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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

CONNECTED TRANSACTION DISPOSAL OF PROPERTY

THE DISPOSAL

The Board is pleased to announce that on 2 February 2024 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the SPA with the Purchaser (a non-executive Director), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the Consideration of CAD1,980,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser, being a non-executive Director, is a connected person of the Company. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios exceed 0.1% but all of them are less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The SPA

Principal terms of the SPA are set out as follows:

Date

2 February 2024 (after trading hours)

Parties

- (i) Vendor: 1061383 Ontario Limited; and
- (ii) Purchaser: Ms. Lee, a non-executive Director.

Property to be disposed of under the SPA

The Property is a residential lot with a lot size of 5,145 square feet located at 79 Green Meadows Circle, Toronto, ON M2J5G6, Canada. The Property is improved with a detached two-storey dwelling with livable floor area of 3,636 square feet.

The Vendor is the sole registered owner of the Property.

Consideration and payment terms

The Consideration of CAD1,980,000 shall be payable by the Purchaser in cash in the following manner:

- (i) CAD200,000 shall be payable by the Purchaser within 24 hours of the acceptance of the SPA as deposit; and
- (ii) CAD1,780,000, being the remaining balance of the Consideration shall be payable by the Purchaser at Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the market value of the Property as at 23 January 2024 as appraised by an independent valuer using the direct comparison approach in the amount of CAD1,980,000 and the prevailing property market in Toronto, Canada.

Completion

Completion shall take place on or before 7 February 2024. Upon Completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

The book value of the Property as at the date of the unaudited management accounts of the Group as at 31 January 2024 amounted to CAD963,351. Based on the Consideration of CAD1,980,000, the Group is expected to have a gain on the Disposal of approximately CAD996,649 after deduction of the related expenses of approximately CAD20,000.

The Company intends to use the net proceeds from the Disposal for general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Having regard to the prevailing market conditions, the Directors consider that the Disposal provides a good opportunity to realise its investment and enhance the liquidity of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the SPA and the Disposal and the transactions contemplated thereunder are fair and reasonable, and on normal commercial terms, in the ordinary and usual course of business of the Group and the Disposal is in the interests of the Company and its shareholders as a whole.

Each of (i) Ms. Lee, the Purchaser, being a non-executive Director, (ii) Mr. Lee Yuen Kui, James and Mr. Lee Yuen Cheor, Edward, both being executive Directors and brothers of Ms. Lee, (iii) Mr. Lee Yuen Ching, Jimmy, being an executive Director and the cousin of Ms. Lee, and (iv) Mr. Lee Bon Chi, Loewe, being an executive Director and the nephew of Ms. Lee, has, is deemed or may be perceived to have a material interest in the SPA and the Disposal and accordingly has abstained from voting on the resolution(s) passed by the Board in relation to the SPA and the Disposal. Save as disclosed above, no other Directors had a material interest in the SPA and the Disposal and are required to abstain from voting on the resolution(s) passed by the Board in relation to the SPA and the Disposal.

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, an indirect wholly-owned subsidiary of the Company, is principally engaged in real estate property holding and management.

Information of the Purchaser

The Purchaser is a non-executive Director.

LISTING RULES IMPLICATION

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As one or more of the applicable percentage ratios exceed 0.1% but all of them are less than 5%, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings given to them as below:

“Board”	the board of Directors
“CAD”	Canadian Dollars, the lawful currency of Canada
“Company”	National Electronics Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 213)
“Completion”	the completion of the Disposal in accordance with the terms of the SPA
“connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of CAD1,980,000, being the purchase price for the Property payable by the Purchaser to the Vendor in respect of the Disposal

“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms of the SPA
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	a residential lot with a lot size of 5,145 square feet located at 79 Green Meadows Circle, Toronto, ON M2J5G6, Canada. The Property is improved with a detached two-storey dwelling with livable floor area of 3,636 square feet
“Purchaser” or “Ms. Lee”	Ms. Lee Yuen Yu, Dorathy, a non-executive Director
“SPA”	the agreement of purchase and sale dated 2 February 2024 and entered into between the Vendor and the Purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	1061383 Ontario Limited, a company incorporated in Canada with limited liability, and an indirect wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 2 February 2024

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 Mr. Chan Chak Cheung, William, Mr. Chan Kwok Wai and Mr. Sun Dai Wai, David.