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NATIONAL ELECTRONICS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 213)

DISCLOSABLE TRANSACTION
ACQUISITION OF 80% OF THE ISSUED SHARE CAPITAL
OF ROEBUCK INVESTMENTS LIMITED

On 11 November 2011, the Purchaser (as purchaser), the Seller (as seller) and the Company (as guarantor) entered into the Sale and Purchase Agreement, pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase, in aggregate, 80% of the issued share capital of Roebuck and the benefit of the Shareholder Loan in two tranches for a total consideration of approximately HK\$139,684,116.

In addition, on 11 November 2011, the Seller (as assignor) and the Purchaser (as assignee) entered into the Assignment of Shareholder Loan pursuant to which the assignor agrees to assign and transfer, and the assignee agrees to take an assignment and transfer of, 50% of the Shareholder Loan.

First Tranche Sale Shares and 50% of the Shareholder Loan

Pursuant to the Sale and Purchase Agreement, the Seller shall sell, and the Purchaser shall purchase, the First Tranche Sale Shares and the benefit of 50% of the Shareholder Loan outstanding as on the First Completion Date, free from all Encumbrances and with all rights now attached to the First Tranche Sale Shares on the First Completion Date. The First Tranche Consideration, HK\$69,842,058, comprises (i) the consideration payable for 50% of the Shareholder Loan as at First Completion on its dollar to dollar value (“**First Tranche Shareholder Loan Consideration**”) and (ii) the consideration payable for the First Tranche Sale Shares, subject to the Consideration Adjustment and the Post-Completion Adjustment (the “**First Tranche Sale Shares Consideration**”).

The First Completion of the sale and purchase of the Sale Shares has taken place on 11 November 2011, being the date of the Sale and Purchase Agreement.

In the event that any part of the Shareholder Loan is repaid to the Seller after the First Completion Date, then:

- (a) the Balance of the Shareholder Loan will be reduced by the amount of the repayment; and
- (b) the Second Tranche Consideration will be reduced by the amount of the repayment.

Second Tranche Sale Shares and the Balance of the Shareholder Loan

Also, pursuant to the Sale and Purchase Agreement, the Seller shall sell, and the Purchaser shall purchase, the Second Tranche Sale Shares and the benefit of the Balance of the Shareholder Loan outstanding as on the Second Completion Date free from all Encumbrances and with all rights now attached to the Second Tranche Sale Shares on the Second Completion Date.

The Second Tranche Consideration shall be satisfied by the payment to the Seller or the Seller's Solicitors (as directed by the Seller) of (i) HK\$7,000,000 (the "**Deposit**") upon signing of the Sale and Purchase Agreement; and (ii) the balance of the Second Tranche Consideration on the Second Completion Date.

Provided that all steps required under First Completion have been fully satisfied (or waived by the Seller where applicable), the Second Completion will take place in Macau (or at such other place as the Seller and the Purchaser may agree in writing) on the Second Completion Date.

The Purchaser currently holds 20% of the issued share capital of Roebuck. Upon completion of the First Completion and the Second Completion, the Purchaser will hold the entire issued share capital of Roebuck.

(I) INTRODUCTION

The Board is pleased to announce that on 11 November 2011, the Purchaser (as purchaser), the Seller (as seller) and the Company (as guarantor) entered into the Sale and Purchase Agreement.

(II) SALE AND PURCHASE AGREEMENT

Date 11 November 2011

Parties

Seller: CPI Asia National 1 Limited

Purchaser: National Hotel Holdings Limited, an investment holding company and an indirect wholly-owned subsidiary of the Company

Guarantor: the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and their ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell and the Purchaser agreed to purchase the Sale Shares and the benefit of the Shareholder Loan in two tranches for a total consideration of HK\$139,684,116. The Sale Shares represents 80% of the issued share capital of Roebuck, and Roebuck indirectly owns 100% of the issued share capital of Forthright, which in turn owns the Property.

Pursuant to the Sale and Purchase Agreement, the Seller shall sell, and the Purchaser shall purchase, the First Tranche Sale Shares and the benefit of 50% of the Shareholder Loan outstanding as on the First Completion Date free from all Encumbrances and with all rights now attached to the First Tranche Sale Shares (including the right to receive all dividends and other distributions declared, made or paid on or after the First Completion Date), on the First Completion Date.

Also, the Seller shall sell, and the Purchaser shall purchase, the Second Tranche Sale Shares and the benefit of the Balance of the Shareholder Loan free from all Encumbrances and with all rights now attached to the Second Tranche Sale Shares (including the right to receive all dividends and other distributions declared, made or paid on or after the Second Completion Date), on the Second Completion Date.

Consideration and Payment Terms

The total consideration for the Sale Shares is approximately HK\$139,684,116 which will be satisfied in the following manner:

(1) First Tranche Consideration

The First Tranche Consideration, HK\$69,842,058, comprises:

- (i) the consideration payable for 50% of the Shareholder Loan as at First Completion on its dollar to dollar value ("**First Tranche Shareholder Loan Consideration**"); and

- (ii) the consideration payable for the First Tranche Sale Shares, subject to the Consideration Adjustment (as defined below) and the Post-Completion Adjustment (as defined below) (the “**First Tranche Sale Shares Consideration**”).

Adjustment to the First Tranche Sale Shares Consideration

The Seller has delivered to the Purchaser the Completion Date NAV Statement setting forth the Completion Date NAV and the consideration adjustment shall be the sum of 40% of the Completion Date NAV (“**Consideration Adjustment**”).

Also, no later than 10 Business Days after the First Completion Date, the Seller shall prepare and deliver to the Purchaser the Post-Completion NAV Statement setting forth the Post-Completion NAV. If the Post-Completion NAV is higher than the Completion Date NAV, the Purchaser shall pay to the Seller the Post-Completion Payment Amount. If the difference between the Post-Completion NAV and the Completion Date NAV is a negative amount, the Seller shall pay to the Purchaser the Post-Completion Refund Amount (“**Post-Completion Adjustment**”). Any Post-Completion Payment Amount or Post-Completion Refund Amount payable shall be paid within 5 Business Days following the delivery of the Post-Completion NAV Statement by the Seller to the Purchaser. Based on the information obtained from Roebuck, the Consideration Adjustment and Post Consideration Adjustment will not change the nature of the Acquisition from being a disclosable transaction.

(2) **Second Tranche Consideration**

The Second Tranche Consideration shall be satisfied by the payment to the Seller or the Seller’s Solicitors (as directed by the Seller) of

- (i) HK\$7,000,000 (the “**Deposit**”) upon signing of the Sale and Purchase Agreement; and
- (ii) the balance of the Second Tranche Consideration on the Second Completion Date.

The Second Tranche Consideration comprises (a) the consideration payable for the Balance of the Shareholder Loan and (b) the consideration payable for the Second Tranche Sale Shares. For the purposes of apportionment, the consideration for the Balance of the Shareholder Loan shall be equal to the face value of the amount of the Balance of the Shareholder Loan (“**Second Tranche Shareholder Loan Consideration**”) and the remaining amount of the Second Tranche Consideration shall be the consideration for the Second Tranche Sale Shares (“**Second Tranche Sale Shares Consideration**”).

The Total Consideration, being the First Tranche Consideration and the Second Tranche Consideration, has been determined after arm's length negotiations between the parties with reference to, among other things, the net asset value of the Group Companies as ascertained by the Purchaser. The Directors consider that the Total Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In the event that any part of the Shareholder Loan is repaid to the Seller after the First Completion Date, then:

- (i) the Balance of the Shareholder Loan will be reduced by the amount of the repayment; and
- (ii) the Second Tranche Consideration will be reduced by the amount of the repayment.

Completion

(1) First Completion

As the Seller has been satisfied that the Group has repaid part of the Shareholder Loan to the Seller in the sum of HK\$10,000,000 at or immediately after the First Completion, the First Completion of the sale and purchase of the Sale Shares has taken place on 11 November 2011, being the date of the Sale and Purchase Agreement.

First Completion shall not have any effect on the Original Shareholders' Deed (other than to the extent amended by the Deed of Amendment), which the parties to the Original Shareholders' Deed acknowledge will remain in place unless and until the Deed of Termination is entered into at Second Completion. Each of the Purchaser and the Seller acknowledges and confirms that it is not aware of any claims or breaches under the Original Shareholders' Deed on or prior to the date of the Sale and Purchase Agreement.

(2) Second Completion

Provided that all steps required under First Completion have been fully satisfied, the Second Completion of the sale and purchase of the Sale Shares will take place on the earlier of (i) 31st March 2012 and (ii) the date which is 5 Business Days after the date that the Condition is satisfied, or such other date as the parties may agree as being the date on which Second Completion takes place.

If the Second Completion does not complete due to the Purchaser's failure to comply with its obligations under the Sale and Purchase Agreement on the date on which the Second Completion is scheduled to take place, the Purchaser shall have no right to reclaim or recover the Deposit paid, which the Seller shall be entitled to retain by way of liquidated damages. If the Second Completion does not complete due to the Seller's failure to comply with its obligations the Sale and Purchase Agreement on the date on which the Second Completion is scheduled to take place, the Deposit (without interest) will be refunded by the Seller to the Purchaser within 5 Business Days following the date on which the Second Completion is scheduled to take place.

Guarantee

The Company guarantees to the Seller the performance of the Purchaser's obligations in accordance with the Sale and Purchase Agreement (including to pay the Second Tranche Consideration at Second Completion). The guarantee is a continuing guarantee which will remain in force until all the Purchaser's obligations under the Sale and Purchase Agreement have been fulfilled.

(III) DOCUMENTS ENTERED INTO PURSUANT TO THE ACQUISITION

Pursuant to the Acquisition, certain documents have been entered into by the respective parties and these include the following:

(1) First tranche

Assignment of Shareholder Loan

In addition, on 11 November 2011, the Seller (as assignor) and the Purchaser (as assignee) entered into an assignment of shareholder loan ("**Assignment of Shareholder Loan**"), pursuant to which the assignor agrees to assign and transfer, and the assignee agrees to take an assignment and transfer of, 50% of the Shareholder Loan.

In consideration of the payment by the assignee to the assignor of the First Tranche Shareholder Loan Consideration (receipt of which is acknowledged by the assignor), the assignor, as beneficial owner, assigns and transfers to the assignee absolutely all its rights, title, benefits and interests in and to the 50% of the Shareholder Loan free from all claims, charges, liens, encumbrances, option and equities of any kind whatsoever. As from the date of the Assignment of Shareholder Loan, the assignee shall be solely and absolutely entitled to such rights, title, benefits and interests in and to 50% of the Shareholder Loan to the exclusion of the assignor.

Deed of Amendment of Shareholders' Deed in relation to Roebuck Investments Limited

On 11 November 2011, being the First Completion Date, the Seller, the Purchaser, National Properties and Roebuck entered into a deed of amendment of shareholders' deed in relation to Roebuck ("**Deed of Amendment**"), pursuant to which the parties to the Deed of Amendment agreed to supplement and amend the Original Shareholders' Deed in accordance with the terms of the Deed of Amendment.

The Deed of Amendment will remain in place unless and until the Deed of Termination is entered into at Second Completion.

(2) Second tranche

At the Second Completion, in consideration of the payment by the Purchaser to the Seller of the Second Tranche Shareholder Loan Consideration, the Seller (as assignor) and the Purchaser (as assignee) will enter into an assignment of shareholder loan pursuant to which the Seller, as beneficial owner, will assign and transfer to the assignee absolutely all its rights, title, benefits and interests in and to the Balance of the Shareholder Loan free from all claims, charges, liens, encumbrances, option and equities of any kind whatsoever. As from the date of such assignment of shareholder loan to be entered into at the Second Completion, the Purchaser shall be solely and absolutely entitled to such rights, title, benefits and interests in and to the Balance of the Shareholder Loan to the exclusion of the Seller.

In addition, at Second Completion, the Seller, the Purchaser, National Properties and Roebuck will enter into a deed of termination at the Second Completion (the "**Deed of Termination**"), pursuant to which all rights and obligations of each of the parties to the Original Shareholders' Deed as supplemented by the Deed of Amendment shall be terminated with immediate effect.

(IV) REASONS FOR AND BENEFITS OF THE ACQUISITION

Since the Property is located in a prime area with reasonable yield, the Acquisition allows the Company to enlarge its property portfolio with quality assets.

The Directors consider that the Acquisition is on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(V) INFORMATION OF ROEBUCK

Roebuck is an investment holding vehicle incorporated on 2 February 1993 and wholly-owned the Property through Gilligan and Forthright prior to the First Completion. The Property comprise a hotel and the land on which it is erected and has a total gross floor area of approximately 28,483 square feet and is located at No. 202 to No. 206 Queen's Road Central, Hong Kong.

Upon completion of the First Completion and the Second Completion, the Purchaser will hold the entire issued share capital of Roebuck.

The audited net loss before and after taxation and extraordinary items attributable to Forthright was approximately HK\$3,800,000 and HK\$3,200,000 respectively for the year ended 31 December 2010, and the audited net profit before and after taxation and extraordinary items attributable to Forthright was approximately HK\$79,600,000 and HK\$66,500,000 respectively for the year ended 31 December 2009.

As at 31 October 2011, the unaudited net asset value of Forthright was approximately HK\$110,200,000.

(VI) INFORMATION OF THE COMPANY, SELLER AND PURCHASER

Information of the Seller

The Seller is an investment holding company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of a real estate fund.

Information of the Purchaser

The Purchaser is an investment holding company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company.

Information of the Company

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development and investment.

(VII) LISTING RULES IMPLICATIONS

As the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but does not exceed 25%, the Acquisition constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Sale Shares
“associates”	has the meaning ascribed in the Listing Rules
“Balance of the Shareholder Loan”	the remaining balance of the Shareholder Loan as at the Second Completion Date which amounted to HK\$12,355,949 as may be reduced by the amount of any part of the Shareholder Loan repaid to the Seller after the First Completion Date
“Board”	the board of directors of the Company
“Business Day”	a day other than a Saturday or Sunday, on which banks are open in Hong Kong and New York to the general public for business
“Company”	National Electronics Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Main board of the Stock Exchange
“Completion Audited Financial Statements”	the audited financial statements of the Group Companies prepared by an accounting firm appointed and engaged jointly by the Seller and the Purchaser as at the First Completion Date
“Completion Date NAV”	the projected Net Asset Value as at the First Completion Date
“Completion Date NAV Statement”	the pro forma statement setting out the balance sheet and Completion Date NAV (expressed in Hong Kong Dollars) to be prepared by the Seller in substantially the form set out in Schedule 6 of the Sale and Purchase Agreement)
“Condition”	the completion of any of certain transactions as agreed between the parties
“connected person(s)”	has the meaning ascribed in the Listing Rules
“Consideration Adjustment”	the sum of 40% of the Completion Date NAV, which forms part of the First Tranche Consideration

“Deferred Tax Liability”	the deferred tax liability (if any) accrued or deemed to have accrued as at the relevant date in respect of any appreciation of the capital value of the Property
“Directors”	the directors of the Company
“Encumbrances”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid
“Existing Bank Loan”	all amounts owed by Forthright to the Mortgagee as at First Completion
“Existing Securities”	collectively the share mortgage dated 29 October 2009 granted by Gilligan and the Company in favour of the Mortgagee over shares in Forthright, the assignment of rentals and receivables dated 29 October 2009 executed by Forthright in favour of the Mortgagee, and the assignment of insurance dated 29 October 2009 executed by Forthright in favour of the Mortgagee
“First Completion”	completion of the sale and purchase of the First Tranche Sale Shares and assignment of 50% of the Shareholder Loan
“First Completion Date”	11 November 2011, being the date of the Sale and Purchase Agreement
“First Tranche Consideration”	the amount paid by the Purchaser to the Seller for the First Completion, which comprises the consideration payable for (i) 50% of the Shareholder Loan as at First Completion on its dollar to dollar value; and (ii) the consideration payable for the First Tranche Sale Shares, subject to the Consideration Adjustment and the Post-Completion Adjustment
“First Tranche Sale Shares”	40 Sale Shares

“Forthright”	Forthright Investment Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of Roebuck
“Gilligan”	Gilligan Developments Limited, a company incorporated under the laws of the British Virgin Islands, with registration No. 190714 and is a wholly owned subsidiary of Roebuck
“Group”	collectively the Company and its subsidiaries
“Group Companies”	collectively Roebuck, Putman Management, Gilligan and Forthright, and “Group Company” shall mean any one of them
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates and connected persons
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Mortgagee”	Hang Seng Bank Limited and its successors and assigns
“National Properties”	National Properties Holdings Limited, a company incorporated under the laws of Hong Kong, with registration No. 386168 and is a wholly-owned subsidiary of the Company
“Net Asset Value”	as at the relevant date, the total assets of the Group Companies on a consolidated basis (excluding the Property, furniture, fixtures and equipment thereon, prepaid expenses on tenancy improvements and/or leasehold improvements and any shareholder loan of the Group Companies) minus the total liabilities of the Group Companies on a consolidated basis (including the outstanding liability associated with the Existing Bank Loan, but excluding any provision for Deferred Tax Liability, amounts due to shareholders and any additional costs or charges charged by the Mortgagee other than those provided for in the Existing Securities)

“Original Shareholders’ Deed”	the shareholders’ deed entered into between the Seller, the Purchaser, the Company and National Properties on 8th May 2006
“Post-Completion Adjustment”	the Post-Completion Payment Amount or the Post-Completion Refund Amount, which is a part of the First Tranche Consideration
“Post-Completion NAV”	the Net Asset Value of the Group as at the First Completion Date
“Post-Completion NAV Statement”	a statement based on the Completion Audited Financial Statements setting forth the Post-Completion NAV (expressed in Hong Kong Dollars)
“Post-Completion Payment Amount”	40% of the amount by which the Post-Completion NAV is higher than the Completion Date NAV
“Post-Completion Refund Amount”	40% of the amount by which the Completion Date NAV is higher than the Post-Completion Date NAV
“Property”	ALL THOSE pieces or parcels of ground situate at Hong Kong and registered at the Land Registry as INLAND LOT NO. 4854 and INLAND LOT NO. 4853 and INLAND LOT NO. 4852 TOGETHER with the messuages erections and buildings thereon (if any) known as No. 202 to No. 206 QUEEN’S ROAD CENTRAL, Hong Kong which is held from the Government under a Government Lease of Inland Lot No. 4854 dated 11th March 1938 for a term of 999 years commencing from 26th June 1843, a Government Lease of Inland Lot No. 4853 dated 9th July 1938 for a term of 999 years commencing from 26th June 1843 and a Government Lease of Inland Lot No. 4852 dated 2nd March 1938 for a term of 999 years commencing from 26th June 1843 together with the hotel building thereon and the fixtures, fittings, furnishings and contents affixed thereto or installed therein
“Purchaser”	National Hotel Holdings Limited, a company incorporated under the laws of the British Virgin Islands, with registration No. 688493, a wholly-owned subsidiary of the Company and owns 20% of the entire issued share capital of Roebuck

“Putman Management”	The Putman Management Limited, a company incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of Roebuck
“Roebuck”	Roebuck Investments Limited, a company incorporated under the laws of the British Virgin Islands, with registration No. 78069 and is owned by the Purchaser and the Seller as to 20% and 80% respectively
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 November 2011 entered into amongst the Purchaser, the Seller and the Company in relation to the Acquisition
“Sale Shares”	80 ordinary shares of US\$1 each in the capital of Roebuck, being 80% of the issued shares in the capital of Roebuck
“Second Tranche Consideration”	the amount equal to the aggregate of the Second Tranche Shareholder Loan Consideration and Second Tranche Sale Shares Consideration
“Second Tranche Shareholder Loan Consideration”	to the amount of the Balance of the Shareholder Loan
“Second Tranche Sale Shares Consideration”	the remaining amount of the Second Tranche Consideration after deducting the Second Tranche Shareholder Loan Consideration
“Second Tranche Sale Shares”	40 Sale Shares
“Seller”	CPI Asia National 1 Limited, a company incorporated under the laws of the British Virgin Islands, with registration No. 1017932 and owns 80% of the entire issued share capital of Roebuck
“Shares”	Ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholder Loan”	all outstanding loan owed by the Group to the Seller from time to time (which, after repayment of HK\$10,000,000 of the Shareholder Loan from the Group to the Seller at or immediately after the First Completion, shall amount to HK\$24,711,897 as at the First Completion Date)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Consideration”	the aggregate of (i) the First Tranche Consideration and (ii) the Second Tranche Consideration
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 11 November 2011

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