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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

MAJOR TRANSACTION DISPOSAL OF PROPERTY AND RESUMPTION OF TRADING IN SHARES

Disposal of Properties

On 28 April 2009, the Vendor, a wholly-owned subsidiary of the Company, entered into an Agreement with the Purchaser to dispose the Properties at a consideration of HK\$180,000,000.

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders. The Company has obtained a written approval for the Disposal from a closely allied group of Shareholders who together hold approximately 51.94% of the issued share capital of the Company as at the date of the Agreement. Accordingly, no general meeting for the Shareholders' approval of the Disposal will be held. A circular containing details of the Agreement as well as the valuation report of the Properties 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 2:30 p.m. on 28 April 2009 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 30 April 2009.

On 28 April 2009, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser to dispose the Properties at a consideration of HK\$180,000,000.

AGREEMENT

Parties

Purchaser: Giant Rich Investment Limited, an Independent Third Party. The Company is unable to obtain the information of the principal business activities of the Purchaser since the Purchaser 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.

Vendor: Cinic Limited

Information of the Properties

The Properties are located at Nos. 459 – 461 Lockhart Road, Causeway Bay, Hong Kong. The Properties are two commercial properties, each of which consists of three floors with a gross floor area of about 4,700

square feet. One property is currently subject to tenancy and the other is currently vacant. The term of the said tenancy agreement is three years from 1 September 2007 to 31 August 2010 and the monthly rental is \$209,000 from 1 September 2007 to 31 August 2009 and HK\$218,000 from 1 September 2009 to 31 August 2010. The existing tenant is an Independent Third Party.

Consideration and payment terms

The consideration for the Disposal of HK\$180,000,000 has been determined after arm's length negotiations between the parties by reference to the market value of the Properties of HK\$181,000,000 as at 28 April 2009, being a value indication by an independent valuer, DTZ Debenham Tie Leung Limited. The Group currently intends to use the net proceeds from the Disposal in the following way: approximately HK\$121 million for repayment of bank loan and approximately HK\$57.1 million for general working capital of the Group.

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

- (a) an initial deposit in the sum of HK\$7,200,000 has been paid by the Purchaser upon signing of the Agreement;
- (b) a further deposit of HK\$10,800,000 shall be paid by the Purchaser on or before 15 May 2009; and
- (c) the remaining balance of HK\$162,000,000 shall be paid by the Purchaser upon completion on or before 27 July 2009.

Completion

Pursuant to the Agreement, the parties are required to enter into a formal agreement for the sale and purchase of the Properties on or before 15 May 2009. Completion of the sale and purchase of the Properties shall take place on or before 27 July 2009.

REASON FOR THE DISPOSAL

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 Properties were acquired at a total consideration of HK\$160 million together with related expenses of approximately HK\$7.88 million by the Group in January 2008. Since the acquisitions, one property located at No.461 Lockhart Road, Causeway Bay, Hong Kong was leased to Independent Third Parties until October 2008 and it has been vacant since then while the other property located at No. 459 Lockhart Road, Causeway Bay, Hong Kong has been leased to an Independent Third Party until now. As at 31 March 2009, the unaudited net book value of the Properties increased to HK\$181 million as a result of an increase in fair value. Based on such net book value, a loss of approximately HK\$2.86 million is expected to accrue to the Group upon completion of the Agreement after taking into account of the related expenses payable by the Group of approximately HK\$1.86 million. Despite the said loss, the Directors consider that the Disposal provides an opportunity for the Group to realize the value of the Properties and provide working capital for the Group in view of the present property market in Hong Kong. The Directors consider that the Disposal is in the interest of the Company and the terms of the Agreement are fair and reasonable as far as the Shareholders are concerned.

The net profits both before and after taxation and extraordinary items attributable to the Properties were approximately HK\$10.2 million for the year ended 31 March 2009 and approximately HK\$2.1 million for the year ended 31 March 2008, both of which were mainly contributed by the increases in the fair values of the Properties.

GENERAL

As the relevant percentage under the size tests (as defined in the Listing Rules) exceed 25% but not exceed

75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is conditional on approval by the Shareholders.

There has not been any change in control in the Company in the past 24 months.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal 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 Disposal; 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 Disposal. 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 Disposal. The Company has obtained a written approval dated 28 April 2009 for the Disposal from the following closely allied group of Shareholders who together hold approximately 51.94% of the issued share capital of the Company as at the date of the Agreement:

(1) Brentford Investments Limited, holding 252,102,979 Shares (representing approximately 25.92% 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, are named beneficiaries. Mr. Jimmy Lee Yuen Ching is the cousin of Messrs James Lee Yuen Kui and Edward Lee Yuen Cheor; and

(2) Fenmore Investments Limited, holding 253,106,873 Shares (representing approximately 26.02% 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, the son of Mr Jimmy Lee Yuen Ching, are named beneficiaries. Mr. Jimmy Lee Yuen Ching is the cousin of Messrs James Lee Yuen Kui and Edward Lee Yuen Cheor.

The above closely allied group of Shareholders which would together be regarded as "acting in concert" for the purposes of the Takeovers Code has been voting in the same way in all resolutions since they were Shareholders. They have been Shareholders for over 8 years. The most recent major transaction that was approved by these Shareholders by way of written resolution is the acquisition of the Properties announced by the Company on 12 September 2007.

Accordingly, no general meeting for the Shareholders' approval of the Disposal will be held.

A circular containing details of the Agreement as well as the valuation report of the Properties 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 2:30 p.m. on 28 April 2009 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 30 April 2009.

DEFINITIONS USED IN THIS ANNOUNCEMENT

"Agreement"	the preliminary agreement entered into between the Vendor and the Purchaser for the sale and purchase of the Properties
"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

“Disposal”	the disposal of the Properties by the Vendor pursuant to the Agreement
“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
“Properties”	Nos. 459 – 461 Lockhart Road, Causeway Bay, Hong Kong
“Purchaser”	Giant Rich Investment 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
“Vendor”	Cinic Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

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

Hong Kong, 29 April 2009

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.