expect the increase in shareholding resulting from the exercise of the Buy-back Mandate in full will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the existing public float of the Company was approximately 40.08%. In the event the Buy-back Mandate is exercised in full, the public float of the Company would become approximately 33.42%. The Board will endeavour to ensure that the exercise of the Buy-back Mandate will not result in the number of Shares held by the public fall below 25% of the total number of issued Shares, being the minimum public float requirement under the Listing Rules.

7. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective close associates has any present intention, in the event that the proposed Buy-back Mandate is approved by the Shareholders, to sell Shares to the Company. No core connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorized to make buy-back of Shares.

8. SHARES BOUGHT BACK BY THE COMPANY

The Company has bought back 2,016,000 Shares on the Stock Exchange for a total consideration of HK\$1,984,800 during the six months preceding the Latest Practicable Date. Details of the buy-back are disclosed as follows:

Date	No. of	Total	Share Price	
	Shares	Consideration	Highest	Lowest
		HK\$	HK\$	HK\$
December 2014				
17	102,000	99,960	0.98	0.98
22	48,000	47,520	0.99	0.99
23	18,000	17,800	0.99	0.98
29	18,000	17,820	0.99	0.99
30	98,000	96,040	0.98	0.98
	284,000	279,140		

APPENDIX I**EXPLANATORY STATEMENT**

Date	No. of	Total	Share Price	
	Shares	Consideration	Highest	Lowest
		HK\$	HK\$	HK\$
January 2015				
8	86,000	86,800	1.01	1.00
12	78,000	78,780	1.01	1.01
13	42,000	41,580	0.99	0.99
28	30,000	29,700	0.99	0.99
29	178,000	176,220	0.99	0.99
	414,000	413,080		
February 2015				
5	76,000	75,240	0.99	0.99
6	240,000	237,600	0.99	0.99
	316,000	312,840		
July 2015				
8	1,002,000	979,740	1.00	0.94
	2,016,000	1,984,800		

9. SHARE PRICE

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months immediately prior to the Latest Practicable Date were as follows:

	Share Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2014	1.100	0.890
August 2014	1.100	1.000
September 2014	1.040	0.980
October 2014	1.040	0.960
November 2014	1.200	0.990
December 2014	1.090	0.960
January 2015	1.020	0.960
February 2015	1.130	0.980
March 2015	1.110	1.040
April 2015	1.340	1.060
May 2015	1.330	1.220
June 2015	1.570	1.220
July 2015 (up to and including the Latest Practicable Date)	1.300	0.940

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

Mr. Ricky Wai Kwong Yuen

Mr. Ricky Wai Kwong Yuen, (“Mr. Ricky Wai”) M.Sc., aged 68, is the Executive Director of the Company. Mr. Ricky Wai is the President and an executive Director of National Electronics and Watch Company Limited. Mr. Ricky Wai joined the Group in 1976 and is responsible for its LCD and LCD hybrid watch business and other electronic products.

There is no service contract between the Company and Mr. Ricky Wai. His length of service with the Company is subject to retirement by rotation in accordance with Bye-law 99 of the Company. He is currently entitled to receive a director’s fee of HK\$50,000 per annum, a monthly salary of HK\$156,000 and a discretionary bonus. His remuneration is subject to annual review by the Board and is determined with reference to his duties and responsibility with the Company as well as the prevailing market conditions.

Mr. Ricky Wai does not have any relationship with any other Director, senior management, substantial or controlling Shareholder of the Company. As at the Latest Practicable Date, he was interested in a total of 37,267,767 Shares (representing 3.98% of the total issued share capital of the Company) which are held by two companies controlled by Mr. Ricky Wai.

During the three years preceding the Latest Practicable Date, Mr. Ricky Wai did not hold any directorship in other listed companies. There is no information relating to Mr. Ricky Wai that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, and save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with the re-election of Mr. Ricky Wai as a Director of the Company.

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

Dr. Samson Sun, M.B.E., J.P., (“Dr. Samson Sun”) aged 90, is the Independent Non-executive Director of the Company. Dr. Samson Sun is the Chairman of the Sun International Group of companies. He was the Deputy Chairman of Gilman & Co., Limited and later of Inchape Hong Kong in each case from 1967 to 1985. Dr. Samson Sun is the Honorary Permanent President of The Federation of Hong Kong Watch Trades & Industries Limited. He has over 59 years’ experience in the manufacturing, marketing and distribution of watches and 31 years’ experience in the marketing and distribution of consumer and electronic products. Dr. Samson Sun has chaired many voluntary community services and charitable organizations and is the former Vice-Chairman of Business and Professionals Federation of Hong Kong (BPF), and a member of Basic Law Consultative Committee in 80’s.

There is no service contract between the Company and Dr. Samson Sun. He is currently entitled to receive a director’s fee of HK\$528,000 per annum which is subject to annual review by the Board and is determined with reference to his duties and responsibility with the Company as well as the prevailing market conditions. Dr. Samson Sun is not entitled to receive any bonus.

Dr. Samson Sun does not have any relationship with any other Director, senior management, substantial or controlling Shareholder of the Company. As at the Latest Practicable Date, he was interested in a total of 5,288,968 Shares (representing 0.57% of the total issued share capital of the Company) which are held by a company controlled by Dr. Samson Sun.

During the three years preceding the Latest Practicable Date, Dr. Samson Sun did not hold any directorship in other listed companies. There is no information relating to Dr. Samson Sun that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, and save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders of the Company in connection with the re-election of Dr. Samson Sun as a Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

NOTICE IS HEREBY GIVEN THAT the annual general meeting of National Electronics Holdings Limited (the “Company”) will be held on Tuesday, 25 August 2015 at 10:00 a.m. at Dragon Room 1, The Hong Kong Bankers Club, 43/F, Gloucester Tower, The Landmark, Central, Hong Kong for the following purposes:

1. To receive and consider the audited consolidated financial statements and reports of the directors and auditors of the Company for the year ended 31 March 2015;
2. To consider and if thought fit approve the payment of a final dividend recommended by the board of directors for the year ended 31 March 2015;
3. To consider and if thought fit approve the re-election of Mr. Ricky Wai Kwong Yuen as an Executive Director of the Company;
4. To consider and if thought fit approve the re-election of Dr. Samson Sun, M.B.E., J.P. as an Independent Non-executive Director of the Company;
5. To determine the directors’ remuneration for their services in an aggregate sum of not exceeding HK\$2,500,000; and
6. To consider and if thought fit approve re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company and to authorize the board of directors to fix their remuneration.

As special business to consider and, if thought fit, pass with or without modification the following resolutions which will be proposed as ordinary resolutions of the Company:

7. “**THAT**, subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the approval for the listing of, and permission to deal in, the Bonus Shares (as defined below):
 - (a) an amount standing to the credit of the share premium account of the Company which is equivalent to the aggregate nominal amount of the Bonus Shares (as defined below) to be issued by the Company be capitalized and accordingly the board of directors of the Company (the “Board”), be and is hereby authorized and directed to apply such amount in paying up in full at par of such number of new ordinary shares of HK\$0.10 each in the share capital of the Company (the “Bonus Shares”), and that such Bonus Shares be allotted and issued, credited as fully paid at par, to the shareholders of the Company whose names appear on the register of members of the Company (the “Register of Members”) at the close of business on Tuesday, 1 September 2015 (or such other record date as the Board may determine) (the “Record Date”), except those shareholders whose addresses as shown on the Register of Members at the close of

NOTICE OF ANNUAL GENERAL MEETING

business on the Record Date are in a jurisdiction outside Hong Kong and in respect of whom the Board considers the exclusion from the Bonus Issue (as defined below) to be necessary or expedient after making enquiry in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Excluded Shareholders”), on the basis of one (1) Bonus Share for every ten (10) existing ordinary shares of HK\$0.10 each in the issued share capital of the Company held on the Record Date (the “Bonus Issue”);

- (b) no fractional Bonus Shares shall be allotted to shareholders of the Company and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company;
- (c) the Bonus Shares to be issued pursuant to this resolution shall rank pari passu in all respects with the ordinary shares of HK\$0.10 each in the share capital of the Company in issue on the day on which the Bonus Shares are allotted and issued, except that they will not be eligible for the Bonus Issue mentioned in this resolution and the final dividend of the Company for the year ended 31 March 2015;
- (d) the Board be and is hereby authorized to arrange for the Bonus Shares which would otherwise have been issued to the Excluded Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences, and distribute the net proceeds of sale, after deduction of expenses, in Hong Kong dollars to the Excluded Shareholders, if any, pro rata to their respective shareholdings and to post to them the remittances therefor at their own risk, unless the amount to be distributed to any such persons is less than HK\$100.00, in which case the Board be and is hereby authorized to retain such amount for the benefit of the Company; and
- (e) the Board be and is hereby authorized to do all acts and things as may be necessary and expedient in connection with the Bonus Issue and/or the issue of the Bonus Shares.”

8. **“THAT**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorize the Directors on behalf of the Company during the Relevant Period to buy back its shares at a price determined by the Directors;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate number of shares of the Company bought back or agreed conditionally or unconditionally to be bought back by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate number of issued shares of the Company at the date of passing of this resolution; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or
- (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.”

9. **“THAT**

- (a) subject to paragraph (c) below and subject to the consent of the Bermuda Monetary Authority, where applicable, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares in the share capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any warrants or other securities which may be issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (iii) the exercise of any option granted under any share option scheme adopted by the Company; or (iv) an issue of shares in lieu of the whole or part

NOTICE OF ANNUAL GENERAL MEETING

of a dividend on shares pursuant to any scrip dividend or other similar scheme implemented in accordance with the Bye-laws of the Company, shall not exceed 20% of the aggregate number of issued shares of the Company at the date of passing of this resolution; and

- (d) for the purpose of this resolution,

“Relevant Period” means the period from the time of passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or
- (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange).”

10. “**THAT** conditional upon the passing of the ordinary resolutions nos. 8 and 9 in the notice convening this annual general meeting of the Company, the aggregate number of shares of the Company which are bought back by the Company pursuant to and in accordance with the said ordinary resolution no. 8 shall be added to the aggregate number of shares of the Company that may be allotted and agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with ordinary resolution no. 9 as set out in the notice of the annual general meeting of the Company provided that such number of shares shall not exceed 10% of the aggregate number of issued shares of the Company on the date of the passing of this resolution.”

By Order of the Board
Andy Wong Kam Kee
Company Secretary

Hong Kong, 24 July 2015

NOTICE OF ANNUAL GENERAL MEETING

Executive Directors:

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

Non-executive Director:

Dorathy Lee Yuen Yu

Independent Non-executive Directors:

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

Notes:

- (1) The Register of Members of the Company will be closed from Tuesday, 18 August 2015 to Tuesday, 25 August 2015 (both days inclusive) and from Monday, 31 August 2015 to Tuesday, 1 September 2015 (both days inclusive) respectively, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 17 August 2015. In order to qualify for the proposed final dividend and Bonus Issue, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 28 August 2015. Dividend warrants and share certificates for the Bonus Shares are expected to be paid / despatched on Friday, 11 September 2015.
- (2) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by duly authorized corporate representative or by proxy. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.

NOTICE OF ANNUAL GENERAL MEETING

- (4) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's principal place of business in Hong Kong at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting.
- (5) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof.
- (6) Any corporation which is a member of the Company may, by resolutions of its directors or other governing body or by power of attorney, authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.