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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024; CHANGE OF DIRECTOR AND COMPOSITION OF BOARD COMMITTEES, AND REDESIGNATION OF DIRECTOR

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of National Electronics Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024 and the audited consolidated statement of financial position as at 31 March 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2024

	<i>NOTES</i>	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Revenue	3	578,222,575	501,313,169
Cost of sales		(457,295,476)	(393,513,297)
Gross profit		120,927,099	107,799,872
Other income, other gains and losses, net	4	36,869,644	(11,058,895)
Increase in fair value of investment properties		223,301,069	298,698,048
Distribution costs		(8,333,184)	(8,791,559)
Administrative expenses		(98,612,027)	(170,207,429)
Finance costs	5	(213,297,264)	(140,265,781)
Share of results of associates		(6,090)	(67,405)
Share of results of joint ventures		(18,605,748)	(10,608,405)
Profit before taxation	6	42,243,499	65,498,446
Income tax expense	7	(1,207,137)	(16,654,533)
Profit for the year		41,036,362	48,843,913
Profit for the year attributable to:			
– Owners of the Company		41,133,258	48,869,383
– Non-controlling interests		(96,896)	(25,470)
		41,036,362	48,843,913

	<i>NOTES</i>	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Earnings per share			
Basic	<i>8</i>	<u>4.5 HK cents</u>	<u>5.2 HK cents</u>
Diluted		<u>4.5 HK cents</u>	<u>5.2 HK cents</u>
Dividend per share			
– Final dividend proposed after the end of the reporting period	<i>12</i>	<u>1.2 HK cents</u>	<u>1.8 HK cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	2024 HK\$	2023 HK\$
Profit for the year	<u>41,036,362</u>	<u>48,843,913</u>
Other comprehensive income/(expense)		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit obligation	<u>103,798</u>	<u>399,249</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operations	(17,268,835)	(57,332,657)
Fair value (loss)/gain on other assets at fair value through other comprehensive income	<u>(530,000)</u>	<u>765,000</u>
	<u>(17,798,835)</u>	<u>(56,567,657)</u>
Other comprehensive expense for the year	<u>(17,695,037)</u>	<u>(56,168,408)</u>
Total comprehensive income/(expense) for the year	<u><u>23,341,325</u></u>	<u><u>(7,324,495)</u></u>
Total comprehensive income/(expense) for the year attributable to:		
– Owners of the Company	23,438,221	(7,299,025)
– Non-controlling interests	<u>(96,896)</u>	<u>(25,470)</u>
	<u><u>23,341,325</u></u>	<u><u>(7,324,495)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	<i>NOTES</i>	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Non-current assets			
Investment properties		5,059,548,397	4,890,224,988
Property, plant and equipment		48,066,247	48,653,872
Right-of-use assets		242,940,155	301,784,471
Goodwill		1,269,932	1,269,932
Interests in associates		7,238,812	7,244,902
Interests in joint ventures		313,166,505	331,772,253
Other assets at fair value through other comprehensive income		26,970,000	27,500,000
Derivative financial instruments		219,687	–
Deferred tax assets		763,725	5,611,200
		<u>5,700,183,460</u>	<u>5,614,061,618</u>
Current assets			
Inventories		46,058,106	61,802,714
Financial assets at fair value through profit or loss		93,301,159	152,693,565
Inventory of unsold properties		13,323,972	62,324,876
Properties under development for sale		2,088,401,093	1,560,933,226
Bills receivables	<i>9</i>	1,054,152	664,664
Trade receivables, deposits and prepayments	<i>10</i>	147,492,672	184,431,838
Amount due from an associate		9,954,588	9,889,499
Amount due from a joint venture		–	8,701,422
Tax recoverable		5,802,481	498,636
Bank balances and cash		475,025,611	852,304,897
		<u>2,880,413,834</u>	<u>2,894,245,337</u>

	<i>NOTES</i>	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Current liabilities			
Trade and bills payables	<i>11</i>	28,293,164	28,995,195
Customers' deposits		571,267,689	567,907,320
Accrued expenses and other payables		238,256,861	167,573,577
Amount due to an associate		4,453,056	4,405,148
Amount due to a joint venture		169,567,825	199,367,825
Tax payable		5,549,670	3,567,212
Lease liabilities		4,232,176	16,756,295
Bank loans		1,521,118,410	1,364,816,521
		2,542,738,851	2,353,389,093
Net current assets		337,674,983	540,856,244
Total assets less current liabilities		6,037,858,443	6,154,917,862
Capital and reserves			
Share capital		91,584,296	91,942,096
Reserves		2,457,236,974	2,452,846,957
Equity attributable to owners of the Company		2,548,821,270	2,544,789,053
Non-controlling interests		–	1,359,522
Total equity		2,548,821,270	2,546,148,575
Non-current liabilities			
Provision for long service payments		1,707,580	1,183,239
Lease liabilities		5,129,756	50,957,830
Bank loans		3,408,181,457	3,481,974,650
Deferred tax liabilities		74,018,380	74,653,568
		3,489,037,173	3,608,769,287
		6,037,858,443	6,154,917,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, certain financial instruments and other assets, which are measured at fair values.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue from its major products and services:

	2024	2023
	HK\$	HK\$
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by products or services		
Watches and watch movements	411,751,950	411,793,738
Sale of properties	38,998,062	–
	<hr/>	<hr/>
Revenue from contracts with customers	450,750,012	411,793,738
Hotel operation	127,472,563	89,519,431
	<hr/>	<hr/>
	578,222,575	501,313,169
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Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Manufacture of watches and trading of watch movements – manufacture, assembly and sale of electronic watches and watch parts, trading of watch movements and watch parts.
2. Property development and investment – development and sale of properties and holding of properties for investment and leasing purposes.
3. Hotel operation – management and operation of hotels.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 March 2024

	Manufacture of watches and trading of watch movements <i>HK\$</i>	Property development and investment <i>HK\$</i>	Hotel operation <i>HK\$</i>	Consolidated <i>HK\$</i>
REVENUE				
External sales	<u>411,751,950</u>	<u>38,998,062</u>	<u>127,472,563</u>	<u>578,222,575</u>
RESULT				
Segment result	<u>5,214,140</u>	<u>192,749,557</u>	<u>73,535,831</u>	271,499,528
Bank interest income				17,936,559
Unallocated other income				255,340
Unallocated other expenses				(27,639,165)
Gain on disposal of subsidiaries				12,100,339
Finance costs				(213,297,264)
Share of results of associates				(6,090)
Share of results of joint ventures				<u>(18,605,748)</u>
Profit before taxation				42,243,499
Income tax expense				<u>(1,207,137)</u>
Profit for the year				<u>41,036,362</u>

For the year ended 31 March 2023

	Manufacture of watches and trading of watch movements <i>HK\$</i>	Property development and investment <i>HK\$</i>	Hotel operation <i>HK\$</i>	Consolidated <i>HK\$</i>
REVENUE				
External sales	<u>411,793,738</u>	<u>–</u>	<u>89,519,431</u>	<u>501,313,169</u>
RESULT				
Segment result	<u>5,203,960</u>	<u>239,617,482</u>	<u>42,556,347</u>	287,377,789
Bank interest income				12,304,018
Unallocated other income				6,268,558
Unallocated other expenses				(49,510,328)
Waiver of amount due from a joint venture				(40,000,000)
Finance costs				(140,265,781)
Share of results of associates				(67,405)
Share of results of joint ventures				<u>(10,608,405)</u>
Profit before taxation				65,498,446
Income tax expense				<u>(16,654,533)</u>
Profit for the year				<u>48,843,913</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the profit earned by each segment without allocation of central administration costs, share of results of associates and joint ventures, bank interest income, certain other income, finance costs and gain on disposal of subsidiaries. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Manufacture of watches and trading of watch movements	190,455,728	199,136,628
Property development and investment	4,886,061,748	4,290,729,053
Hotel operation	<u>2,356,011,078</u>	<u>2,351,861,605</u>
Total segment assets	7,432,528,554	6,841,727,286
Interests in associates	7,238,812	7,244,902
Interests in joint ventures	313,166,505	331,772,253
Amount due from an associate	9,954,588	9,889,499
Amount due from a joint venture	–	8,701,422
Unallocated	<u>817,708,835</u>	<u>1,308,971,593</u>
Consolidated assets	<u><u>8,580,597,294</u></u>	<u><u>8,508,306,955</u></u>

Segment liabilities

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Manufacture of watches and trading of watch movements	46,899,768	36,187,055
Property development and investment	764,049,989	706,038,821
Hotel operation	<u>15,149,545</u>	<u>14,508,677</u>
Total segment liabilities	826,099,302	756,734,553
Amount due to an associate	4,453,056	4,405,148
Amount due to a joint venture	169,567,825	199,367,825
Unallocated	<u>5,031,655,841</u>	<u>5,001,650,854</u>
Consolidated liabilities	<u><u>6,031,776,024</u></u>	<u><u>5,962,158,380</u></u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates and joint ventures, amounts due from an associate and a joint venture, other assets at fair value through other comprehensive income, derivative financial instruments, deferred tax assets, financial assets at fair value through profit or loss, tax recoverable, bank balances and cash, and other unallocated corporate assets; and
- all liabilities are allocated to operating segments other than amounts due to an associate and a joint venture, tax payable, bank loans, deferred tax liabilities and other unallocated corporate liabilities.

Other segment information

For the year ended 31 March 2024

	Manufacture of watches and trading of watch movements <i>HK\$</i>	Property development and investment <i>HK\$</i>	Hotel operation <i>HK\$</i>	Unallocated <i>HK\$</i>	Consolidated <i>HK\$</i>
Capital additions	5,351,977	214,792,276	8,361,557	17,650	228,523,460
Depreciation of property, plant and equipment	1,432,732	1,582,421	1,016,809	2,182,802	6,214,764
Depreciation of right-of-use assets	5,966,208	6,622,260	1,260,533	4,888,418	18,737,419
Reversal of write-down of inventories	591,176	–	–	–	591,176
Increase in fair value of investment properties	–	181,719,251	41,581,818	–	223,301,069
Gain/(Loss) on disposal of property, plant and equipment	<u>3,853,895</u>	<u>–</u>	<u>(5,318)</u>	<u>–</u>	<u>3,848,577</u>

For the year ended 31 March 2023

	Manufacture of watches and trading of watch movements <i>HK\$</i>	Property development and investment <i>HK\$</i>	Hotel operation <i>HK\$</i>	Unallocated <i>HK\$</i>	Consolidated <i>HK\$</i>
Capital additions	595,214	188,444,761	3,935,516	12,516	192,988,007
Depreciation of property, plant and equipment	1,676,600	1,592,631	1,007,366	3,715,155	7,991,752
Depreciation of right-of-use assets	6,178,034	6,928,992	1,260,533	9,310,835	23,678,394
Reversal of write-down of inventories	507,415	–	–	–	507,415
Increase in fair value of investment properties	–	154,650,807	144,047,241	–	298,698,048
Gain/(Loss) on disposal of property, plant and equipment	<u>358,867</u>	<u>151,258</u>	<u>(3,402)</u>	<u>1,726,333</u>	<u>2,233,056</u>

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2024	2023
	HK\$	HK\$
Watches and watch movements	411,751,950	411,793,738
Sale of properties	38,998,062	–
Hotel operation	127,472,563	89,519,431
	<u>578,222,575</u>	<u>501,313,169</u>

Geographical information

The Group's main operations are located in Hong Kong and other regions in the People's Republic of China (the "PRC"), North America and Europe.

Information about the Group's revenue from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of assets.

	Revenue from		Non-current assets	
	external customers			
	2024	2023	2024	2023
	HK\$	HK\$	HK\$	HK\$
Hong Kong and the PRC	529,685,802	484,629,183	5,253,932,829	5,241,254,190
North America	39,478,788	3,288,689	259,776,244	177,060,623
Europe	8,975,171	13,269,906	144,772,765	147,090,625
Others	82,814	125,391	13,748,210	15,544,980
	<u>578,222,575</u>	<u>501,313,169</u>	<u>5,672,230,048</u>	<u>5,580,950,418</u>

Note: Non-current assets excluded other assets at fair value through other comprehensive income, derivative financial instruments and deferred tax assets.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2024	2023
	HK\$	HK\$
Customer A ¹	<u>103,462,636</u>	<u>107,442,039</u>

¹ Revenue from manufacture of watches and trading of watch movements.

4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Bank interest income	17,936,559	12,304,018
Government subsidies <i>(Note)</i>	–	3,391,200
Interest income from debt instruments at amortised cost	–	179,466
Net loss on fair value changes of financial assets at fair value through profit or loss	(1,478,348)	(32,785,401)
Gain on disposal of property, plant and equipment	3,848,577	2,233,056
Gain on disposal of subsidiaries	12,100,339	–
Gain on lease modification	2,367,075	–
Sundry income	2,095,442	3,618,766
	<u>36,869,644</u>	<u>(11,058,895)</u>

Note: During the year ended 31 March 2023, the Group recognised government grants of HK\$3,391,200 in respect of COVID-19-related subsidies which relates to Employment Support Scheme provided by the government of the HKSAR.

5. FINANCE COSTS

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Interest on:		
Bank loans and overdrafts	338,285,329	205,733,945
Lease liabilities	2,019,366	3,471,686
	<u>340,304,695</u>	<u>209,205,631</u>
Total borrowing costs	340,304,695	209,205,631
Less: Amounts capitalised to investment properties and properties under development	(127,007,431)	(68,939,850)
	<u>213,297,264</u>	<u>140,265,781</u>

6. PROFIT BEFORE TAXATION

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs including directors' emoluments	101,436,200	109,892,908
Depreciation of property, plant and equipment	6,214,764	7,991,752
Depreciation of right-of-use assets	18,737,419	23,678,394
Auditors' remuneration	3,324,281	3,140,721
Cost of inventories recognised as an expense	376,746,091	362,379,987
Net foreign exchange loss	1,054,470	49,140,200
Gain on fair value changes of derivative financial instruments	(277,685)	(77,287)
Expenses relating to short-term leases	882,559	712,969
Reversal of write-down of inventories (included in cost of sales on consolidated statement of profit or loss)	(591,176)	(507,415)
Waiver of amount due from a joint venture	–	40,000,000
Gross rental income from investment properties	(127,472,563)	(89,519,431)
Less: Outgoings	<u>25,905,708</u>	<u>20,710,885</u>
Net rental income from investment properties	<u><u>(101,566,855)</u></u>	<u><u>(68,808,546)</u></u>

7. INCOME TAX EXPENSE

	2024	2023
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong Profits Tax		
Current year	1,224,339	456,709
Under provision in prior years	<u>750,334</u>	<u>60,330</u>
	<u>1,974,673</u>	<u>517,039</u>
Other jurisdictions		
Current year	748,365	61,684
Over provision in prior years	<u>(5,726,508)</u>	<u>(488,536)</u>
	<u>(4,978,143)</u>	<u>(426,852)</u>
Deferred tax		
Current year	<u>4,210,607</u>	<u>16,564,346</u>
	<u><u>1,207,137</u></u>	<u><u>16,654,533</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2024	2023
	HK\$	HK\$
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u>41,133,258</u>	<u>48,869,383</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>917,338,536</u>	<u>932,722,173</u>

No diluted earnings per share is presented for both years as there were no potential ordinary shares in issue.

9. BILLS RECEIVABLES

Bills receivables of HK\$1,054,152 (2023: HK\$664,664) are aged within 30 days.

10. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Trade receivables	35,910,102	35,042,326
Less: allowance for credit losses	<u>(14,603,554)</u>	<u>(14,669,626)</u>
	21,306,548	20,372,700
Deposits and prepayments	104,495,546	133,981,868
Advance payment to suppliers	561,163	1,479,644
Other receivables	<u>21,129,415</u>	<u>28,597,626</u>
	147,492,672	184,431,838
Total trade receivables, deposits and prepayments	<u>147,492,672</u>	<u>184,431,838</u>

The Group has a policy of allowing an average credit period of 30 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Within 30 days	14,089,533	9,121,092
31 to 90 days	3,230,232	4,079,963
91 to 180 days	51,130	5,660
Over 180 days	<u>3,935,653</u>	<u>7,165,985</u>
	21,306,548	20,372,700
	<u>21,306,548</u>	<u>20,372,700</u>

11. TRADE AND BILLS PAYABLES

The following is an ageing analysis of trade and bills payables presented based on the invoice date:

	2024 HK\$	2023 <i>HK\$</i>
Within 30 days	17,543,197	19,333,587
31 to 90 days	10,288,642	8,925,334
91 to 180 days	42,670	2,285
Over 180 days	418,655	733,989
	28,293,164	28,995,195

The average credit period on purchases is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

12. DIVIDENDS

	2024 HK\$	2023 <i>HK\$</i>
Dividends recognised as distribution during the year		
2023 Final – 1.8 HK cents (2022: 3.0 HK cents) per share	16,538,894	28,262,249
2024 Interim – Nil (2023: 0.5 HK cent) per share	–	4,597,970
	16,538,894	32,860,219

A final dividend of 1.2 HK cents per share in respect of the year ended 31 March 2024 (2023: A final dividend of 1.8 HK cents per share) have been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

A final dividend of 1.2 HK cents per share (Year ended 31 March 2023: A final dividend of 1.8 HK cents per share) payable to the shareholders whose names on the Register of Members of the Company at the close of business on Tuesday, 3 September 2024 have been proposed by the Board (the “**Proposed Dividend**”) and are subject to approval by the shareholders in the forthcoming annual general meeting.

For determining the entitlement to attend and vote at the forthcoming annual general meeting (the “**AGM**”) of the Company to be held on Friday, 23 August 2024, the Register of Members of the Company will be closed from Friday, 16 August 2024 to Friday, 23 August 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not later than 4:30 p.m. on Thursday, 15 August 2024.

For determining the entitlement to the Proposed Dividend, the Register of Members of the Company will also be closed from Monday, 2 September 2024 to Tuesday, 3 September 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the Proposed Dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not later than 4:30 p.m. on Friday, 30 August 2024.

The Proposed Dividend is expected to be paid on or about Tuesday, 17 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The audited consolidated profit for the year attributable to shareholders of the Company for the year ended 31 March 2024 was HK\$41,133,258 (Year ended 2023: HK\$48,869,383). The basic and diluted earnings per share of the Company for the year ended 31 March 2024 were 4.5 HK cents per share and 4.5 HK cents per share respectively (Year ended 2023: 5.2 HK cents per share and 5.2 HK cents per share respectively).

BUSINESS REVIEW

WATCHES MANUFACTURING AND WATCH COMPONENTS

During the period under review, the Group's watch manufacturing and watch component trading division maintained its turnover and profit margin.

HOTEL OPERATION

The performance of the Group's hotel business is satisfactory with further improvement of revenue, occupancy and room rates as compared with the previous year.

PROPERTY DEVELOPMENT AND INVESTMENT

The Group's luxurious residential project at 1 South Bay Close, Repulse Bay, Hong Kong obtained the occupation permit from the government's Building Department.

Regarding the Group's Phase III mixed-use project at 88 Queen Street East, Toronto, Canada, the building has topped off and the external envelope has been substantially completed.

PROSPECTS

WATCHES MANUFACTURING AND WATCH COMPONENTS

Due to the delay in global interest rate reduction, especially in the United States of America, the challenge to the Group's watch manufacturing and watch components business is expected to continue.

HOTEL OPERATION

The Group's boutique hotel business looks to maintain its performance and attract a more diverse mix of guests.

PROPERTY DEVELOPMENT AND INVESTMENT

Regarding the Group's luxurious residential project at 1 South Bay Close, Repulse Bay, the Group has commenced the interior decoration works for the show flats designed by internationally renowned designers.

The interior construction for the Group's mixed-use project at 88 Queen Street East, Toronto, Canada is progressing well.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2024, the Group's total borrowings were approximately HK\$4,929 million (2023: HK\$4,847 million), representing an increase of approximately HK\$82 million from last year. The maturity profile spreads over a period of 20 years, with approximately HK\$1,521 million repayable within one year, approximately HK\$3,258 million within two to five years and HK\$150 million beyond five years.

At the year end date, the Group's gearing ratio was 1.34 (2023: 1.37) which is calculated based on the Group's long-term borrowings of approximately HK\$3,408 million (2023: HK\$3,482 million) and shareholders' funds of approximately HK\$2,549 million (2023: HK\$2,545 million).

As at 31 March 2024, the Group's total bank balances and cash was approximately HK\$475 million (2023: HK\$852 million).

Similar to the past years, the Group has maintained a reasonable level of cash resources and stand-by credit facilities to provide adequate liquid funds to finance its commitments and working capital requirements.

Treasury policies

As at 31 March 2024, 75% of the Group's borrowings were in HKD, 22% in CAD, 2% in GBP and 1% in JPY and USD. As at 31 March 2024, 43% of the Group's bank balances and cash was in USD, 43% in HKD, 11% in CAD, 1% in JPY, 1% in RMB, and 1% in others.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange and interest rates exposure and utilise financial instruments such as forward contracts and interest rate swaps as necessary.

Future plans for material investments

The Group currently has no other plans for material investments. Any acquisition will be funded by internal resources of the Group and bank borrowings.

Charges on assets

As at 31 March 2024, certain properties and time deposits of the Group of approximately HK\$7,417 million (2023: HK\$6,798 million) were pledged to secure banking facilities for the Group.

Employees

As at 31 March 2024, the Group employed approximately 210 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including directors' emoluments amounted to approximately HK\$101 million (2023: HK\$110 million). Remuneration is determined by reference to market terms as well as the qualifications and experiences of the staff concerned. Salaries are reviewed annually and discretionary bonuses may be paid depending on individual performance and the profitability of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During this financial year, the Company repurchased a total of 3,578,000 (2023: 29,886,000) of its own shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The details are as follows:

Month of repurchase

	Number of ordinary shares of HK\$0.1 each	Price per share		Aggregate consideration paid (including expenses) HK\$
		Highest HK\$	Lowest HK\$	
April 2023	96,000	0.93	0.87	87,103
May 2023	332,000	0.91	0.84	294,763
June 2023	4,000	0.84	0.84	3,465
July 2023	162,000	0.82	0.80	131,193
August 2023	772,000	0.80	0.80	620,148
September 2023	1,870,000	0.80	0.79	1,503,315
October 2023	128,000	0.77	0.75	98,092
December 2023	24,000	0.66	0.66	16,159
January 2024	24,000	0.62	0.59	14,798
February 2024	166,000	0.62	0.57	98,074
	<u>3,578,000</u>			<u>2,867,110</u>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Details of the environmental, social and governance of the Company will be set out in the Environmental, Social and Governance Report to be issued separately pursuant to Rule 13.91 and Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

CORPORATE GOVERNANCE

During the year ended 31 March 2024, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules, except for the following deviations.

CG Code B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In the opinion of the Board, the Chairman and Managing Director play a pivotal role in charting of corporate strategies and direction of the Group and should not be subject to retirement by rotation in consideration of the stability and continuity development of the Group. As such, the Board has exempted the Chairman and Managing Director from retiring from office by rotation at AGM in accordance with the By-law 99(A) of the Company.

An Audit and Risk Management Committee has been established by the Company to review and supervise the Company’s financial reporting process and internal controls and review the relationship with the auditors. The Audit and Risk Management Committee has held meetings in accordance with the relevant requirements and reviewed the results for the year ended 31 March 2024.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules. The Company has made specific enquiries to all Directors who have confirmed that, during the year, they have complied with the required standard set out in the Model Code.

PUBLICATION OF INFORMATION ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.irasia.com/listco/hk/national/index.htm>) respectively. The relevant annual report of the Company will be despatched to the shareholders of the Company and available on the same websites in due course.

CHANGE OF DIRECTOR AND COMPOSITION OF BOARD COMMITTEES, AND REDESIGNATION OF DIRECTOR

The Board hereby announces that:

- (i) Mr. Pius Ho (“**Mr. Ho**”), an Independent Non-executive Director, has been appointed as a member of the nomination committee of the Company (the “**Nomination Committee**”) and a member of the remuneration committee of the Company (the “**Remuneration Committee**”), with effect from 28 June 2024;
- (ii) Mr. Chan Chak Cheung, William (“**Mr. Chan**”) will, with effect from the conclusion of the forthcoming annual general meeting of the Company currently scheduled to be held in August 2024 (the “**2024 AGM**”), retire from his position as an Independent Non-executive Director and accordingly cease to act as the chairman of the Nomination Committee and a member of the Remuneration Committee, in order to devote more time to his personal matters after twenty years of service on this Board;
- (iii) Mr. Lee Yuen Ching, Jimmy (“**Mr. Jimmy Lee**”), the Chairman of the Board, with effect from the conclusion of the 2024 AGM, will be redesignated from a member of the Nomination Committee to the Chairman of the Nomination Committee; and
- (iv) Mr. Lee Yuen Kui, James (“**Mr. James Lee**”), with effect from the conclusion of the 2024 AGM, will be redesignated from an Executive Director to a Non-executive Director and accordingly cease to act as one of the Managing Directors of the Group.

Mr. James Lee, aged 70, is currently one of the Managing Directors of the Group and an Executive Director. He joined the Group in 1976 and is currently responsible for the supervision of administration, trading of watch components and material procurement from foreign suppliers. Mr. James Lee is brother of Mr. Edward Lee Yuen Cheor and Ms. Dorathy Lee Yuen Yu, who are Executive Director and Non-executive Director respectively. He is also cousin of Mr. Jimmy Lee, and uncle of Mr. Loewe Lee Bon Chi, an Executive Director.

Mr. James Lee recently notified the Board of his intention to step down as one of the Managing Directors of the Group so that he could dedicate more time towards his personal affairs and other commitments. Accordingly, he will cease to be one of the Managing Directors of the Group with effect from the conclusion of the 2024 AGM.

After reviewing Mr. James Lee's qualifications, experience and his contributions to the Group over the past 48 years, the Board considered and accepted the recommendation from the Nomination Committee to redesignate Mr. James Lee from Executive Director to Non-executive Director with effect from the conclusion of the 2024 AGM. After his redesignation, Mr. James Lee will assume an advisory role and continue to provide valuable advice and support to the Group.

Mr. James Lee's service as an Executive Director will be terminated with effect from the conclusion of the 2024 AGM. In relation to his new role as Non-executive Director, Mr. James Lee will enter into a letter of appointment with the Company for a term of three years commencing from the conclusion of the 2024 AGM, and is subject to retirement by rotation and re-election at the general meeting of the Company. Pursuant to the terms of the letter of appointment, Mr. James Lee will be entitled to a director's fee of HK\$50,000 per annum. His director's fee has been reviewed by the Remuneration Committee and determined by the Board with reference to his background, qualifications, experience, level of responsibilities and prevailing market conditions. After the redesignation, Mr. James Lee will be subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the bye-laws of the Company. Mr. James Lee is the beneficial owner of 6,534 shares in the Company, representing approximately 0.001% of the entire issued share capital of the Company as of today.

Save as disclosed above, as at the date of this announcement, (i) Mr. James Lee does not hold any other position in the Company or its subsidiaries; (ii) Mr. James Lee does not hold any other directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) Mr. James Lee does not possess any other major appointment or professional qualifications; (iv) Mr. James Lee does not, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (v) Mr. James Lee does not have any relationship with any Directors, senior management, substantial shareholders (as defined under the Listing Rules) or controlling shareholders (as defined under the Listing Rules) of the Company.

So far as the Directors are aware, save as disclosed above, there is no other information which is discloseable pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules.

Each of Mr. Chan and Mr. James Lee has confirmed that he has no disagreement with the Board and there is no other matter relating to his retirement/redesignation that needs to be brought to the attention of the shareholders of the Company.

Latest Composition of the Board committees

Immediately after the change that took effect from 28 June 2024, the latest composition of the three Board committees is set out in the table below:

	Board Committees		
	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors			
Mr. LEE Yuen Ching, Jimmy	–	Member	Member
Mr. LEE Bon Chi, Loewe	–	Member	Member
Independent Non-executive Directors			
Mr. CHAN Chak Cheung, William	–	Chairman	Member
Mr. CHAN Kwok Wai	Chairman	Member	Member
Mr. SUN Dai Wai, David	Member	Member	Chairman
Mr. Pius HO	Member	Member	Member

The Board would like to express its gratitude to Mr. Chan for his valuable contribution to the Group during his tenure of office and also extend its warmest welcome to Mr. James Lee, Mr. Ho and Mr. Jimmy Lee for their respective new positions in the Board, the Nomination Committee and/or the Remuneration Committee.

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

Hong Kong, 28 June 2024

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, Dorathy; and the Independent Non-executive Directors of the Company are Mr. Chan Chak Cheung, William, Mr. Chan Kwok Wai, Mr. Sun Dai Wai, David and Mr. Pius Ho.

SCHEDULE OF MAJOR PROPERTIES HELD BY THE GROUP

Details of the major properties held by the Group at 31 March 2024 are as follows:

INVESTMENT PROPERTIES

Location	Lease term	Group's interest	Type
The Putman No. 202 Queen's Road Central, Sheung Wan, Hong Kong	Long term	100%	Commercial
99 Bonham Nos. 99, 101-103 Bonham Strand and No. 127 Wing Lok Street, Sheung Wan, Hong Kong	Long term	100%	Commercial
One96 No. 196 Queen's Road Central, Sheung Wan, Hong Kong	Long term	100%	Commercial
The Jervois No. 89 Jervois Street, Sheung Wan, Hong Kong	Long term	100%	Commercial
Two parcels of land located at Nos. 10 and 12 Nali Road, Yinkai Industrial Park, Economic and Technological Development Area, Nanning, Guangxi Zhuangzu Autonomous Region, the PRC	Medium term	100%	Industrial
Apartment 306, Burlington Gate, together with Parking Space 7, 25 Cork Street, London W1S 3NB, United Kingdom	Long term	100%	Residential
Apartment 503, Burlington Gate, together with Parking Space 49, 25 Cork Street, London W1S 3NB, United Kingdom	Long term	100%	Residential

Location	Lease term	Group's interest	Type
No. 1 South Bay Close, Repulse Bay, Hong Kong	Medium term	100%	Residential
House No. 26, Le Palais, No. 8 Pak Pat Shan Road, Hong Kong	Medium term	100%	Residential
43 Remaining Residential Units in Phase III at 88 Queen Street East, Toronto, Ontario, Canada	Freehold	100%	Residential

PROPERTIES UNDER DEVELOPMENT FOR SALE

Location	Group's accounting classification	Group's interest	Site area (sq. m.)	Residential (sq. m.)	Retail and office (sq. m.)	Development status	Expected completion date
88 Queen Street East, Toronto, Ontario, Canada	Subsidiary	100%	3,197	37,357	10,360	The building has topped off and the external envelope has been substantially completed. The interior construction work is progressing well.	2024

INVENTORY OF UNSOLD PROPERTIES

Location	Group's accounting classification	Group's interest	Residential (sq. m.)	Development status
House No. 1 and House No. 6, 45 Tai Tam Road, Hong Kong	Joint venture ^(Note)	50%	889	Completed

Total held through the joint venture: 889
– of which attributable to the Group: 444.5

Note: The carrying amount of the interest in joint venture as at 31 March 2024 represented 3.65% of the total assets of the Group.