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## **NATIONAL ELECTRONICS HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 213)**

### **DISCLOSEABLE TRANSACTION**

### **PROVISIONAL SALE AND PURCHASE AGREEMENT**

### **IN RELATION TO AN ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF AND RELATED SHAREHOLDER'S LOAN OWING BY SPEEDY TACTIC LIMITED**

#### **THE ACQUISITION**

The Board is pleased to announce that on 17 September 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Provisional SPA with the Vendor, pursuant to which the Vendor agreed to sell and assign, and the Purchaser agreed to purchase and accept the assignment of, the Sale Share and the benefit of the Sale Loan for a consideration of HK\$132,558,000 (subject to adjustment) subject to and upon the terms and conditions of the Provisional SPA.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) 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. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 17 September 2021 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Provisional SPA with the Vendor, pursuant to which the Vendor agreed to sell and assign, and the Purchaser agreed to purchase and accept the assignment of, the Sale Share and the benefit of the Sale Loan for a consideration of HK\$132,558,000 (subject to adjustment) subject to and upon the terms and conditions of the Provisional SPA.

## **PROVISIONAL SPA**

**Date:** 17 September 2021 (after trading hours)

### **Parties:**

**Vendor:** Rainbow Vast Limited

**Purchaser:** New Eden Enterprises Limited (an indirect wholly-owned subsidiary of the Company)

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

### **Assets to be acquired**

Pursuant to the Provisional SPA, the Vendor agreed to sell and assign, and the Purchaser agreed to purchase and accept the assignment of, the Sale Share and the benefit of the Sale Loan.

The Vendor legally and beneficially owns one ordinary share of Speedy Tactic, which represents the entire issued and paid up share capital of Speedy Tactic. Speedy Tactic is the legal and beneficial owner of the Property, which is presently subject to the Existing Security and shall be discharged or released upon Completion.

### **Consideration and payment terms**

The Consideration is HK\$132,558,000, subject to adjustment as described in paragraphs (b) and (c) of this section below, shall be apportioned as follows:

- (i) the consideration for the Sale Loan shall be an amount equal to the Sale Loan outstanding at Completion; and
- (ii) the consideration for the transfer of the Sale Share shall be the amount of the Consideration less the consideration for the Sale Loan set out in paragraph (i) above.

The Consideration shall be paid in the following manner:

- (a) a deposit of HK\$13,255,800 shall be paid by the Purchaser to the Vendor's solicitors as stakeholders upon the signing of the Provisional SPA;

- (b) the balance of the Consideration in the sum of HK\$119,302,200 (subject to the adjustment as determined in the following manner) shall be paid upon Completion, with an amount equal to the Redemption Amount made payable to Hang Seng Bank and the balance shall be paid to the Vendor:
- (i) there shall be added to the balance of the Consideration an amount equal to the value of all the current assets of Speedy Tactic (excluding the Property and deferred tax assets) as shown in the Pro Forma Completion Accounts (if agreed among the Parties); and
  - (ii) there shall be deducted from the balance of the Consideration an amount equal to the value of all liabilities of Speedy Tactic (other than the Sale Loan and the Redemption Amount) as shown in Pro Forma Completion Accounts (if agreed among the Parties);
- (c) in the event that the Parties fail to agree on the Pro Forma Completion Accounts, the Parties shall first proceed to Completion based on the provisional adjustment set out in the Pro Forma Completion Accounts with further adjustment(s) (if any) to be made in the following manner:
- (i) within 30 days after Completion, the Vendor shall produce to the Purchaser the Final Completion Accounts showing the adjustment to the balance of the Consideration;
  - (ii) within 14 days after the receipt of the Final Completion Accounts, the Parties shall agree on any final adjustments needed to be made to the balance of the Consideration paid by the Purchaser on Completion;
  - (iii) in the event that the Parties shall fail to agree on the final adjustments based on the Final Completion Accounts, an independent international firm of public accountants in Hong Kong shall be appointed to determine such final adjustments and whose decision shall be final and binding on all Parties; and
  - (iv) any excess paid on Completion shall be forthwith returned to the Purchaser without interest and any shortfall shall be paid forthwith to the Vendor without interest and in any event within five working days after the date of the Parties' agreement on any final adjustment to the balance of the Consideration or the date of issuance of the determination by the aforesaid appointed firm of public accountants.

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

## **Conditions precedent**

Completion is conditional upon the Vendor having shown to the Purchaser's satisfaction that:

- (a) the entire issued share capital of Speedy Tactic is beneficially owned by the Vendor free from all encumbrances and the Vendor has good title to the Sale Share and title of which can be transferred to the Purchaser on Completion free from all encumbrances;
- (b) the Sale Loan is due and owing from Speedy Tactic to the Vendor and free from all encumbrances and that the Vendor has good title to the Sale Loan and such can be assigned to the Purchaser on Completion free from all encumbrances; and
- (c) Speedy Tactic is the sole registered and beneficial owner of the Property and is subject only to the Existing Security which shall be discharged or released upon Completion and Speedy Tactic is able to show and give a good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong) free from all encumbrances.

## **Formal Agreement in respect of the Acquisition**

A formal agreement for the Acquisition ("**Formal Agreement**") embodying the terms of the Provisional SPA shall be executed by the Parties on or before the expiration of 30 days from the date of the Provisional SPA. The Provisional SPA shall constitute legally binding obligations of the Parties unless and until superseded by the Formal Agreement.

## **Completion**

Subject to fulfillment of the conditions precedent set out above, Completion shall take place on or before 26 October 2021 ("**Completion Date**") at the offices of the Vendor's solicitors.

## **GUARANTEE**

Being part and parcel to the Provisional SPA, Lee Sammy Sean (the "**Guarantor**"), being one of the ultimate beneficial owners of the Vendor, executed a deed of guarantee on 17 September 2021, in favour of the Purchaser, pursuant to which the Guarantor irrevocably and unconditionally, as primary obligor, undertook and guaranteed the full, prompt, complete and due performance by the Vendor of all and any of its obligations under the Provisional SPA, and further undertook that if the Vendor defaults in the Provisional SPA, the Guarantor will forthwith on demand by the Purchaser compensate the Purchaser.

## INFORMATION OF SPEEDY TACTIC AND THE PROPERTY

Speedy Tactic is a property investment company incorporated in Hong Kong and is wholly-owned by the Vendor as at the date of this announcement.

Set out below is the audited financial information of Speedy Tactic for the financial years ended 31 March 2020 and 2021, respectively, extracted from its audited financial statements, prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities:

	<b>For the financial year ended 31 March 2020</b>	<b>For the financial year ended 31 March 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2,305	2,160
Net profit/(loss) before taxation	(4,752)	21,445
Net profit/(loss) after taxation	(4,958)	21,207

The unaudited total assets and the unaudited net assets of Speedy Tactic as at 31 July 2021 were approximately HK\$151,941,000 and HK\$16,976,000, respectively.

The Property is a residential property.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in, among others, property development and investment. The Directors consider that the Acquisition is in line with the principal businesses of the Group and will enable the Group to enlarge its properties portfolio with high quality assets, and thus the Group's property business portfolio will be strengthened and enhanced.

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 PURCHASER AND THE VENDOR**

### **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 Purchaser**

The Purchaser, an indirect wholly-owned subsidiary, is an investment holding company incorporated in the British Virgin Islands.

### **Information of the Vendor**

The Vendor is an investment holding company incorporated in Hong Kong.

Based on the information available to the Company, as at the date of this announcement, the Vendor is held by three individuals, namely Lee Sammy Sean, Wong Po Wah, Cynthia and Lee Matthew Tsun Ting as to 0.01%, 0.01% and 99.98% respectively.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) 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. The Acquisition is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement 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:

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Purchaser from the Vendor in accordance with the terms of the Provisional SPA
“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)
“Completion”	the completion of the Acquisition in accordance with the terms of the Provisional SPA
“Completion Date”	has the meaning as defined in the “Completion” section
“Consideration”	the consideration payable under the Acquisition
“Directors”	the directors of the Company
“Existing Security”	the existing mortgage and the assignment of rental and sales proceeds both dated 20 November 2017 in favour of Hang Seng Bank registered in the Land Registry and the existing assignment of insurances dated 20 November 2017 in favour of Hang Seng Bank
“Final Completion Accounts”	the final statement of financial position of Speedy Tactic as at the close of business on the Completion Date procured to be prepared by the Vendor within 30 days after Completion
“Group”	the Company and its subsidiaries
“Hang Seng Bank”	Hang Seng Bank Limited
“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)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the Provisional SPA
“Pro Forma Completion Accounts”	the pro forma statement of financial position of Speedy Tactic as at the close of business on the Completion Date procured to be prepared by the Vendor at least seven working days prior to Completion

“Property”	all those 647 equal undivided 20,457th parts or shares of and in all that piece or parcel of land known and registered in the Land Registry as RURAL BUILDING LOT NO. 821 and the extension thereto and of and in the messuages, erections and buildings constructed thereon now known as “Le Palais” (the “ <b>Development</b> ”), No. 8 Pak Pat Shan Road, Hong Kong together with the exclusive right and privilege to hold, use, occupy and enjoy all that House No. 26 of the Development
“Provisional SPA”	the provisional sale and purchase agreement entered into between the Vendor and the Purchaser on 17 September 2021 in respect of the Acquisition
“Purchaser”	New Eden Enterprises Limited, an indirect wholly-owned subsidiary of the Company
“Redemption Amount”	the sum required to be paid to Hang Seng Bank to release the Existing Security upon Completion
“Sale Loan”	the benefit of the loan(s) owing by Speedy Tactic to the Vendor as at Completion
“Sale Share”	one ordinary share of Speedy Tactic held by the Vendor, representing the entire issued and paid up share capital of Speedy Tactic
“Shareholders”	the shareholders of the Company
“Speedy Tactic”	Speedy Tactic Limited, a company incorporated in Hong Kong and which is wholly-owned by the Vendor as at the date of this announcement



“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Rainbow Vast Limited, a company incorporated in Hong Kong
“%”	per cent

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

Hong Kong, 17 September 2021

*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 of the Company is Ms. Lee Yuen Yu, Dorathy; and the Independent Non-executive Directors of the Company are Dr. Samson Sun, M.B.E., J.P., Mr. Chan Chak Cheung, William and Mr. Chan Kwok Wai.*