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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

DISCLOSEABLE TRANSACTIONS ACQUISITION OF PROPERTIES

On 9 May 2007, the First Purchaser, a wholly-owned subsidiary of the Company, entered into the First Agreement with the First Vendor to acquire the First Property at a consideration of HK\$57,500,000.

On the same day, the Second Purchaser, a wholly-owned subsidiary of the Company, entered into the Second Agreement with the Second Vendor to acquire the Second Property at a consideration of HK\$88,000,000. The Second Purchaser is independent from the First Purchaser.

The First Acquisition and the Second Acquisition constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. A circular containing details of the First Agreement and the Second Agreement will be despatched to the Shareholders as soon as practicable.

On 9 May 2007, the First Purchaser, a wholly-owned subsidiary of the Company, entered into the First Agreement with the First Vendor to acquire the First Property at a consideration of HK\$57,500,000. On the same day, the Second Purchaser, a wholly-owned subsidiary of the Company, entered into the Second Agreement with the Second Vendor to acquire the Second Property at a consideration of HK\$88,000,000. The Second Purchaser is independent from the First Purchaser. The First Property and the Second Property were introduced by estate agents which are Independent Third Parties.

FIRST AGREEMENT DATED 9 MAY 2007

Parties

First Vendor: Fairgold Company Limited, an Independent Third Party

First Purchaser: Champion Limited

Information of the First Property

The First Property is located at 22nd floor (including the roof thereof) and car parking space no. 9 on Level 1, Century Tower II, Nos. 1 and 1A Tregunter Path, Hong Kong. The First Property will be delivered to the First Purchaser upon completion of the First Agreement. The First Property is a residential property with a gross floor area of about 3,650 square feet. which is currently self-used by the First Vendor.

Consideration and payment terms for the First Acquisition

The consideration for the First Acquisition of HK\$57,500,000 has been determined after arm's length negotiations between the parties by reference to the market value of the First Property of HK\$60,000,000 as at 3 May 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 First 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 First Acquisition shall be payable to the First Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$5,750,000 has been paid by the First Purchaser upon signing of the First Agreement;
- (b) a further deposit of HK\$5,750,000 shall be paid by the First Purchaser on or before 23 May 2007; and
- (c) the remaining balance of HK\$46,000,000 shall be paid by the First Purchaser upon completion on or before 15 August 2007 provided that the First Vendor may on or after 2 July 2007 call for early completion by giving not less than 7 days' notice in writing.

Completion for the First Acquisition

Pursuant to the First Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the First Property on or before 23 May 2007. Completion of the sale and purchase of the First Property shall take place on or before 15 August 2007 provided that the First Vendor may on or after 2 July 2007 call for early completion by giving not less than 7 days' notice in writing. Upon completion, the First Vendor shall deliver vacant possession of the First Property to the First Purchaser.

SECOND AGREEMENT DATED 9 MAY 2007

Parties

Second Vendor: Eternal Supreme Limited, an Independent Third Party

Second Purchaser: Asiatic Limited

Information of the Second Property

The Second Property is located at No. 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong. The Second Property will be delivered to the Second Purchaser upon completion of the Second Agreement. The Second Property is a commercial development site with a site area of about 2,063 square feet which is a vacant land and currently not in use.

Consideration and payment terms for the Second Acquisition

The consideration for the Second Acquisition of HK\$88,000,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Second Property of HK\$95,000,000 as at 9 May 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 Second 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 Second Acquisition shall be payable to the Second Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$4,400,000 has been paid by the Second Purchaser upon signing of the Second Agreement;
- (b) a further deposit of HK\$4,400,000 shall be paid by the Second Purchaser on or before 22 May 2007; and
- (c) the remaining balance of HK\$79,200,000 shall be paid by the Second Purchaser upon completion on or before 10 July 2007.

Completion for the Second Acquisition

Pursuant to the Second Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Second Property on or before 22 May 2007. Completion of the sale and purchase of the Second Property shall take place on or before 10 July 2007. Upon completion, the Second Vendor shall deliver vacant possession of the Second Property to the Second Purchaser.

REASON FOR THE FIRST ACQUISITION AND THE SECOND 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 First Property and the Second Property allows the Group to enlarge its properties portfolio with high quality assets. The Company will use the First Property as an investment property for rental purpose. On the other hand, based on the future market conditions, the Company will determine whether the Second Property will be re-developed or resold. The Directors consider that the acquisition of the First Property and the Second Property is in the interest of the Company and the terms of the First Agreement and the Second 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 First Agreement and the Second Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules. A circular containing details of the First Agreement and the Second Agreement will be despatched to the Shareholders as soon as practicable.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“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
“First Acquisition”	the acquisition of the First Property by the First Purchaser pursuant to the First Agreement
“First Agreement”	the preliminary agreement dated 9 May 2007 entered into between the First Vendor and the First Purchaser for the sale and purchase of the First Property
“First Property”	22nd floor (including the roof thereof) and car parking space no. 9 on Level 1, Century Tower II, Nos. 1 and 1A Tregunter Path, Hong Kong
“First Purchaser”	Champion Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“First Vendor”	Fairgold Company Limited, a company incorporated in Hong Kong and the ultimate beneficial owners of which are Independent Third Parties
“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
“Second Acquisition”	the acquisition of the Second Property by the Second Purchaser pursuant to the Second Agreement
“Second Agreement”	the preliminary agreement dated 9 May 2007 entered into between the Second Vendor and the Second Purchaser for the sale and purchase of the Second Property
“Second Property”	No. 101& 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong
“Second Purchaser”	Asiatic Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Second Vendor”	Eternal Supreme Limited, a company incorporated in Hong Kong and the ultimate beneficial owners of which are Independent Third Parties
“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

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

Hong Kong, 11 May 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.