

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)

DISCLOSEABLE AND MAJOR TRANSACTIONS ACQUISITION OF PROPERTIES AND RESUMPTION OF TRADING IN SHARES

Acquisition of Properties

Reference is made to the Company's announcement dated 11 May 2007. 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\$88,000,000. The First Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as announced in the said announcement.

On 11 September 2007, 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\$28,800,000.

On 10 September 2007, the Third Purchaser, a wholly-owned subsidiary of the Company, entered into the Third Agreement with the Third Vendor to acquire the Third Property at a consideration of HK\$80,000,000.

On 10 September 2007, the Fourth Purchaser, a wholly-owned subsidiary of the Company, entered into the Fourth Agreement with the Fourth Vendor to acquire the Fourth Property at a consideration of HK\$80,000,000.

Since the Company intends to demolish the Second Property and re-develop the First Property and the Second Property into a hotel and the First Property and the Second Property will be recorded as investment properties or assets under construction in the Group's balance sheet subject to the view of the auditors of the Company, the First Acquisition and the Second Acquisition constitute the acquisition of parts of one asset under Rule 14.23(3) of the Listing Rules. Accordingly, Rule 14.22 of the Listing Rules applies to the First Acquisition and the Second Acquisition and when aggregated, they constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Since the Third Agreement and the Fourth Agreement are inter-conditional to each other, the Third Acquisition and the Fourth Acquisition constitute the acquisition of parts of one asset under Rule 14.23(3) of the Listing Rules. Accordingly, Rule 14.22 of the Listing Rules applies to the Third Acquisition and the Fourth Acquisition and when aggregated, they constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

Since The First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor are independent from each other as well as the First Property and the Second Property are not adjacent to the Third Property and the Fourth Property, Rule 14.22 of the Listing Rules does not apply and the Acquisitions should not be aggregated.

With respect to the acquisition of properties by the Company in the past 12 months, the board of Directors of the Company confirms that (i) the vendors and their ultimate beneficial owners of the past acquisitions do not have any relationship with each of the First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor; (ii) the Company has not acquired any properties adjacent to each of the properties under the Agreements.

A circular containing details of the Agreements 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 11 September 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 13 September 2007.

Reference is made to the Company's announcement dated 11 May 2007. 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\$88,000,000. The First Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as announced in the said announcement.

On 11 September 2007, 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\$28,800,000.

On 10 September 2007, the Third Purchaser, a wholly-owned subsidiary of the Company, entered into the Third Agreement with the Third Vendor to acquire the Third Property at a consideration of HK\$80,000,000.

On 10 September 2007, the Fourth Purchaser, a wholly-owned subsidiary of the Company, entered into the Fourth Agreement with the Fourth Vendor to acquire the Fourth Property at a consideration of HK\$80,000,000.

The First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor are independent from each other. The Third Agreement and the Fourth Agreement are inter-conditional to each other.

FIRST AGREEMENT DATED 9 MAY 2007

Parties

First Vendor: Eternal Supreme Limited, it and its ultimate beneficial owners are Independent Third Parties

First Purchaser: Asiatic Limited

Information of the First Property

The First Property is located at No. 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong. The First Property will be delivered to the First Purchaser upon completion of the First Agreement. The First 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 First Acquisition

The consideration for the First 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 First Property of HK\$95,000,000 as at 9 May 2007, provided by an independent valuer, DTZ Debenham Tie Leung Limited. The Group has financed the consideration of the First Acquisition by a combination of internal resources of the Group of HK\$44,000,000 and bank financing of HK\$44,000,000.

The consideration for the First Acquisition has been paid to the First Vendor in cash in the following manner:

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

Completion for the First Acquisition

Completion of the sale and purchase of the First Property has been taken place on 10 July 2007 and the First Vendor has delivered vacant possession of the First Property to the First Purchaser.

SECOND AGREEMENT DATED 11 SEPTEMBER 2007

Parties

Second Vendor:	Tam Woon Ying, the Second Vendor and the associates of whom are Independent Third Parties
Second Purchaser:	Lens Limited

Information of the Second Property

The Second Property is located at No. 99 Bonham Strand, Hong Kong. The Second Property will be delivered to the Second Purchaser upon completion of the Second Agreement. The Second Property is a residential property with a gross floor area of about 2,100 square feet which is currently self-used by the Second Vendor.

Consideration and payment terms for the Second Acquisition

The consideration for the Second Acquisition of HK\$28,800,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Second Property of HK\$30,000,000 as at 7 September 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\$1,400,000 has been paid by the Second Purchaser upon signing of the Second Agreement;
- (b) a further deposit of HK\$1,480,000 shall be paid by the Second Purchaser on or before 21 September 2007; and
- (c) the remaining balance of HK\$25,920,000 shall be paid by the Second Purchaser upon completion on or before 12 December 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 21 September 2007. Completion of the sale and purchase of the Second Property shall take place on or before 12 December 2007. Upon completion, the Second Vendor shall deliver vacant possession of the Second Property to the Second Purchaser.

THIRD AGREEMENT DATED 10 SEPTEMBER 2007

Parties

Third Vendor: Centraland Investment Limited, it and its ultimate beneficial owners are Independent Third Parties

Third Purchaser: Cinic Limited

Information of the Third Property

The Third Property is located at No. 459 Lockhart Road, Hong Kong. The Third Property will be delivered to the Third Purchaser upon completion of the Third Agreement. The Third Property is a commercial property which consists of three floors with a gross floor area of about 4,700 square feet which is currently subject to tenancy. The term of the tenancy agreement of the Third Property is three years from 1 September 2007 to 31 August 2010 and the monthly rental is HK\$209,000 from 1 September 2007 to 31 August 2009 and HK\$218,000 from 1 September 2009 to 31 August 2010. The Company currently does not intend to terminate the tenancy agreements after the completion of the acquisition. The existing tenant is an Independent Third Party.

Consideration and payment terms for the Third Acquisition

The consideration for the Third Acquisition of HK\$80,000,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Third Property of HK\$85,000,000 as at 7 September 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 Third Acquisition by a combination of internal resources of the Group and bank financing in a ratio to be determined by the Company. If the Group fails to obtain the relevant banking facilities, the Group will finance the Third Acquisition by its internal resources.

The consideration for the Third Acquisition shall be payable to the Third Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$4,000,000 has been paid by the Third Purchaser upon signing of the Third Agreement;
- (b) a further deposit of HK\$4,000,000 shall be paid by the Third Purchaser on or before 28 September 2007; and

(c) the remaining balance of HK\$72,000,000 shall be paid by the Third Purchaser upon completion on or before 7 January 2008.

Completion for the Third Acquisition

Pursuant to the Third Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Third Property on or before 28 September 2007. Completion of the sale and purchase of the Third Property shall take place on or before 7 January 2008.

FOURTH AGREEMENT DATED 10 SEPTEMBER 2007

Parties

Fourth Vendor: Wai Young De Wong, the Fourth Vendor and the associates of whom are Independent Third Parties

Fourth Purchaser: Cinic Limited

Information of the Fourth Property

The Fourth Property is located at No. 461 Lockhart Road, Hong Kong. The Fourth Property will be delivered to the Fourth Purchaser upon completion of the Fourth Agreement. The Fourth Property is a commercial property which consists of three floors with a gross floor area of about 4,700 square feet which is currently subject to two tenancy agreements and two licence agreements. The term of one tenancy agreement of the Fourth Property is two years from 18 October 2005 to 17 October 2008 and the monthly rental is HK\$95,000. The term of the other tenancy agreement of the Fourth Property is one year from 15 May 2007 to 14 May 2008 and the monthly rental is HK\$13,500. The terms of the licence agreements of the Fourth Property are on monthly basis and the existing licence fees are HK\$2,000 per month. One is for licensing the roof of the Fourth Property and the other is for granting the right to install a neon-light signage for advertising. The Company currently does not intend to terminate the tenancy and licence agreements after the completion of the acquisition. The existing tenants and licencees are Independent Third Parties.

Consideration and payment terms for the Fourth Acquisition

The consideration for the Fourth Acquisition of HK\$80,000,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Fourth Property of HK\$85,000,000 as at 7 September 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 Fourth Acquisition by a combination of internal resources of the Group and bank financing in a ratio to be determined by the Company. If the Group fails to obtain the relevant banking facilities, the Group will finance the Fourth Acquisition by its internal resources.

The consideration for the Fourth Acquisition shall be payable to the Fourth Vendor in cash in the following manner:

- (a) an initial deposit in the sum of HK\$4,000,000 has been paid by the Fourth Purchaser upon signing of the Fourth Agreement;
- (b) a further deposit of HK\$4,000,000 shall be paid by the Fourth Purchaser on or before 28 September 2007; and
- (c) the remaining balance of HK\$72,000,000 shall be paid by the Fourth Purchaser upon completion on or before 7 January 2008.

Completion for the Fourth Acquisition

Pursuant to the Fourth Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Fourth Property on or before 28 September 2007. Completion of the sale and purchase of the Fourth Property shall take place on or before 7 January 2008.

REASON FOR THE ACQUISITIONS

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 Acquisitions allow the Group to enlarge its properties portfolio with high quality assets. The Company intends to demolish the Second Property and re-develops the First Property and the Second Property into a hotel subject to the approval of the relevant authority while the Third Property and the Fourth Property will continue to be used as investment properties for rental purpose. The re-development plan of the First Property and the Second Property is still at a preliminary stage and no detail plan has been formulated. The Directors consider that the Acquisitions are in the interest of the Company and the terms of the Agreements 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) with respect to the First Acquisition and the Second Acquisition exceed 5% but not exceed 25%, the First Acquisition and the Second Acquisition when aggregated constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As the relevant percentages under the size tests (as defined in the Listing Rules) with respect to the Third Acquisition and the Fourth Acquisition exceed 25% but not exceed 100%, the Third Acquisition and the Fourth Acquisition when aggregated constitute a major transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Agreements will be despatched to the Shareholders as soon as practicable.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Third Acquisition and the Fourth 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 Third Acquisition and the Fourth 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 Third Acquisition and the Fourth 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 Third Acquisition and the Fourth Acquisition. The Company has obtained a written approval dated 10 September 2007 for the Third Acquisition and the Fourth Acquisition from the following closely allied group of Shareholders who together hold approximately 52.85% of the issued share capital of the Company as at the date of this announcement:

- (1) Brentford Investments Limited, holding 252,102,979 Shares (representing approximately 24.56% 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 and Edward Lee Yuen Cheor, the executive directors of the Company, and Mr Peter Lee Yuen Wong, their brother, 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 Mr Loewe Lee Bon Chi is the son of Mr Jimmy Lee Yuen Ching and the nephew 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 24.66% 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 including Mr Loewe Lee Bon Chi, an executive director 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 and Mr Loewe Lee Bon Chi is the son of Mr Jimmy Lee Yuen Ching and the nephew 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 3.18% 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 acquisition of a property announced by the Company on 26 April 2007.

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

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 11 September 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 13 September 2007.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“Acquisitions”	the First Acquisition, the Second Acquisition, the Third Acquisition and the Fourth Acquisition
“Agreements”	the First Agreement, the Second Agreement, the Third Agreement and the Fourth Agreement
“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”	No. 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong
“First Purchaser”	Asiatic Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“First Vendor”	Eternal Supreme Limited, a company incorporated in Hong Kong and the ultimate beneficial owners of which are Independent Third Parties
“Fourth Acquisition”	the acquisition of the Fourth Property by the Fourth Purchaser pursuant to the Fourth Agreement
“Fourth Agreement”	the preliminary agreement dated 10 September 2007 entered into between the Fourth Vendor and the Fourth Purchaser for the sale and purchase of the Fourth Property
“Fourth Property”	No. 461 Lockhart Road, Hong Kong
“Fourth Purchaser”	Cinic Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Fourth Vendor”	Wai Young de Wong, the Fourth Vendor and the associates of whom 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 11 September 2007 entered into between the Second Vendor and the Second Purchaser for the sale and purchase of the Second Property
“Second Property”	No. 99 Bonham Strand, Hong Kong
“Second Purchaser”	Lens Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Second Vendor”	Tam Woon Ying, the Second Vendor and the associates of whom 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
“Third Acquisition”	the acquisition of the Third Property by the Third Purchaser pursuant to the Third Agreement
“Third Agreement”	the preliminary agreement dated 10 September 2007 entered into between the Third Vendor and the Third Purchaser for the sale and purchase of the Third Property
“Third Property”	No. 459 Lockhart Road, Hong Kong
“Third Purchaser”	Cinic Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Third Vendor”	Centraland Investment Limited, a company incorporated in Hong Kong and 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, 12 September 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, Dorothy 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.