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

**(Stock Code: 213)**

**DISCLOSEABLE TRANSACTION**  
**PROVISION OF FINANCIAL ASSISTANCE TO A JOINT VENTURE**

The Directors announce that on 25 September 2009 and 23 October 2009, Tania, a wholly owned subsidiary of the Company, provided shareholder's loans of HK\$12,000,000 and HK\$36,000,000 respectively to the JV. To the best knowledge, information and belief of the Directors, having made all reasonable inquiry, the JV and the Independent Third Party are not connected persons of the Company. The JV is not a subsidiary of the Company.

The provision of financial assistance by the Company to the JV constitutes a discloseable transaction pursuant to the Listing Rules.

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The shareholder's loans are unsecured, interest free and have no fixed term of payment.

**INFORMATION OF THE JV**

The JV is a company incorporated in British Virgin Islands with limited liability. It is a joint venture company owned by Tania and an Independent Third Party and is principally engaged in property development and investment.

**REASON FOR THE PROVISION OF FINANCIAL ASSISTANCE**

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 shareholder's loans were provided to support the business development plan of the JV.

The Directors consider that the provision of financial assistance to the JV is in the interest of the Company and the terms of the shareholder's loans are fair and reasonable as far as the Shareholders are concerned.

The Company has financed the shareholder's loans by its internal resources.

### **IMPLICATIONS UNDER THE LISTING RULES**

The provision of financial assistance by the Company to the JV constitutes a discloseable transaction pursuant to the Listing Rules.

### **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
“Independent Third Party”	an independent third party 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
“JV”	Tania Investments Holdings Limited, a company incorporated in British Virgin Islands and a joint venture company owned as to 50% by Tania and 50% by an Independent Third Party
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“Tania”	Tania Investments Limited, a company incorporated in British Virgin Islands and a wholly owned subsidiary of the Company

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

Hong Kong, 26 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, 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.*