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**NATIONAL ELECTRONICS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 213)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF PROPERTY**

On 14 December 2007, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor to acquire the Property at a consideration of HK\$122,800,000.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Agreement will be despatched to the Shareholders as soon as practicable.

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**THE AGREEMENT**

**Parties**

Vendor: Benfield Investment Limited, it and its ultimate beneficial owner are Independent Third Parties. The Company has tried through the property agent to obtain the information in relation to its principal business activities of the Vendor, but no such information is provided by the Vendor.

Purchaser: Ambrose Limited

**Information of the Property**

The Property is located at House No. 1 together with the garden, open terrace spaces, flat roof and carport attached therewith, Abergeldie 52 Plantation Road, Hong Kong. The Vendor shall deliver vacant possession of the Property to the Purchaser upon completion of the Agreement. The Property is a residential property with a gross floor area of 3,688 square feet which is currently self-used by the Vendor.

The Company is unable to obtain the net profits attributable to the Property for the two financial years ended 31 March 2007 since the Vendor is an Independent Third Party. The Company has tried through the property agent to obtain the information in relation to the net profits attributable to the Property for the two financial years ended 31 March 2007, but no such information is provided by the Vendor.

### **Consideration and payment terms for the Acquisition**

The consideration for the Acquisition of HK\$122,800,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Property of HK\$123,000,000 as at 14 December 2007, provided by an independent valuer, DTZ Debenham Tie Leung Limited. Subject to obtaining the relevant banking facilities, the Group currently intends to finance the consideration of the Acquisition by a combination of internal resources of the Group and bank financing in a ratio to be determined by the Company.

The consideration for the Acquisition shall be payable to the Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$6,000,000 has been paid by the Purchaser upon signing of the Agreement;
- (b) a further deposit of HK\$6,280,000 has been paid by the Purchaser on 28 December 2007; and
- (c) the remaining balance of HK\$110,520,000 shall be paid by the Purchaser upon completion on or before 3 March 2008.

### **Completion for the Acquisition**

Completion of the sale and purchase of the Property shall take place on or before 3 March 2008. There are no conditions precedent to the completion. Upon completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

### **REASON FOR THE ACQUISITION**

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. The acquisition of the Property allows the Group to enlarge its properties portfolio with high quality assets. The Company will hold the Property for capital appreciation. The Directors consider that the acquisition of the Property is in the interest of the Company and the terms of the Agreement are fair and reasonable as far as the Shareholders are concerned.

### **GENERAL**

As the relevant percentages under the size tests (as defined in the Listing Rules) exceed 5% but

not exceed 25%, the Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Agreement will be despatched to the Shareholders as soon as practicable.

The Group has acquired several properties in the past 12 months. The locations of the properties acquired in the past 12 months are distinct, individual and unconnected and are not parts of one asset. The vendors of the properties acquired in the past 12 months are neither connected nor associated with one another. The Group has not acquired any property from the Vendor in the past 12 months. On these bases, we consider Rule 14.22 of the Listing Rules does not apply.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

“Acquisition”	the acquisition of the Property by the Purchaser pursuant to the Agreement on 14 December 2007
“Agreement”	the agreement entered into between the Vendor and the Purchaser for the sale and purchase of the Property
“Company”	National Electronics Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates and connected persons as defined in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Property”	House No. 1 together with the garden, open terrace spaces, flat roof and carport attached therewith, Abergeldie 52 Plantation Road, Hong Kong
“Purchaser”	Ambrose Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Shareholder(s)”	the shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”

Benfield Investment Limited, it and its ultimate beneficial owner are Independent Third Parties

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

Hong Kong, 3 January 2008

*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 Miss 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.*