

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# **NATIONAL ELECTRONICS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 213)**

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

### **Acquisition of Property**

On 25 April 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\$111,800,000.

The Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders. The Company has obtained a written approval for the Acquisition from a closely allied group of Shareholders who together hold approximately 52.49% of the issued share capital of the Company as at the date of the Agreement. Accordingly, no general meeting for the Shareholders' approval of the Acquisition will be held. A circular containing details of the Agreement as well as the valuation report of the Property will be despatched to the Shareholders as soon as practicable.

### **Resumption of Trading in Shares**

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 26 April 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 27 April 2007.

On 25 April 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\$111,800,000. The Property was introduced by an estate agent which is an Independent Third Party.

### **AGREEMENT DATED 25 APRIL 2007**

#### **Parties**

Vendor: Chan Yuen Tung, an Independent Third Party and independent from the purchaser of the property agreed to be sold as announced on 19 April 2007

Purchaser: Rexel Limited

#### **Information of the Property**

The Property is located at No. 59 Shouson Hill Road, Bay Villas, Hong Kong. The Property is a residential property which is currently subject to tenancy. The term of the tenancy agreement of the Property is two years from 11 July 2006 to 10 July 2008 and the monthly rental is HK\$230,000. The existing tenant is an Independent Third Party.

## **Consideration and payment terms**

The consideration for the Acquisition of HK\$111,800,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Property of HK\$115,000,000 as at 25 April 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\$5,000,000 has been paid by the Purchaser upon signing of the Agreement;
- (b) a further deposit of HK\$6,180,000 shall be paid by the Purchaser on 11 May 2007; and
- (c) the remaining balance of HK\$100,620,000 shall be paid by the Purchaser upon completion on or before 25 July 2007.

## **Completion**

Pursuant to the Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Property on or before 11 May 2007. Completion of the sale and purchase of the Property shall take place on or before 25 July 2007.

## **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 Group will continue to use the Property as an investment property for rental purpose. 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 percentage under the size tests (as defined in the Listing Rules) exceed 25% but not exceed 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Acquisition may be obtained by written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (b) written Shareholders' approval has been obtained from a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisition. So far as the Directors are aware after making reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. The Company has obtained a written approval for the Acquisition from the following closely allied group of Shareholders who together hold approximately 52.49% of the issued share capital of the Company as at the date of the Agreement:

- (1) Brentford Investments Limited, holding 252,102,979 Shares (representing approximately 24.39% of the issued share capital of the Company), which 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 (representing approximately 24.49% of the issued share capital of the Company), which 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; and

- (3) Bursa Investment Limited, holding 32,646,150 Shares (representing approximately 3.16% of the issued share capital of the Company), and Valera Investment Limited, holding 4,621,617 Shares (representing approximately 0.45% of the issued share capital of the Company), which are wholly owned by Mr. Ricky Wai Kwong Yuen, an executive director of the Company.

The above 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 6 years. The most recent major transaction that was approved by these Shareholders by way of written resolution is the disposal of a property announced by the Company on 19 April 2007.

Accordingly, no general meeting for the Shareholders' approval of the Acquisition will be held.

A circular containing details of the Agreement as well as the valuation report of the Property will be despatched to the Shareholders as soon as practicable.

## **RESUMPTION OF TRADING IN SHARES**

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 26 April 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 27 April 2007.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

“Acquisition”	the acquisition of the Property by the Purchaser pursuant to the Agreement
“Agreement”	the preliminary agreement dated 25 April 2007 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 as defined in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Property”	No. 59 Shouson Hill Road, Bay Villas, Hong Kong
“Purchaser”	Rexel 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”

Chan Yuen Tung, an Independent Third Party

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

Hong Kong, 26 April 2007

*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.*