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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 19 November 2017, the Vendor, the Purchaser and the Agent entered into the Preliminary SPA, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property for a total consideration of HK\$95,000,000. Each of the Purchaser and the Agent is an Independent Third Party of the Company.

As one of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) of the Disposal exceeds 5% but does not exceed 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 November 2017, the Vendor, the Purchaser and the Agent entered into the Preliminary SPA, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property.

PRELIMINARY SPA

Date: 19 November 2017

Parties:

Vendor: Samford Limited, a wholly-owned subsidiary of the Company

Purchaser: An individual who is an Independent Third Party

Agent: Centaline Property Agency Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and the Agent is an Independent Third Party.

Assets to be disposed of

Pursuant to the Preliminary SPA, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Property for a total consideration of HK\$95,000,000 (the "**Purchase Price**"). The Property is owned by the Vendor and is a residential property.

Purchase price and payment terms

The Purchase Price shall be HK\$95,000,000 which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) HK\$4,750,000 has been paid upon the signing of the Preliminary SPA as deposit (the "**Deposit**");
- (b) HK\$4,750,000 shall be paid on or before 4 December 2017 as further deposit (the "**Further Deposit**"); and
- (c) HK\$85,500,000 shall be paid upon completion of the Disposal on or before 14 February 2018 as balance of the Purchase Price.

The Deposit and Further Deposit shall be paid by the Purchaser to the Vendor's solicitors as stakeholder who shall not release the same to the Vendor unless it is proved that the balance of the Purchase Price is sufficient to discharge the existing legal charge/mortgage and Special Stamp Duty payable by the Purchaser not yet paid by the Vendor (if any).

Pursuant to the Preliminary SPA, the Agent shall be entitled to receive a commission from the Vendor.

The Purchase Price was determined after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things, the value of the Property. The Directors consider that the Purchase Price is fair and reasonable and in the interests of the Company and Shareholders as a whole.

Formal Agreement in respect of the Disposal

A formal agreement for the Disposal (the "**Formal Agreement**") embodying the terms of the Preliminary SPA shall be signed by the Parties on or before 4 December 2017. The Preliminary SPA shall constitute legally binding obligations of the Parties unless and until and to the extent superseded by the Formal Agreement.

Completion

Completion shall take place on or before 14 February 2018. The Property is sold to the Purchaser on an “as is” basis and shall include certain furniture as agreed between the Parties. Upon completion of the Disposal, the Vendor shall deliver vacant possession of the Property to the Purchaser.

Stamp Duty

Pursuant to the Preliminary SPA, ad valorem stamp duty shall be paid by the Purchaser.

Side Documents in connection with the Preliminary SPA

To document certain additional terms to the Preliminary SPA, the Vendor and the Purchaser entered into a supplemental agreement and a confirmation letter (collectively, the “**Side Documents**”) respectively, in each case on 19 November 2017 and in connection with the Preliminary SPA, to acknowledge certain matters in relation to the layout, building works and building structure of the Property.

FINANCIAL INFORMATION OF THE PROPERTY

The audited net loss both before and after taxation and extraordinary items attributable to the Property was approximately HK\$1,456,000 for the year ended 31 March 2017.

The audited net loss both before and after taxation and extraordinary items attributable to the Property was approximately HK\$6,118,000 for the year ended 31 March 2016.

As at 17 November 2017, the Property is valued at HK\$90,000,000 by the Independent Property Valuer.

USE OF PROCEEDS

It is expected that the Group will record a gain of approximately HK\$6,500,000 on completion of the Disposal after taking into account of the related expenses of approximately HK\$4,460,000 payable by the Group in connection with the Disposal. Such gain is calculated by reference to the unaudited net book value of the Property as at 31 October 2017.

The Group currently intends to use the net proceeds from the Disposal for general working capital purposes.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Having regard to the prevailing market conditions, the Directors are of the view that the Disposal represents a good opportunity for the Group to realise its investment in the Property and enhances the liquidity of the Group.

The Directors consider that the Disposal 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.

INFORMATION OF THE COMPANY, THE VENDOR 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 and investment and hotel operation.

Information of the Vendor

The Vendor, a wholly-owned subsidiary of the Company, is an investment holding company incorporated in Hong Kong.

Information of the Purchaser

The Purchaser is an individual who is an Independent Third Party.

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 Disposal exceeds 5% but does not exceed 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS USED IN THIS ANNOUNCEMENT

In this announcement, the following definitions apply unless otherwise stated. Also, where terms are defined and used in only one section of this announcement, these defined terms are not included in the table below:

“Agent”	Centaline Property Agency Limited (a licenced estate agency with Licenced Estate Agency Company Licence No. C-000227)
“Board”	the board of directors of the Company
“Company”	National Electronics Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange (stock code: 213.HK)
“Disposal”	the sale of the Property by the Vendor to the Purchaser as contemplated by and pursuant to the Preliminary SPA and the Side Documents
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	a person who is not a connected person (as defined in the Listing Rules) of the Company and is a third party independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
“Independent Property Valuer”	DTZ Cushman & Wakefield Limited
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	the parties to the Preliminary SPA
“Property”	House No. C36 (including its 2 car parking spaces), Regalia Bay, No. 88 Wong Ma Kok Road, Hong Kong
“Preliminary SPA”	the preliminary sale and purchase agreement dated 19 November 2017 entered into between the Vendor, the Purchaser and the Agent in respect of the sale and purchase of the Property

“Purchaser”	an individual who is an Independent Third Party, as the purchaser of the Property
“Shareholders”	the shareholders of the Company
“Special Stamp Duty”	has the meaning ascribed to it under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Samford Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 20 November 2017

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.