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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY

On 15 August 2007, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors to acquire the Property at a consideration of CAD5,150,000 (i.e. approximately HK\$37,270,550).

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

Vendors: Environment Planning Associates Limited and Helena Grossman, they, the ultimate beneficial owner of Environment Planning Associates Limited together with the associates of Helena Grossman are Independent Third Parties

Purchaser: St. Thomas Commercial Developments Incorporated

Information of the Property

The Property consists of the lands located at 5, 7 and 9 Sultan Street, Toronto, Canada and the existing buildings on these lands. The Property will be delivered to the Purchaser upon completion of the Agreement. The Property is a development site with three houses with a gross area of about 5,951 square feet. The current purpose of the Property is both residential and commercial. The houses are currently subject to tenancy with expiry ranging from 31 August 2007 to 31 July 2009 and monthly rent ranging from CAD375 (i.e. approximately HK\$2,714) to CAD2,582 (i.e. approximately HK\$18,686). All the tenants are Independent Third Parties.

The Company is unable to obtain the net profits attributable to the Property for the two financial years ended 31 March 2007 since the Vendors are Independent Third Parties.

Consideration and payment terms for the Acquisition

The consideration for the Acquisition of CAD5,150,000 (i.e. approximately HK\$37,270,550) has been determined after arm's length negotiations between the parties by reference to the market value of the Property of CAD5,200,000 (i.e. approximately HK\$37,632,400) as at 7 August 2007, provided by an independent valuer, J. J. Barnicke 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 Vendors in cash in the following manner:

- (a) an initial deposit in the sum of CAD500,000 (i.e. approximately HK\$3,618,500) has been paid by the Purchaser upon signing of the Agreement; and
- (b) the remaining balance of CAD4,650,000 (i.e. approximately HK\$33,652,050) shall be paid by the Purchaser upon completion on 11 September 2007.

Completion for the Acquisition

Completion of the sale and purchase of the Property shall take place on 11 September 2007. There are no conditions precedent to the completion. Upon completion, the Vendors 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 use the houses as investment properties for rental purpose. On the other hand, the Company intends to re-develop the lands into a high density residential and commercial complex. 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 Vendors 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 15 August 2007
“Agreement”	the agreement entered into between the Vendors 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”	consists of the lands located at 5, 7 and 9 Sultan Street, Toronto, Canada
“Purchaser”	St. Thomas Commercial Developments Incorporated, a company incorporated in Canada 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
“Vendors”	Environment Planning Associates Limited and Helena Grossman, they together with the ultimate beneficial owners of which are Independent Third Parties

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

Hong Kong, 17 August 2007

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.