

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim 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 TRANSACTION

DISPOSAL OF PROPERTIES

On 22 June 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\$28,658,300.

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

On 22 June 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\$28,658,300.

AGREEMENT

Parties

Purchaser: Summer Style 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: Majorell Limited

Information of the Properties

The Properties are located at 13th Floor, 17th Floor and Car Parking Space No. 16 on Ground Floor, Shing Dao Industrial Building, No. 232 Aberdeen Main Road, Hong Kong. The Properties are commercial properties which are currently vacant.

Consideration and payment terms

The consideration for the Disposal of HK\$28,658,300 has been determined after arm's length negotiations between the parties by reference to the market value of the Properties of HK\$28,500,000 as at 22 June 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 of approximately HK\$28.3 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\$1,432,915 has been paid by the Purchaser upon acceptance of the Agreement by the Vendor;
- (b) a further deposit of HK\$1,432,915 shall be paid by the Purchaser on or before 6 July 2009; and
- (c) the remaining balance of HK\$25,792,470 shall be paid by the Purchaser upon completion on 7 September 2009.

Completion

Completion of the sale and purchase of the Properties shall take place on 7 September 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 Property A and the Property B were acquired by the Group in January 1985 and April 1987 respectively. They had been self-used by the Group since acquisitions until 2006 for Property A and 2002 for Property B. Since then, they had been vacant. The Directors consider that the Disposal provides an opportunity for the Group to realise 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 of the Properties 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 unaudited net loss both before and after taxation and extraordinary items attributable to the Properties was approximately HK\$0.6 million for the year ended 31 March 2009.

The audited net loss both before and after taxation and extraordinary items attributable to the Properties was approximately HK\$0.4 million for the year ended 31 March 2008.

As at 31 May 2009, the unaudited net book value of the Properties was approximately HK\$4.86 million. Based on such net book value, a gain of approximately HK\$23.50 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\$0.3 million.

GENERAL

As the relevant percentage under the size tests (as defined in the Listing Rules) exceed 5% but not exceed 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Company confirms that the locations of the properties disposed of in the past 12 months are distinct, individual and unconnected and are not parts of one asset. The purchasers of the properties disposed of in the past 12 months are neither connected nor associated with one another. The Group has not disposed of any property to the Purchaser 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

“Agreement”	the preliminary agreement entered into between the Purchaser and the Vendor 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 and connected persons as defined in the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Property A”	13th Floor, Shing Dao Industrial Building, No. 232 Aberdeen Main

	Road, Hong Kong
“Property B”	17th Floor and Car Parking Space No. 16 on Ground Floor, Shing Dao Industrial Building, No. 232 Aberdeen Main Road, Hong Kong
“Properties”	the Property A and the Property B
“Purchaser”	Summer Style Limited, an Independent Third Party
“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”	Majorell 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, 22 June 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.