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## **NATIONAL ELECTRONICS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 213)**

### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on 15 May 2014 (after Hong Kong trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Seller, pursuant to which the Seller agreed to grant and the Purchaser agreed to accept the Leases.

As one of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### **THE AGREEMENT**

Date: 15 May 2014 (after Hong Kong trading hours)

Parties:

Seller: Ten Acre (Mayfair) Two Limited

Purchaser: Harbour Horizon Holdings Ltd

The Purchaser is a private company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company.

The Seller is a private company incorporated in Jersey with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owners are Independent Third Parties.

## **Assets to be acquired**

Pursuant to the Agreement, the Seller agreed to grant and the Purchaser agreed to accept the Flat Lease and the Car Parking Space Lease (collectively, the “**Leases**”) for a total consideration of £3,725,000 (exclusive of VAT) (which is equivalent to approximately HK\$48,611,250).

The Flat and the Car Parking Space (collectively, the “**Property**”) upon which the Leases are related to and to be constructed pursuant to the Agreement will be located on 30 Old Burlington Street, London, the United Kingdom. The Property is under development but is expected to complete by the Target Date.

On completion of the Acquisition, the Seller shall deliver vacant possession of the Property to the Purchaser in accordance with the Agreement.

## **Consideration and payment terms**

The total consideration for the Acquisition is £3,725,000 (exclusive of VAT) (which is equivalent to approximately HK\$48,611,250) and is payable in cash in the following manner:

- (a) the Deposit, representing 10% of the Consideration, has been paid upon the signing of the Agreement;
- (b) the Further Deposit, representing 10% of the Consideration, shall be paid one year from the date of the Agreement; and
- (c) the balance, being 80% of the Consideration, shall be paid to the Seller on the Completion Date.

If the Further Deposit has not been received by the Seller’s Solicitors in cleared funds within 15 working days after the due date, the Seller may without prejudice to its other remedies either elect to (i) treat the Agreement as discharged by breach thereof by the Purchaser in which case the Seller shall be entitled to forfeit and retain the Deposit; or (ii) enforce payment of the sum owed.

The Consideration was determined after arm’s length negotiations with reference to, among other things, the prevailing market price of comparable properties around the vicinity of the Property, the location, the net usable area of the Property and the potential rental income that can be derived from the Property. The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **Completion**

The target completion date for the Acquisition is the Completion Date.

Upon completion of the Acquisition, the Purchaser will be the legal and beneficial owner of the Leases and the Property with full title.

## **Conditions precedent**

Completion of the Acquisition is conditional upon, *inter alia*, (i) the payment to the City of Westminster of the Affordable Housing Contribution (as defined in the Section 106 Agreement) having been made by the Seller; and (ii) the grant of planning permission pursuant to the Supplemental Planning Application.

If these conditions of the Agreement have not been fulfilled within two years of the date of the Agreement, the Agreement shall terminate and the Deposit and the Further Deposit (if already paid) shall be returned to the Purchaser.

## **Other Terms and Conditions**

The Seller shall use all reasonable endeavours to ensure that a Certificate of Practical Completion is issued by the Target Date. If the Certificate of Practical Completion has not been received by the Purchaser by 4:00 pm (London time) on the Longstop Date, the Purchaser shall be entitled by written notice to the Seller at any time thereafter to terminate the Agreement forthwith (but prior to receipt by the Purchaser of the Certificate of Practical Completion) and upon such termination the Deposit and the Further Deposit (if already paid) with any accrued interest shall be returned to the Purchaser.

## **FINANCIAL INFORMATION OF THE PROPERTY**

As the Property is under development as of the date of this announcement, the Company is unable to provide relevant historical financial information in respect of the Property.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Directors consider that the acquisition of the Leases will enable the Group to enlarge its properties portfolio with high quality assets. 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 Shareholders as a whole.

The Group intends to finance the Acquisition by bank financing and internal resources.

## **INFORMATION OF THE COMPANY, THE SELLER AND THE PURCHASER**

### **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, property investment and hotel operation.

### **Information of the Seller**

The Seller is a property holding company incorporated in Jersey.

### **Information of the Purchaser**

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

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

“Acquisition”	the sale and purchase of the Leases pursuant to the Agreement
“Agreement”	the conditional sale and purchase agreement dated 15 May 2014 entered into between the Seller and the Purchaser in relation to the Acquisition
“Board”	the board of directors of the Company
“Building”	30 Old Burlington Street, London W1S 3AR, the United Kingdom

“Car Parking Space”	Car parking space number 7 within the premises of the Building
“Car Parking Space Lease”	the lease of the Car Parking Space to be granted by the Seller to the Purchaser for a term of 999 years commencing on the Term Commencement Date
“Certificate of Practical Completion”	a certificate issued by the Seller to the effect that in the opinion of the Seller practical completion of the construction of, inter alia, the Property and such part or parts of the Building for reasonable access to the Property, has been achieved
“Company”	National Electronics Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion Date”	the tenth working day following the date of service by or on behalf of the Seller on the Purchaser or the Purchaser’s solicitors of a notice confirming (a) the issue of the Certificate of Practical Completion and (b) the issue of the Certificate of Insurance a copy of which will be supplied with the said notice, provided that such notice may not be served before all the conditions as set out in the section headed “Conditions Precedent” have been satisfied and the Agreement becomes unconditional
“Consideration”	the consideration of £3,725,000 (which is equivalent to approximately HK\$48,611,250) (exclusive of VAT)
“Deposit”	a deposit of £372,500 (which is equivalent to approximately HK\$4,861,125) in respect of the Acquisition
“Directors”	the directors of the Company
“Flat”	Flat 306, Third Floor, 30 Old Burlington Street, London W1S 3AR, the United Kingdom with an indicative internal gross area of approximately 98 square metres
“Flat Lease”	the lease of the Flat to be granted by the Seller to the Purchaser for a term of 999 years commencing on the Term Commencement Date

“Further Deposit”	a further deposit of £372,500 (which is equivalent to approximately HK\$4,861,125) in respect of the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an independent third party who is not a “connected person” as defined in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Leases”	collectively, the Car Parking Space Lease and the Flat Lease
“Longstop Date”	31 December 2017
“Planning Permission”	the planning permission for the development of the Building in accordance with application number 13/01715/Full and 13/01716/CAC both dated 10 October 2013 and all consents supplemental or amending the same (including the Supplemental Planning Application) and any amendment to such permissions whether made by the Seller or imposed by the Planning Authority
“Party”	a party to the Agreement
“Property”	collectively, the Car Parking Space and the Flat which are to be constructed by the Seller in accordance with the provisions of the Agreement
“Purchaser”	Harbour Horizon Holdings Ltd
“Section 106 Agreement”	the agreement dated 10 October 2013 and made between (1) Ten Acre (Mayfair) One Limited; (2) Standard Life Assurance Limited; (3) Overseas-Chinese Banking Corporation Limited; and (4) the Lord Mayor and Citizens of the City of Westminster
“Seller”	Ten Acre (Mayfair) Two Limited

“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Planning Application”	the application for planning permission registered on 27 March 2014 under reference 14/02350/FULL for certain alterations and amendments to the Planning Permission
“Target Date”	1 September 2016
“Term Commencement Date”	1 January 2016
“United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“VAT”	value added tax and any tax or duty of a similar nature
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“£”	Pound Sterling, the lawful currency of the United Kingdom
“%”	per cent

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

Hong Kong, 19 May 2014

*For illustration purposes only, an exchange rate of £1.00 to HK\$13.05 is used in this announcement. No representation is made that any amount in British Pound Sterling or HKD is or could have been or could be converted at such rate or at any other rate or at all.*

*As at the date of this announcement, the executive Directors 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.*