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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

On 4 September 2012, the Vendor, the Purchaser and the Agent entered into the Provisional Sale and Purchase Agreement in relation to the sale and purchase of the Property. The Consideration of the Acquisition is HK\$80,000,000.

As the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition under the Provisional Sale and Purchase Agreement is more than 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 4 September 2012, the Vendor, the Purchaser and the Agent entered into the Provisional Sale and Purchase Agreement in relation to the sale and purchase of the Property. Key terms of the Provisional Sale and Purchase Agreement are set out below.

PROVISIONAL SALE AND PURCHASE AGREEMENT

Date 4 September 2012

Parties involved

Vendor: Supreme Class Limited

Purchaser: Samford Limited, an indirect wholly-owned subsidiary of the Company

Agent: Midland Realty International Ltd.

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

Assets to be acquired

Pursuant to the Provisional Sale and Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property for a consideration of HK\$80,000,000.

The Property is a residential property. The Property shall be sold to the Purchaser free from encumbrances on an “as is” basis and subject to an existing tenancy.

Consideration and payment terms

The consideration for the Property is HK\$80,000,000, which is payable in cash in the following manner:

- (a) HK\$3,000,000, which is payable upon the signing of the Provisional Sale and Purchase Agreement, has been so paid by the Purchaser;
- (b) HK\$5,000,000 shall be payable upon the signing of the formal sale and purchase agreement for the Acquisition; and
- (c) the balance HK\$72,000,000 shall be payable upon completion of the Acquisition.

The consideration was determined on normal commercial terms with reference to the market value of similar properties in similar locations.

Valuation has been conducted in respect of the Property on 4 September 2012 by DTZ Debenham Tie Leung Limited.

Completion

The formal sale and purchase agreement for the Acquisition is scheduled to be entered into on or before 18 September 2012 and completion of the Acquisition is scheduled to take place on or before 14 November 2012.

Commission

In consideration of the services rendered by the Agent, the Agent shall be entitled to receive HK\$500,000 from the Vendor and HK\$500,000 from the Purchaser as commission. The Commission is payable on or before 14 November 2012.

In the event that either the Vendor or the Purchaser fails to complete the Provisional Sale and Purchase Agreement, the defaulting party shall compensate the Agent HK\$1,000,000 as agreed damages. In the event that the Vendor and the Purchaser shall agree to cancel the sale and purchase of the Property under the Provisional Sale and Purchase Agreement without the prior written consent of the Agent, each of the Vendor and the Purchaser shall upon cancellation be liable to pay the Agent the Commission.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the manufacturing, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts, property development, property investment and hotel operation.

The Directors consider that the Acquisition is a valuable investment opportunity of the Group. The Group will enjoy rental income derived from the Property. The Directors believe that the property business portfolio of the Group will be strengthened and enhanced by the Acquisition.

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.

FUNDING ARRANGEMENT

The Group intends to finance the Consideration by internal resources and bank borrowings.

INFORMATION ON THE COMPANY, VENDOR, PURCHASER AND AGENT

The Company

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

The Vendor

The Vendor is a company incorporated in Hong Kong, and is a property holding company.

The Purchaser

The Purchaser is an investment holding company incorporated in Hong Kong, and is an indirect wholly-owned subsidiary of the Company.

The Agent

The Agent is a company incorporated in Hong Kong, and is a provider of property agency service in Hong Kong.

LISTING RULES IMPLICATIONS

As the applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition exceeds 5% but does not exceed 25%, the Acquisition constitutes a discloseable 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

In this announcement, unless the context requires otherwise, the following expressions have the following meanings.

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| “Acquisition” | the acquisition of the Property |
| “Agent” | Midland Realty International Ltd., a company incorporated under the laws of Hong Kong |
| “Company” | National Electronics Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Main Board of the Stock Exchange |
| “Commission” | HK\$500,000 to be payable by the Vendor and HK\$500,000 to be payable by the Purchaser to the Agent as commission under the Provisional Sale and Purchase Agreement |
| “Connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Consideration” | HK\$80,000,000 |
| “Directors” | the directors of the Company |
| “Group” | The Company and its subsidiaries |

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| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Third Party” | 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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Property” | House No. C36 Regalia Bay, No. 88 Wong Ma Kok Road, Hong Kong (including two car parking spaces) |
| “Provisional Sale and Purchase Agreement” | the provisional sale and purchase agreement entered into between the Vendor, the Purchaser and the Agent on 4 September 2012 for the sale and purchase of the Property |
| “Purchaser” | Samford Limited, a company incorporated under the laws of Hong Kong, an indirect wholly-owned subsidiary of the Company |
| “Shareholders” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Supreme Class Limited, a company incorporated under the laws of Hong Kong |
| % | Percentage |

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

Hong Kong, 5 September 2012

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, Dorathy 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.