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NATIONAL ELECTRONICS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY

On 5 October 2009, 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\$94,500,000.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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AGREEMENT

Parties

Vendor: Everlink Limited, an Independent Third Party. The Company is unable to obtain the information of the principal business activities of the Vendor since the Vendor is an Independent Third Party. The Company has tried through the property agent to obtain such information, but no such information is provided to the Company.

Purchaser: Terence Limited

Information of the Property

The Property is located at House 15 including its House Unit, External Walls, Staircase to Basement Floor, Staircase at Main Roof, Main Roof and Upper Roof, Garden and Open Space, Planter and Car Parking Spaces Nos. 15A and 15B on the Basement Floor, No. 1 Shouson Hill Road East, Hong Kong. The Vendor shall deliver vacant possession of the Property to the Purchaser upon completion of the Agreement. The Property is a residential property with a saleable area of approximately 263.8m² which is currently self-used by the Vendor.

The Company is unable to obtain the net profits attributable to the Property for the two financial years ended 31 March 2009 since the Vendor is an Independent Third Party. The Company has tried through the property agent to obtain the information in relation to the net profits attributable to the Property for the two financial years ended 31 March 2009, but no such information is provided by the Vendor.

Consideration and payment terms for the Acquisition

The consideration for the Acquisition of HK\$94,500,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Property of HK\$95,000,000 as at 5 October 2009, 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\$4,700,000 has been paid by the Purchaser upon signing of the Agreement;
- (b) a further deposit of HK\$4,750,000 shall be paid by the Purchaser on or before 20 October 2009; and
- (c) the remaining balance of HK\$85,050,000 shall be paid by the Purchaser upon completion on or before 5 January 2010.

Completion for the Acquisition

Completion of the sale and purchase of the Property shall take place on or before 5 January 2010. There are no conditions precedent to the completion. Upon completion, the Vendor 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 hold the Property for capital appreciation. 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.

DEFINITIONS USED IN THIS ANNOUNCEMENT

“Acquisition”	the acquisition of the Property by the Purchaser pursuant to the Agreement on 5 October 2009
“Agreement”	the agreement 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 and connected persons as defined in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Property”	House 15 including its House Unit, External Walls, Staircase to Basement Floor, Staircase at Main Roof, Main Roof and Upper Roof, Garden and Open Space, Planter and Car Parking Spaces Nos. 15A and 15B on the Basement Floor, No. 1 Shouson Hill Road East, Hong Kong
“Purchaser”	Terence 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”

Everlink Limited, it and its ultimate beneficial owner are Independent Third Parties

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

Hong Kong, 6 October 2009

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 Bon Chi, Loewe, Mr. Lee Yuen Cheor, Edward and Mr. Wai Kwong Yuen, Ricky, the non-executive Director of the Company is Ms. 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.