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## **NATIONAL ELECTRONICS HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 213)**

### **MAJOR TRANSACTION ACQUISITION OF PROPERTY AND RESUMPTION OF TRADING**

#### **PROPOSED ACQUISITION**

On 11 April 2006, the Vendor entered into the Agreement with Panteria for the sale and purchase of the Property. The consideration for the Acquisition of the Property by Panteria is HK\$78,000,000.

The transaction contemplated under the Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to approval from the Shareholders. However, no shareholders meeting will be convened as written approval has been obtained from a closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares giving the right to attend and vote at general meeting to approve the transaction. The interest of the closely allied group of Shareholders is no different from other Shareholders in respect of the transaction. No Shareholders is required to abstain from voting in respect of the proposed Acquisition if the Company were to convene a special general meeting for the approval of the transaction.

A circular containing details of the Acquisition and the valuation report in respect of the Property will be despatched to the Shareholders as soon as practicable.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 12 April 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 13 April 2006.

#### **The Property**

Date of the Agreement: 11 April 2006

Vendor: Man Ka Limited, an Independent Third Party

Purchaser: Panteria

Summary: The Agreement was entered into between the Vendor and Panteria pursuant to which the Vendor has agreed to sell and Panteria has agreed to purchase the Property. The consideration for the Acquisition is HK\$78,000,000. The parties are required to enter into a formal agreement for the sale and purchase of the Property on or before 25 April 2006. The Agreement is legally binding on the Vendor and Panteria.

The initial deposit being HK\$3,000,000 has been paid to the Vendor by Panteria upon signing of the Agreement. Further deposit in the sum of HK\$4,800,000 is payable to the Vendor on 25 April 2006 and the remaining consideration for the purchase of the Property being HK\$70,200,000 is payable on completion. The Acquisition is expected to be completed on or before 18 July 2006.

## **Reasons for and benefits of the Acquisition of the Property**

The Property is located at Whitfield Road and enjoys close proximity to Victoria Park. The immediate vicinity comprise of high-rise composite buildings and commercial buildings. The Property has a total gross floor area of approximately 17,000 square feet and comprises a 24-storey building, inclusive of a ground floor shop and 23 fully furnished residential apartments.

The Property is sold subject to existing lettings, tenancies and licenses and the serviced apartments are almost fully leased and the ground floor shop is currently leased to a restaurant. The current monthly rental income derived from the Property is approximately HK\$335,900. The Company intends to hold the Property for investment purpose by way of rental income for the time being and will consider any redevelopment opportunity in the future.

The Directors confirm that the consideration for the Property has been determined after arm's length negotiations between the parties. The consideration was arrived at by reference to the value of the Property of HK\$82,000,000 as at 11 April 2006 as determined by an independent property valuer, DTZ. The consideration will be funded by bank financing and from internal resources of the Group and the proportion of which is yet to be decided by the Company.

The Directors are of the view that the Acquisition is in the interest of the Company and the terms of the Agreement and the consideration are fair and reasonable in the interests of the Company and the Shareholders as a whole.

## **Information of the Group and the Vendor**

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture, assembly and sale of electronic watches, watch movements, watch parts, property development, trading and investment.

The Vendor is a company incorporated in Hong Kong for the purpose of investments holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and the ultimate beneficial owners of the Vendor Limited are Independent Third Parties.

## **General**

As the consideration for the Acquisition represents more than 25% but less than 75% of the applicable percentage ratios, the Acquisition constitutes a major transaction for the Company under the Listing Rules and must be made conditional on Shareholders' approval. Pursuant to Rule 14.44(2), a written Shareholders' approval has been obtained from the following closely allied group of Shareholders who together hold more than 50% in nominal value of the Shares giving the right to attend and vote at general meeting to approve the transactions:

- (1) Brentford Investments Limited, holding 252,102,979 Shares (approximately 23.43% of the issued share capital of the Company), is wholly owned by a discretionary trust of which each of Messrs. James Lee Yuen Kui, Peter Lee Yuen Wong and Edward Lee Yuen Cheor, the executive directors of the Company are named beneficiaries. Mr. Jimmy Lee Yuen Ching is the cousin of Messrs James Lee Yuen Kui, Peter Lee Yuen Wong and Edward Lee Yuen Cheor.
- (2) Fenmore Investments Limited, holding 253,106,873 Shares (approximately 23.52% of the issued share capital of the Company), is wholly owned by a discretionary trust of which Mr. Jimmy Lee Yuen Ching, an executive director of the Company and his family members are named beneficiaries. Mr. Jimmy Lee Yuen Ching is the cousin of Messrs James Lee Yuen Kui, Peter Lee Yuen Wong and Edward Lee Yuen Cheor.
- (3) Bursa Investment Limited, holding 32,646,150 Shares (approximately 3.03% of the issued share capital of the Company), is wholly owned by Mr. Ricky Wai Kwong Yuen, the President and an executive director of the Company's main operating subsidiary, National Electronics and Watch Company Limited.
- (4) Valera Investment Limited, holding 4,621,617 Shares (approximately 0.43% of the issued share capital of the Company), is wholly owned by Mr. Ricky Wai Kwong Yuen, the President and an executive director of the Company's main operating subsidiary, National Electronics and Watch Company Limited.

The closely allied group of Shareholders has been voting in the same way in all resolutions since they were Shareholders. They have been Shareholders for over 5 years. The most recent major transaction that was approved by these Shareholders by way of written resolution was the disposal of properties announced by the Company in September 1999. The interest of the closely allied group of Shareholders is no different from other Shareholders in respect of the transaction.

No Shareholders is required to abstain from voting in respect of the proposed Acquisition if the Company were to convene a special general meeting for the approval of the transaction.

A circular containing details of the Acquisition and the valuation report in respect of the Property will be despatched to the Shareholders as soon as practicable.

### **Suspension and Resumption of Trading**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 12 April 2006 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 13 April 2006.

### **Definitions**

In this announcement, the following terms have the following meanings: –

“Acquisition”	the proposed acquisition of the Property by Panteria pursuant to the Agreement dated 11 April 2006;
“Agreement”	the agreement dated 11 April 2006 between the Vendor and Panteria 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;
“DTZ”	DTZ Debenham Tie Leung Limited, the independent valuer;
“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 as defined in the Listing Rules;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Panteria”	Panteria International Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Company;
“Property”	all those pieces or parcels of ground registered in the Land Registry as The Remaining Portion of Inland Lot no. 3309 and the Remaining Portion of Inland Lot no. 3310 Together with the messuages erections and buildings erected thereon known as “ELEGANT COURT” at No. 21 Whitfield Road, North Point, Hong Kong with a total site area of 1,984 square feet;
“Shares”	ordinary share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and

“Vendor”

Man Ka Limited, a company incorporated in Hong Kong and the beneficial owners of which are all Independent Third Parties;

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

Dated: 12 April 2006

*As at the date of this announcement, the executive Directors of the Company are Mr. Lee Yuen Ching, Jimmy, Mr. Lee Yuen Kui, James, Mr. Lee Yuen Wong, Peter and Mr. Lee Yuen Cheor, Edward, 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.*