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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

DISCLOSEABLE TRANSACTION DISPOSAL OF A PROPERTY

On 27 April 2011, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser to dispose the Property at a consideration of HK\$128,000,000.

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

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AGREEMENT

Parties

Purchaser: Easy Jet Corporation 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 has been provided to the Company.

Vendor: Champion Limited

Information of the Property

The Property is located at 22nd Floor (including the roof thereof) of Century Tower II and Car Parking Space No. 9 on Level 1, Century Tower, Nos. 1 and 1A, Tregunter Path, Hong Kong. The Property is a residential property originally held for long-term investment purpose which is currently vacant.

Consideration and payment terms

The Consideration has been determined after arm's length negotiations between the parties with reference to, among other things, the value of the Property as ascertained by the Purchaser. The Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Group currently intends to use the net proceeds from the Disposal of approximately HK\$71 million for general working capital of the Group.

The Consideration shall be payable to the Vendor in cash in the following manner:

- (a) a deposit in the sum of HK\$12,800,000 has been paid by the Purchaser upon the Vendor's entering into the Agreement;
- (b) a part payment of HK\$12,800,000 shall be paid by the Purchaser on or before 11 May 2011; and
- (c) the remaining balance of HK\$102,400,000 shall be paid by the Purchaser upon completion on or before 11 July 2011.

Completion

A formal agreement of the Agreement is expected to be signed on or before 11 May 2011 and completion of the sale and purchase of the Property shall take place on or before 11 July 2011.

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 was acquired by the Group in July 2007. It had been self-used by the Group as director's quarters since acquisition until October 2010. It had been vacant and leasing agents had been appointed to offer the Property to market for lease since October 2010. The proceeds will be used to provide working capital for the Group. The Directors consider that the disposal 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.

The unaudited net loss both before and after taxation and extraordinary items attributable to the Property was approximately HK\$4.4 million for the year ended 31 March 2011.

The audited net loss both before and after taxation and extraordinary items attributable to the Property was approximately HK\$4.0 million for the year ended 31 March 2010.

As at 31 March 2011, the unaudited net book value of the Property was approximately HK\$61 million. Based on such net book value, a gain of approximately HK\$64 million is expected to accrue to the Group upon completion of the Agreement after taking into account of the related expenses of approximately HK\$3 million payable by the Group in connection with the Disposal.

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 property disposed of in the past 12 months are distinct, individual and unconnected and are not parts of one asset. The purchasers of the property 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 provisional agreement for sale and purchase dated 27 April 2011 entered into between the Purchaser and the Vendor 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
“Consideration”	the consideration for the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property 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”	22nd Floor (including the roof thereof) of Century Tower II and Car Parking Space No. 9 on Level 1, Century Tower, Nos. 1 and 1A, Tregunter Path, Hong Kong
“Purchaser”	Easy Jet Corporation 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”	Champion 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, 27 April 2011

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 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.