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## **NATIONAL ELECTRONICS HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 213)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY**

#### **PROPOSED ACQUISITION**

On 10 June 2006, the Vendor entered into the Agreement with New Height for the sale and purchase of the Property. The consideration for the Acquisition of the Property by New Height is HK\$56,500,000.

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

#### **The Property**

Date of the Agreement: 10 June 2006

Vendor: Worldround Developments Limited, an Independent Third Party

Purchaser: New Height Developments Limited

Summary: The Agreement was entered into between the Vendor and New Height pursuant to which the Vendor has agreed to sell and New Height has agreed to purchase the Property. The consideration for the Acquisition is HK\$56,500,000. The parties are required to enter into a formal agreement for the sale and purchase of the Property on or before 24 June 2006. The Agreement is legally binding on the Vendor and New Height.

The initial deposit being HK\$1,650,000 has been paid to the Vendor by New Height upon signing of the Agreement. Further deposit in the sum of HK\$9,650,000 is payable to the Vendor on or before 24 June 2006 and the remaining consideration for the purchase of the Property being HK\$45,200,000 is payable on completion. The Acquisition is expected to be completed on or before 21 July 2006.

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

The Property is a commercial building named King Hung Commercial Building, located in Nos. 194-196 Queen's Road Central, Hong Kong which was built in 1970. The Property is sold subject to existing lettings, tenancies and licenses which has a current occupancy rate of 80%. 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 Property was introduced by an estate agent which is an Independent Third Party. 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\$60,000,000 as at 10 June 2006 as determined by an independent property valuer, DTZ. The consideration will be funded partly by bank borrowings and partly 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 are Independent Third Parties not connected to the Company.

### **General**

As the consideration for the Acquisition represents more than 5% but less than 25% of the applicable percentage ratios, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing details of the Acquisition will be despatched to the Shareholders as soon as practicable.

### **Definitions**

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

“Acquisition”	the proposed acquisition of the Property by New Height pursuant to the Agreement dated 10 June 2006;
“Agreement”	the agreement dated 10 June 2006 between the Vendor and New Height 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;
“New Height”	New Height Developments 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 INLAND LOT NO. 4857 & INLAND LOT NO. 4858 together with all the messuages erections and buildings thereon known as KING HUNG COMMERCIAL BUILDING, NOS. 194-196 QUEEN’S ROAD CENTRAL, HONG KONG;
“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”

Worldround Developments 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 June 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, 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.*