
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a 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, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker 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 GRANTING OF GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES, PROPOSED RE-ELECTION OF RETIRING DIRECTORS, PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of National Electronics Holdings Limited to be held at Dragon Room 1, The Hong Kong Bankers Club, 43/F, Gloucester Tower, The Landmark, Central, Hong Kong on Monday, 26 August 2019 at 10:00 a.m. is set out on pages 26 to 31 of this circular. A form of proxy for use at the Annual General Meeting of the Company is also enclosed. Such form of proxy is also published on the websites of Hong Kong Stock Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/national/>).

Whether or not you are able to attend the Annual General Meeting of the Company, please complete and sign the enclosed 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 Annual General Meeting (i.e. no later than 10:00 a.m. on Saturday, 24 August 2019) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting or any adjournment thereof if they so wish.

25 July 2019

RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

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

“2008 Share Option Scheme”	the share option scheme adopted by the Company on 20 August 2008 and expired on 20 August 2018
“AGM”	the annual general meeting of the Company to be held at Dragon Room 1, The Hong Kong Bankers Club, 43/F, Gloucester Tower, The Landmark, Central, Hong Kong on Monday, 26 August 2019 at 10:00 a.m.
“associates”	the meaning ascribed thereto in the Listing Rules
“auditors”	at any time the auditors of the Company at that time
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Buy-back Mandate”	a general mandate proposed to be granted to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 7 of the Notice of AGM
“Bye-laws”	the bye-laws of the Company currently in force
“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 Main Board of the Stock Exchange
“core connected person(s)”	the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Eligible Employee(s)”	employee(s) (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company, its subsidiaries or any Invested Entity
“Grantee(s)”	Participant(s) who accepted the offer of the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds any equity interest
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 8 of the Notice of AGM
“Latest Practicable Date”	19 July 2019, 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
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, a summary of principal terms of which is set out in Appendix III to this circular
“Notice of AGM”	the notice convening the AGM set out on pages 26 to 31 of this circular

DEFINITIONS

“Offer”	the offer of the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which the Board makes an Offer to any Participant
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the New Share Option Scheme
“Participant(s)”	<p>any person belonging to any of the following classes of persons:</p> <ul style="list-style-type: none">(a) any Eligible Employee;(b) any Non-executive Director (including Independent Non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;(c) any supplier of goods or services to any member of the Group or any Invested Entity;(d) any customer of the Group or any Invested Entity;(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
“Proposed Final Dividend and Special Cash Dividend”	Final dividend of 3.0 HK cents per share and a special cash dividend of 1.0 HK cent per share payable to the Shareholders whose names on the Register of Members of the Company on Tuesday, 3 September 2019 proposed by the Board and is subject to approval by the Shareholders in the AGM
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in the provisions of the New Share Option Scheme
“Takeovers Code”	The Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“%”	per cent

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:

Estera Services (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Non-executive Director:

Dorothy 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

25 July 2019

To the Shareholders

Dear Sir or Madam,

**PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES,
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information of certain resolutions to be proposed at the AGM, inter alia, the proposed Buy-back Mandate and the proposed Issuance Mandate; the proposed re-election of retiring Directors; the proposed adoption of New Share Option Scheme; and to give you the Notice of AGM.

LETTER FROM THE BOARD

PROPOSED GRANTING OF GENERAL MANDATES TO BUY BACK AND ISSUE SHARES

At the annual general meeting of the Company held on 28 August 2018, general mandates were granted to the Directors to buy back and issue Shares. Such mandates will lapse at the conclusion of the AGM. In order to give the Company the flexibility to buy back or issue Shares if and when appropriate, the following ordinary resolutions will be proposed at the AGM to approve the granting of new general mandates to the Directors:

- (i) to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of the issued Shares of the Company as at the date of passing the proposed ordinary resolution contained in item 7 of the Notice of AGM (i.e. a total of 101,315,296 Shares on the basis that no further Shares are issued or bought back before the AGM); and
- (ii) to allot, issue and otherwise deal with additional Shares of not exceeding 20% of the total number of the issued Shares of the Company as at the date of passing the proposed ordinary resolution contained in item 8 of the Notice of AGM (i.e. a total of 202,630,592 Shares on the basis that no further Shares are issued or bought back before the AGM).

In addition, a separate ordinary resolution to extend the number of Shares which may be allotted, issued and dealt with under the Issuance Mandate by the number of Shares bought back by the Company pursuant to the Buy-back Mandate (if granted to the Directors at the AGM) will also be proposed at the AGM.

The Buy-back Mandate and the Issuance Mandate will continue in force during the period from the date of passing of the respective resolutions for the approval of the Buy-back Mandate and the Issuance Mandate until the conclusion of the next annual general meeting of the Company held after the AGM or any earlier date as referred to in the proposed ordinary resolutions contained in items 7 and 8 of the Notice of AGM.

An explanatory statement required by the Listing Rules to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buy-back Mandate is set out in Appendix I to this circular.

PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 99 of the Bye-laws, the Directors retiring by rotation at the forthcoming AGM are Ms. Dorathy Lee Yuen Yu and Mr. William Chan Chak Cheung who, being eligible, will offer themselves for re-election at the AGM. The particulars of these retiring Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

LETTER FROM THE BOARD

Mr. William Chan Chak Cheung who has served as an Independent Non-executive Director of the Company for more than 9 years, has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules. During his years of appointment, Mr. William Chan Chak Cheung 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. The Company considers Mr. William Chan Chak Cheung 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 Mr. William Chan Chak Cheung has the required integrity, independence and experience to fulfill the role of an independent non-executive director, and therefore recommends the re-appointment and re-election of Mr. William Chan Chak Cheung as an Independent Non-executive Director of the Company in the AGM.

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The 2008 Share Option Scheme allowing the Company to grant share options to the Participants for the purpose of providing incentives or rewards to the Participants for their contribution to the Group, is valid and effective for a period of 10 years commencing on 20 August 2008. Accordingly, the 2008 Share Option Scheme expired on 20 August 2018. The Directors therefore consider to adopt the New Share Option Scheme allowing the Company to continue to provide incentives or rewards to the Participants, by way of granting options.

The Directors will assess the eligibility of the Participants, particularly the employees and directors of the Group, based on their individual performance, time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the revenue, profits or business development of the Group during the financial year or in the future. Besides, the Directors believe that the grant of share options to the Participants other than employees and directors of the Group is necessary and appropriate. The success of the Group not only depends on the contributions by the employees and directors of the Group, but also requires the co-operations and contributions from parties who play a part in the business and operations of the Group, including the suppliers, customers and persons or entities providing research, development or other technological support. It is therefore desirable for the Company to align the interests of such parties with those of the Group and to maintain good business relationships with such parties. The grant of share options to such parties is an appropriate mean of achieving such goal, as the share options will offer incentives for such parties to provide more valuable advices and improved services to the Group, to offer more stable and quality supplies to the Group, to maximise their purchases from the Group and/or to refer or provide more suitable business opportunities to the Group, thereby optimising their performance efficiency and benefiting the long-term growth of the Group.

As at the Latest Practicable Date, there was no outstanding share options granted under the 2008 Share Option Scheme. Accordingly, an ordinary resolution will be proposed at the AGM to approve the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

There is no material difference between the terms of the 2008 Share Option Scheme and the New Share Option Scheme. Same as those of the 2008 Share Option Scheme, the terms of the New Share Option Scheme provide that in granting Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have discretion in determining the Subscription Price in respect of any Option subject to the requirements of the Listing Rules. The Board is of the view that the flexibility given to the Directors to impose the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised and to determine the Subscription Price, will place the Group in a better position to provide appropriate incentives and rewards to Participants to contribute to the Group and to attract and retain human resources that are valuable to the long term growth and development of the Group. There will not be any trustees of the New Share Option Scheme.

A summary of principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Suite 3201, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong during normal business hours from the date hereof up to and including the date of AGM.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the exercise price, exercise period, any lock up period and other conditions, if any, that an Option is subject to. Accordingly, the Directors believe that any calculation of value of the Options as at the Latest Practicable Date based on a large number of speculative assumptions would not be meaningful and may be misleading to the Shareholders.

The New Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules. The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme and the allotment and issuance of the Shares upon exercise of the Option(s); and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Options that may be granted under the New Share Option Scheme, being 10% of the total number of issued Shares as at the date of passing of the relevant ordinary resolution.

LETTER FROM THE BOARD

Subject to the passing of the ordinary resolution contained in item 10 of the AGM notice in relation to the adoption of the New Share Option Scheme and assuming that the existing issued share capital of the Company of 1,013,152,962 Shares remains unchanged as at the date of the AGM, the Company can grant Options to Participants to subscribe for up to 101,315,296 Shares, representing 10% of the total number of issued Shares as at the date of the AGM. To the best knowledge of the Directors having made all responsible enquiries, none of the Shareholders has a material interest in the proposed adoption of the New Share Option Scheme and, therefore, no Shareholder is required to abstain from voting the said resolution.

An application will be made to the Stock Exchange for approval of the listing of and permission to deal in, the Shares which may be issued and allotted pursuant to the New Share Option Scheme.

ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The Notice of AGM is set out on pages 26 to 31 of this circular.

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 proposed resolutions in the Notice of AGM will be voted by way of poll. An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the websites of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/national/>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and 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 as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM (i.e. no later than 10:00 a.m. on Saturday, 24 August 2019) or the adjourned meeting (as the case maybe). Completion and delivery of the form of proxy will not preclude 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.

RECOMMENDATION

The Board considers that the granting of the Buy-back Mandate and the Issuance Mandate, the re-election of retiring Directors and the adoption of New Share Option Scheme are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend all the Shareholders to vote in favour of the relevant proposed resolutions as set out in the Notice of AGM.

Yours faithfully,
For and on behalf of the Board
Jimmy Lee Yuen Ching
Chairman

This appendix includes an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Buy-back Mandate.

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 and/or any other applicable laws, as the case may be.

As compared with the financial position of the Company as at 31 March 2019 (being the date to which the latest published audited financial statements of the Company have been made up), there might 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.

However, 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 1,013,152,962 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to buy back and issue 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 101,315,296 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/or any other applicable laws and in accordance with the Memorandum of Association and Bye-laws of the Company.

6. EFFECT OF THE TAKEOVERS CODE

If, on the exercise of the power to a buy-back of Shares pursuant to the Buy-back Mandate, 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 (within the meaning under the Takeovers Code), depending on the level of increase in 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 for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Mr. Jimmy Lee Yuen Ching and Mr. Loewe Lee Bon Chi, in aggregate, were interested in 586,234,894 Shares, of which 516,514,894 Shares are part of the property of two discretionary trusts of which Mr. Jimmy Lee Yuen Ching and his family members and Mr. Loewe Lee Bon Chi's family members are named beneficiaries; 20,000,000 Shares and 33,000,000 Shares were held by Mr. Jimmy Lee Yuen Ching's family member and Mr. Loewe Lee Bon Chi's family member respectively; and 16,720,000 Shares were held by Mr. Loewe Lee Bon Chi, which in aggregate representing approximately 57.86% 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 64.29% of the issued share capital of the Company assuming no further change in number of Shares so held. 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 37.48%. In the event the Buy-back Mandate is exercised in full, the public float of the Company would become approximately 30.54%. 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 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 authorised to make buy-back of Shares.

8. SHARE BUY-BACK MADE BY THE COMPANY

The Company has purchased 6,264,000 Shares on the Stock Exchange for a total consideration of HK\$7,440,740 during the six months preceding the Latest Practicable Date. Details of the repurchases are disclosed as follows:

Date of Buy-back	No. of Shares	Total Consideration HK\$	Price Per Share	
			Highest HK\$	Lowest HK\$
March 2019				
8	284,000	323,200	1.14	1.13
11	532,000	615,620	1.16	1.15
12	412,000	474,940	1.16	1.15
13	6,000	6,900	1.15	1.15
15	936,000	1,104,260	1.18	1.17
19	138,000	162,840	1.18	1.18
26	50,000	59,000	1.18	1.18
27	318,000	378,420	1.19	1.19
29	142,000	168,980	1.19	1.19
April 2019				
1	240,000	285,200	1.19	1.18
9	52,000	62,400	1.20	1.20
May 2019				
2	200,000	246,000	1.23	1.23
6	250,000	299,500	1.20	1.19
7	212,000	257,900	1.22	1.20
8	300,000	366,000	1.22	1.22
10	8,000	9,600	1.20	1.20
14	500,000	600,000	1.20	1.20
15	150,000	180,000	1.20	1.20
17	200,000	240,000	1.20	1.20
20	394,000	472,800	1.20	1.20
21	360,000	435,600	1.21	1.21
23	110,000	132,000	1.20	1.20
June 2019				
26	456,000	542,640	1.19	1.19
July 2019				
16	14,000	16,940	1.21	1.21
	<u>6,264,000</u>	<u>7,440,740</u>		

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 2018	1.20	1.13
August 2018	1.22	1.13
September 2018	1.15	1.10
October 2018	1.15	1.05
November 2018	1.13	1.04
December 2018	1.15	1.06
January 2019	1.13	1.05
February 2019	1.15	1.07
March 2019	1.22	1.09
April 2019	1.25	1.18
May 2019	1.23	1.18
June 2019	1.24	1.15
July 2019 (up to and including the Latest Practicable Date)	1.26	1.20

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.

Ms. Dorathy Lee Yuen Yu

Ms. Dorathy Lee Yuen Yu (“Ms. Dorathy Lee”), aged 59, is a Non-executive Director of the Company. She has not previously held any positions with the Company or its subsidiaries before joining the Group in September 2004.

There is no service contract between the Company and Ms. Dorathy Lee. Her length of service with the Company is subject to retirement by rotation in accordance with Bye-law 99 of the Company. She is currently entitled to receive a director’s fee of HK\$50,000 per annum, which is subject to annual review by the Board and is determined with reference to her duties and responsibility with the Company as well as the prevailing market conditions.

Ms. Dorathy Lee is the sister of Mr. James Lee Yuen Kui and Mr. Edward Lee Yuen Cheor, who are the Managing Director and Executive Director of the Company respectively. She is also cousin of Mr. Jimmy Lee Yuen Ching, the Chairman of the Company and aunt of Mr. Loewe Lee Bon Chi, Managing Director of the Company. As at the Latest Practicable Date, she has no interest in the Shares of the Company.

During the three years preceding the Latest Practicable Date, Ms. Dorathy Lee did not hold any directorship in other listed companies. There is no information relating to Ms. Dorathy Lee that is required to be disclosed pursuant to Rules 13.51(2) (h) to (w) 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 Ms. Dorathy Lee as Non-executive Director of the Company.

Mr. William Chan Chak Cheung

Mr. William Chan Chak Cheung (“Mr. William Chan”), aged 71, is an Independent Non-Executive Director of the Company since 2004. He is also the Chairman of the Nomination Committee and a member of the Audit and Risk Management Committee and Remuneration Committee of the Company. Mr. William Chan is a retired partner of PricewaterhouseCoopers with a career spanning 33 years in Canada, Hong Kong and Mainland China. Until November 2017, he was an Independent Non-executive Director of Link Asset Management Limited, the Manager of the Link Real Estate Investment Trust (Link REIT), which is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

There is no service contract between the Company and Mr. William Chan. He is currently entitled to receive a director’s fee of HK\$396,000 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. Mr. William Chan is not entitled to receive bonus of any kind.

Mr. William Chan does not have any relationship with any other Director, senior management, substantial or controlling Shareholder of the Company. As at the Latest Practicable Date, Mr. William Chan was interested in 330,000 Shares (representing 0.03% of the total issued share capital of the Company).

Save as disclosed above, Mr. William Chan did not hold any directorship in other listed companies during the three years preceding the Latest Practicable Date. There is no information relating to Mr. William Chan that is required to be disclosed pursuant to Rules 13.51(2)(h) to (w) 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. William Chan as an Independent Non-executive Director of the Company.

The following is a summary of principal terms of the New Share Option Scheme to be approved at the AGM. It does not form part of, nor is it intended to be part of, the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme required to be included in the New Share Option Scheme as pursuant to the Listing Rules.

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

2. PARTICIPANTS

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of Participants, to take up Options to subscribe for Shares:

- (a) any Eligible Employee;
- (b) any Non-executive Director (including Independent Non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

and, for the purposes of the New Share Option Scheme, the Options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants.

The basis of eligibility of any of the above classes of Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (3.1) The maximum number of Shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the relevant class of Shares in issue from time to time.
- (3.2) The total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the relevant class of Shares in issue as at the date of the passing of the ordinary resolution (the “General Scheme Limit”).
- (3.3) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.4) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” must not exceed 10% of the relevant class of Shares in issue as at the date of approval of such limit and for the purpose of calculating the limit as “refreshed”, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) previously granted under the New Share Option Scheme and any other share option schemes of the Company will not be counted.
- (3.4) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.3) above, the Company may seek separate Shareholders’ approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in sub-paragraph (3.3) above to Participants specifically identified by the Company before such approval is sought.

4. MAXIMUM ENTITLEMENT TO EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the relevant class of Shares in issue (the “Individual Limit”). Where any further grant of Options to a Participant in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant, such further grant must be separately approved by the Shareholders in general meeting of the Company with such Participant and his or her associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant, the number and terms of the Options to be granted (and Options previously

granted) to such Participant and the information as required under the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Options should be taken as the date of Offer for the purpose of calculating the Subscription Price.

5. GRANT OF OPTIONS TO CONNECTED PERSONS

(5.1) Any grant of Options under the New Share Option Scheme to a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial Shareholder of the Company or any of their respective associates must be approved by Independent Non-executive Directors (excluding any Independent Non-executive Director who is the Grantee of the Options).

(5.2) Where any grant of Options to a substantial Shareholder or an Independent Non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of Options must be approved by the Shareholders in a general meeting. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting at such general meeting, except that any Grantee, his/her associates and core connected persons of the Company may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the relevant circular.

For the purpose of seeking Shareholders' approval in general meeting under subparagraphs (3.3) and (3.4), paragraph 4 and sub-paragraph (5.2) above, the Company must send a circular to the Shareholders containing the information as required under the Listing Rules.

6. TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION

An Offer may be accepted by a Participant within 28 days from the Offer Date. A consideration of HK\$1 is payable on acceptance of the Offer. An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be

determined and notified by the Directors to each Grantee, which period may commence on the day on which the Offer is made but shall end in any event not later than 10 years from the Offer Date subject to the provisions for early termination thereof (the “Option Period”).

Unless the Directors otherwise determined and stated in the Offer to a Participant, there is no minimum period for which an Option granted under the New Share Option Scheme must be held before it can be exercised.

7. PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the Offer to a Participant, a Participant is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised.

8. SUBSCRIPTION PRICE FOR SHARES

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the making of the Offer (which shall be stated in the letter containing the Offer) but in any case the Subscription Price shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the Offer Date, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and (iii) the nominal value of a Share. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out herein.

9. LIFE OF THE NEW SHARE OPTION SCHEME

Subject to paragraph 16, the New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is conditionally adopted by the Company at a general meeting of the Shareholders.

10. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum of Association and Bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before

the date when the name of the Grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

11. TRANSFERABILITY OF OPTIONS

An Option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

12. RIGHTS ATTACHING TO OPTIONS

(12.1) Rights on ceasing employment

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death or termination of employment on one or more grounds referred to in sub-paragraph (12.3) below before exercising his or her Option in full, his or her Option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the Grantee may exercise the Option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the Grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

(12.2) Rights on death

If the Grantee of an Option ceases to be a Participant by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment under sub-paragraph (12.3) below or of his or her relationship with the relevant member of the Group or Invested Entity under sub-paragraph (12.4) arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Option (to the extent which has become exercisable and not already exercised).

(12.3) Rights on dismissal

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary or the relevant Invested Entity, his or her Option will lapse automatically on the date the Grantee ceases to be an Eligible Employee.

(12.4) Rights on breach of contract

If the Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Directors shall determine that the outstanding Options granted to the Grantee be lapsed. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(12.5) Rights on a general offer

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her Option at any time before the close of such offer (or any revised offer).

(12.6) Rights on winding up

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Grantee (or where permitted under sub-paragraph (12.2), his or her legal personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time no later than 3 days prior to the date on which such resolution is to be passed, exercise his or her Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the date prior to the date of the passing of the resolution to wind-up the Company. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the winding-up of the Company.

(12.7) Rights on compromise or arrangement between the Company and its creditors

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its Shareholders or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may at any time thereafter (but before such time as shall be notified by the Company) exercise his or her Option to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than 3 days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantees such number of fully paid Shares which fall to be issued on exercise of such Option.

13. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the periods or dates referred to in paragraphs 6 and 12; and
- (b) the date on which a breach of the provision of restriction on transfer and assignment of an Option referred to in paragraph 11 is committed.

14. REORGANIZATION OF CAPITAL STRUCTURE

In the event of a capitalization issue of profits or reserves, rights issue, consolidation, subdivision or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option; and/or
- (d) the maximum number of Shares referred to in paragraphs 3 and 4,

as an independent financial adviser or the auditors of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustments shall remain the same as that to which he or she was entitled before such adjustments and no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction. In addition, in respect of any such adjustments as provided in this paragraph 14, other than any made on a capitalization issue, the independent financial adviser or the auditors of the Company must confirm in writing to the Directors that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

15. CANCELLATION OF OPTIONS

Any cancellation of Options granted but not exercised shall require approval of the Board and the relevant Grantees. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the New Share Option Scheme and the Listing Rules. Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in paragraph 3. For the avoidance of doubt, Options which have been exercised shall not be included as cancelled Options.

16. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

17. ALTERATION OF THE NEW SHARE OPTION SCHEME

(17.1) The New Share Option Scheme may be altered in any aspect by resolution of the Board except that:

- (a) the terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Participants without the prior approval of the Shareholders in general meeting;
- (b) any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme; and
- (c) any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

(17.2) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

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 at Dragon Room 1, The Hong Kong Bankers Club, 43/F, Gloucester Tower, The Landmark, Central, Hong Kong on Monday, 26 August 2019 at 10:00 a.m. 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 2019;
2. To consider and, if thought fit, approve the payment of a final dividend and a special cash dividend recommended by the board of directors for the year ended 31 March 2019;
3. To consider and, if thought fit, approve the re-election of Ms. Dorathy Lee Yuen Yu as a Non-executive Director of the Company;
4. To consider and, if thought fit, approve the re-election of Mr. William Chan Chak Cheung 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 authorise the board of directors to fix their remuneration.

As special business to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

7. **“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 purchase 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;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to buy back its shares at a price determined by the Directors;
- (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 in issue 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.”

8. **“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 authorise 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 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 in issue 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).”

NOTICE OF ANNUAL GENERAL MEETING

9. “**THAT** conditional upon the passing of the ordinary resolutions nos. 7 and 8 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. 7 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. 8 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 shares of the Company on the date of the passing of this resolution.”
10. “**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “New Share Option Scheme”, a copy of which marked “A” is produced to the meeting and for the purposes of identification signed by the Chairman thereof), the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including but without limitation:
- (a) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares of the Company;
 - (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
 - (c) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued and allotted pursuant to the exercise of the options granted under the New Share Option Scheme, provided always that the total number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the relevant class of shares of the Company in issue as at the date of passing of this resolution, but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the New Share Option Scheme, and provided also that the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the relevant class of shares of the Company in issue from time to time;

NOTICE OF ANNUAL GENERAL MEETING

- (d) to make applications at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any shares which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and
- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”

By Order of the Board
Andy Wong Kam Kee
Company Secretary

Hong Kong, 25 July 2019

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

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) The Register of Members of the Company will be closed from Monday, 19 August 2019 to Monday, 26 August 2019 (both days inclusive) and from Monday, 2 September 2019 to Tuesday, 3 September 2019 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 16 August 2019. In order to qualify for the Proposed Final Dividend and Special Cash Dividend, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 30 August 2019. Dividends are expected to be paid on or about Monday, 16 September 2019.
- (2) Any member of the Company entitled to attend and vote at the above meeting 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 authorised 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 authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (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 (i.e. no later than 10:00 a.m. on Saturday, 24 August 2019) 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, authorise 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 authorised 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.