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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 2022

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 2022 and the audited consolidated statement of financial position as at 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 HK\$	2021 HK\$
Revenue	3	694,563,912	1,442,829,063
Cost of sales		(606,742,048)	(1,282,228,074)
Gross profit		87,821,864	160,600,989
Other income, other gains and losses, net	4	(37,026,112)	57,368,104
Increase in fair value of investment properties		134,757,261	89,949,145
Distribution costs		(8,253,774)	(8,291,613)
Administrative expenses		(115,232,784)	(117,599,009)
Finance costs	5	(74,851,187)	(78,950,881)
Share of results of associates		25,388	(40,381)
Share of results of joint ventures		96,832,845	(13,472,627)
Profit before taxation	6	84,073,501	89,563,727
Income tax credit	7	7,204,485	26,622,463
Profit for the year		91,277,986	116,186,190
Profit for the year attributable to:			
– Owners of the Company		91,356,972	116,262,504
– Non-controlling interests		(78,986)	(76,314)
		91,277,986	116,186,190
Earnings per share	8		
Basic		9.5 HK cents	11.8 HK cents
Diluted		9.5 HK cents	11.8 HK cents
Dividend per share			
– Final dividend proposed after the end of the reporting period	12	3.0 HK cents	3.0 HK cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 HK\$	2021 HK\$
Profit for the year	<u>91,277,986</u>	<u>116,186,190</u>
Other comprehensive (expense)/income		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit obligation	<u>(603,618)</u>	<u>1,529,482</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operations	18,489,702	99,715,163
Fair value gain on other assets at fair value through other comprehensive income	<u>4,790,000</u>	<u>860,000</u>
	<u>23,279,702</u>	<u>100,575,163</u>
Other comprehensive income for the year	<u>22,676,084</u>	<u>102,104,645</u>
Total comprehensive income for the year	<u><u>113,954,070</u></u>	<u><u>218,290,835</u></u>
Total comprehensive income/(expense) for the year attributable to:		
– Owners of the Company	114,033,056	218,367,149
– Non-controlling interests	<u>(78,986)</u>	<u>(76,314)</u>
	<u><u>113,954,070</u></u>	<u><u>218,290,835</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AS AT 31 MARCH 2022*

	<i>NOTES</i>	2022 HK\$	2021 HK\$
Non-current assets			
Investment properties		4,347,962,250	3,946,422,950
Property, plant and equipment		55,348,942	63,996,542
Right-of-use assets		321,489,959	295,939,150
Goodwill		1,269,932	1,269,932
Interests in associates		7,312,307	7,286,919
Interests in joint ventures		342,380,658	375,047,813
Other assets at fair value through other comprehensive income		26,735,000	21,945,000
Debt instruments at amortised cost		–	3,279,796
Deferred tax assets		8,031,250	5,470,883
		<u>5,110,530,298</u>	<u>4,720,658,985</u>
Current assets			
Debt instruments at amortised cost		3,144,017	–
Inventories		94,199,104	89,671,275
Financial assets at fair value through profit or loss		199,831,028	231,091,974
Inventory of unsold properties		69,560,713	68,959,977
Properties under development for sale		1,325,975,077	792,036,770
Bills receivables	9	761,950	563,539
Trade receivables, deposits and prepayments	10	374,906,609	301,674,761
Amount due from an associate		9,786,402	9,756,402
Amounts due from joint ventures		48,701,422	53,058,069
Tax recoverable		1,187,752	111,104
Bank balances and cash		1,100,195,772	1,095,050,633
		<u>3,228,249,846</u>	<u>2,641,974,504</u>

	<i>NOTES</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Current liabilities			
Trade and bills payables	11	68,596,023	61,817,838
Customers' deposits		585,298,237	401,714,452
Accrued expenses and other payables		118,371,690	109,251,204
Amount due to an associate		4,405,148	4,555,148
Amount due to a joint venture		179,367,825	–
Tax payable		3,145,703	18,075,231
Derivative financial instruments		20,684	2,189,909
Lease liabilities		17,319,229	13,908,416
Bank loans		1,338,453,008	918,731,125
		<u>2,314,977,547</u>	<u>1,530,243,323</u>
Net current assets		<u>913,272,299</u>	<u>1,111,731,181</u>
Total assets less current liabilities		<u>6,023,802,597</u>	<u>5,832,390,166</u>
Capital and reserves			
Share capital		94,930,696	97,017,296
Reserves		2,520,289,726	2,459,728,011
Equity attributable to owners of the Company		2,615,220,422	2,556,745,307
Non-controlling interests		1,384,992	1,463,978
Total equity		<u>2,616,605,414</u>	<u>2,558,209,285</u>
Non-current liabilities			
Provision for long service payments		1,814,267	1,633,130
Lease liabilities		63,731,825	34,742,270
Bank loans		3,281,226,408	3,173,434,358
Deferred tax liabilities		60,424,683	64,371,123
		<u>3,407,197,183</u>	<u>3,274,180,881</u>
		<u>6,023,802,597</u>	<u>5,832,390,166</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Except as described below, the application of the 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.

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2*

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures*.

As at 1 April 2021, the Group has several financial liabilities and derivatives, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

	HKD Hong Kong Interbank Offered Rate ("HIBOR") HK\$	GBP London Interbank Offered Rate ("LIBOR") HK\$
Financial liabilities		
Bank loans	3,531,163,297	116,160,872
Derivatives		
Interest rate swaps	<u>120,000,000</u>	<u>–</u>

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

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

	2022	2021
	HK\$	HK\$
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by products or services		
Watches and watch movements	629,416,156	491,123,386
Sale of properties	472,352	904,361,377
	<hr/>	<hr/>
Revenue from contracts with customers	629,888,508	1,395,484,763
Hotel operation	64,675,404	47,344,300
	<hr/>	<hr/>
	694,563,912	1,442,829,063
	<hr/> <hr/>	<hr/> <hr/>

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 2022

	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>629,416,156</u>	<u>472,352</u>	<u>64,675,404</u>	<u>694,563,912</u>
RESULT				
Segment result	<u>7,734,145</u>	<u>121,226,496</u>	<u>24,637,880</u>	153,598,521
Bank interest income				3,769,844
Unallocated other income				484,048
Unallocated other expenses				(95,785,958)
Finance costs				(74,851,187)
Share of results of associates				25,388
Share of results of joint ventures				<u>96,832,845</u>
Profit before taxation				84,073,501
Income tax credit				<u>7,204,485</u>
Profit for the year				<u>91,277,986</u>

For the year ended 31 March 2021

	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>491,123,386</u>	<u>904,361,377</u>	<u>47,344,300</u>	<u>1,442,829,063</u>
RESULT				
Segment result	<u>5,455,734</u>	<u>181,428,101</u>	<u>17,045,496</u>	203,929,331
Bank interest income				5,201,931
Unallocated other income				9,264,197
Unallocated other expenses				(36,367,843)
Finance costs				(78,950,881)
Share of results of associates				(40,381)
Share of results of joint ventures				<u>(13,472,627)</u>
Profit before taxation				89,563,727
Income tax credit				<u>26,622,463</u>
Profit for the year				<u>116,186,190</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, other income and finance costs. 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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Manufacture of watches and trading of watch movements	238,349,400	218,454,853
Property development and investment	3,861,402,770	2,924,930,041
Hotel operation	<u>2,135,008,978</u>	<u>2,098,705,296</u>
Total segment assets	6,234,761,148	5,242,090,190
Interests in associates	7,312,307	7,286,919
Interests in joint ventures	342,380,658	375,047,813
Amount due from an associate	9,786,402	9,756,402
Amounts due from joint ventures	48,701,422	53,058,069
Unallocated	<u>1,695,838,207</u>	<u>1,675,394,096</u>
Consolidated assets	<u><u>8,338,780,144</u></u>	<u><u>7,362,633,489</u></u>

Segment liabilities

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Manufacture of watches and trading of watch movements	75,951,300	70,059,301
Property development and investment	665,458,513	485,932,738
Hotel operation	<u>13,140,863</u>	<u>10,223,671</u>
Total segment liabilities	754,550,676	566,215,710
Amount due to an associate	4,405,148	4,555,148
Amount due to a joint venture	179,367,825	–
Unallocated	<u>4,783,851,081</u>	<u>4,233,653,346</u>
Consolidated liabilities	<u><u>5,722,174,730</u></u>	<u><u>4,804,424,204</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 joint ventures, other assets at fair value through other comprehensive income, debt instruments at amortised cost, 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 2022

	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	846,791	260,680,660	11,602,612	42,520,244	315,650,307
Depreciation of property, plant and equipment	2,338,406	1,588,962	1,784,257	4,118,121	9,829,746
Depreciation of right-of-use assets	180,685	–	1,353,224	23,263,377	24,797,286
Write-down of inventories	1,477,074	–	–	–	1,477,074
Increase in fair value of investment properties	–	134,757,261	–	–	134,757,261
Gain/(Loss) on disposal of property, plant and equipment	46,622	339,931	(4,200)	(2,059)	380,294

For the year ended 31 March 2021

	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	1,559,125	355,927,405	4,940,442	2,662,804	365,089,776
Depreciation of property, plant and equipment	3,932,089	3,235,827	2,628,781	3,502,656	13,299,353
Depreciation of right-of-use assets	9,246,289	–	1,384,215	17,702,412	28,332,916
Reversal of write-down of inventories	6,586,180	–	–	–	6,586,180
Increase in fair value of investment properties	–	89,949,145	–	–	89,949,145
Gain/(Loss) on disposal of property, plant and equipment	266,000	–	(2,801)	–	263,199

Revenue from major products and services

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Watches and watch movements	629,416,156	491,123,386
Sale of properties	472,352	904,361,377
Hotel operation	64,675,404	47,344,300
	<u>694,563,912</u>	<u>1,442,829,063</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 external customers		Non-current assets	
	2022 <i>HK\$</i>	2021 <i>HK\$</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Hong Kong and the PRC	670,066,471	500,606,846	4,873,100,537	4,488,833,142
North America	15,511,932	932,914,814	29,495,654	29,643,389
Europe	8,906,030	8,307,753	156,271,857	152,874,775
Others	79,479	999,650	16,896,000	18,612,000
	<u>694,563,912</u>	<u>1,442,829,063</u>	<u>5,075,764,048</u>	<u>4,689,963,306</u>

Note: Non-current assets excluded other assets at fair value through other comprehensive income, debt instruments at amortised cost 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:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Customer A ¹	<u>231,575,458</u>	<u>N/A²</u>

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

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Bank interest income	3,769,844	5,201,931
Government subsidies ^(Note)	1,200,000	9,464,772
Interest income from debt instruments at amortised cost	99,032	95,083
Net loss on fair value changes of financial assets at fair value through profit or loss	(49,900,352)	(4,336,033)
Gain on disposal of property, plant and equipment	380,294	263,199
Net foreign exchange gain	5,616,871	42,018,318
Rent concessions	–	100,814
Sundry income	1,808,199	4,560,020
	<u>(37,026,112)</u>	<u>57,368,104</u>

Note: During the year ended 31 March 2022, the Group recognised government grants of HK\$1,200,000 in respect of COVID-19-related subsidies which relates to Hotel Sector Support Scheme provided by the government of the HKSAR.

During the year ended 31 March 2021, the Group recognised government grants of HK\$9,464,772 in respect of COVID-19-related subsidies, of which HK\$8,264,772 and HK\$1,200,000 relates to Employee Support Scheme and Hotel Sector Support Scheme, respectively, provided by the government of the HKSAR.

5. FINANCE COSTS

	2022	2021
	<i>HK\$</i>	<i>HK\$</i>
Interest on:		
Bank loans and overdrafts	105,032,874	108,322,339
Lease liabilities	3,403,371	1,737,231
	<u>108,436,245</u>	<u>110,059,570</u>
Total borrowing costs	108,436,245	110,059,570
Less: Amounts capitalised to investment properties and properties under development	(33,585,058)	(31,108,689)
	<u>74,851,187</u>	<u>78,950,881</u>

6. PROFIT BEFORE TAXATION

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs including directors' emoluments	103,440,831	103,032,089
Depreciation of property, plant and equipment	9,829,746	13,299,353
Depreciation of right-of-use assets	24,797,286	28,332,916
Auditors' remuneration	3,340,973	3,520,323
Cost of inventories recognised as an expense	578,746,108	446,809,875
Loss on fair value changes of derivative financial instruments	42,254	1,454,557
Expenses relating to short-term leases	1,250,391	1,213,372
Write-down/(Reversal of write-down) of inventories (included in cost of sales on consolidated statement of profit or loss)	1,477,074	(6,586,180)
Gross rental income from investment properties	(64,675,404)	(47,344,300)
Less: Outgoings	14,752,824	11,373,180
Net rental income from investment properties	<u>(49,922,580)</u>	<u>(35,971,120)</u>

7. INCOME TAX CREDIT

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Hong Kong Profits Tax		
Current year	–	–
Over provision in prior years	(249,795)	(201,185)
	<u>(249,795)</u>	<u>(201,185)</u>
Other jurisdictions		
Current year	25,639	14,099,254
Over provision in prior years	(534,519)	(25,029)
	<u>(508,880)</u>	<u>14,074,225</u>
Deferred tax		
Current year	(6,445,810)	(40,495,503)
	<u>(7,204,485)</u>	<u>(26,622,463)</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:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u><u>91,356,972</u></u>	<u><u>116,262,504</u></u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u><u>965,261,998</u></u>	<u><u>982,820,584</u></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\$761,950 (2021: HK\$563,539) are aged within 30 days.

10. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Trade receivables	78,055,898	66,509,138
Less: allowance for credit losses	<u>(14,649,445)</u>	<u>(14,550,913)</u>
	63,406,453	51,958,225
Deposits and prepayments	278,814,932	236,343,354
Advance payment to suppliers	2,496,721	2,556,506
Other receivables	<u>30,188,503</u>	<u>10,816,676</u>
Total trade receivables, deposits and prepayments	<u><u>374,906,609</u></u>	<u><u>301,674,761</u></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:

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Within 30 days	30,332,179	28,521,701
31 to 90 days	22,906,108	14,219,100
91 to 180 days	6,911,900	5,829,771
Over 180 days	3,256,266	3,387,653
	63,406,453	51,958,225

11. TRADE AND BILLS PAYABLES

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Within 30 days	53,045,072	41,263,799
31 to 90 days	14,973,427	19,538,073
91 to 180 days	15,766	45,383
Over 180 days	561,758	970,583
	68,596,023	61,817,838

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

	2022 <i>HK\$</i>	2021 <i>HK\$</i>
Dividends recognised as distribution during the year		
2021 Final – 3.0 HK cents (2020: 3.0 HK cents) per share	29,037,329	29,692,169
2022 Interim – 0.5 HK cent (2021: 0.5 HK cent) per share	4,827,490	4,886,490
	33,864,819	34,578,659

A final dividend of 3.0 HK cents per share in respect of the year ended 31 March 2022 (2021: A final dividend of 3.0 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 3.0 HK cents per share (Year ended 31 March 2021: A final dividend of 3.0 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, 30 August 2022 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 Monday, 22 August 2022, the Register of Members of the Company will be closed from Monday, 15 August 2022 to Monday, 22 August 2022 (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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 12 August 2022.

For determining the entitlement to the Proposed Dividend, the Register of Members of the Company will also be closed from Monday, 29 August 2022 to Tuesday, 30 August 2022 (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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (if the transfer will be lodged before 15 August 2022) **OR** 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (if the transfer will be lodged on or after 15 August 2022) not later than 4:30 p.m. on Friday, 26 August 2022.

The Proposed Dividend is expected to be paid on or about Wednesday, 14 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The audited consolidated profit for the year attributable to shareholders of the Company for the year ended 31 March 2022 was HK\$91,356,972 (Year ended 2021: HK\$116,262,504). The basic and diluted earnings per share of the Company for the year ended 31 March 2022 were 9.5 HK cents per share and 9.5 HK cents per share respectively (Year ended 2021: 11.8 HK cents per share and 11.8 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 recorded increases in turnover and profit.

HOTEL OPERATION

The performance of the Group's hotel business has continued to improve and achieved higher occupancy and rates as compared with the previous year.

PROPERTY DEVELOPMENT AND INVESTMENT

During the period under review, the Group completed the sale of three houses at its luxurious development 45 Tai Tam, Hong Kong, a joint venture project with BPE Asia Real Estate Fund L.P. and the gains have been recorded in the share of results of joint venture for the year ended 31 March 2022.

On 29 October 2021, the Group completed its acquisition of Speedy Tactic Limited which owns a residential property located at House 26, Le Palais, 8 Pak Pat Shan Road, Red Hill, Hong Kong for long term investment purpose.

The superstructure construction work of the Group's luxurious residential project at 1 South Bay Close (previously known as 3 South Bay Close), Repulse Bay, Hong Kong is progressing on schedule.

The foundation work of the Group's phase III residential condominium at 88 Queen Street East, Toronto, Canada has been completed.

PROSPECTS

WATCHES MANUFACTURING AND WATCH COMPONENTS

The commencement of interest rate hikes in most western countries to combat inflation will have some negative impact on demand of consumer goods including the Group's watch manufacturing and watch components business.

HOTEL OPERATION

The Group will continue to be flexible in response to Hong Kong's changing travel restrictions. While the long stay market has provided stability in terms of occupancy and rates, the Group has implemented plans to proactively adapt as appropriate to any opening of the city's borders and relaxation of quarantine restrictions.

PROPERTY DEVELOPMENT AND INVESTMENT

The Group expects its 1 South Bay Close, Repulse Bay project to top off around the fourth quarter of 2022 and complete by the second quarter of 2023.

Regarding the Group's mixed use project at 88 Queen Street East in Toronto, Canada, the construction of the six podium levels of the phase III South Tower, which includes office components, is approaching completion and the construction of the residential towers will follow. The target completion in 2024 remains unchanged.

With the current world-wide inflationary and increasing interest rate pressure, the Group will take a conservatively opportunistic and defensible approach in seeking secure and high value investments in various geographic markets.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2022, the Group's total borrowings were approximately HK\$4,620 million (2021: HK\$4,092 million), representing an increase of approximately HK\$528 million from last year. The maturity profile spreads over a period of 30 years, with approximately HK\$1,339 million repayable within one year, approximately HK\$2,912 million within two to five years and HK\$369 million beyond five years.

At the year end date, the Group's gearing ratio was 1.25 (2021: 1.24) which is calculated based on the Group's long-term borrowings of approximately HK\$3,281 million (2021: HK\$3,173 million) and shareholders' funds of approximately HK\$2,615 million (2021: HK\$2,557 million).

As at 31 March 2022, the Group's total bank balances and cash was approximately HK\$1,100 million (2021: HK\$1,095 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 2022, 85% of the Group's borrowings were in HKD, 11% in CAD, 2% in GBP, 1% in JPY and 1% in USD. As at 31 March 2022, 57% of the Group's bank balances and cash was in CAD, 20% in HKD, 10% in USD, 6% in JPY, 4% in RMB, and 3% 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 2022, certain properties and time deposits of the Group of approximately HK\$6,058 million (2021: HK4,898 million) were pledged to secure banking facilities for the Group.

Employees

As at 31 March 2022, the Group employed approximately 200 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including directors' emoluments amounted to approximately HK\$103 million (2021: HK\$103 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 20,866,000 (2021: 27,586,000) 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 2021	1,120,000	1.06	1.04	1,191,408
June 2021	8,000	1.10	1.10	8,910
July 2021	1,134,000	1.10	1.06	1,221,850
August 2021	1,574,000	1.07	1.04	1,690,842
September 2021	440,000	1.04	1.04	459,376
October 2021	400,000	1.04	1.04	417,613
December 2021	1,542,000	1.05	1.04	1,619,945
January 2022	2,478,000	1.04	1.04	2,587,335
February 2022	2,978,000	1.04	1.03	3,107,196
March 2022	9,192,000	1.04	1.01	9,388,647
	<u>20,866,000</u>			<u>21,693,122</u>

ENVIRONMENT, SOCIAL RESPONSIBILITIES AND GOVERNANCE REPORT

Details of the environment, social responsibilities and governance of the Company will be set out in the Environmental, Social Responsibilities and Governance Report to be issued separately pursuant to Rule 13.91 and Appendix 27 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 2022, 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 14 of the Listing Rules, except for the following deviations.

CG Code A.4.2 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 Bye-law 99 of the Company.

Pursuant to the CG Code A.4.1, Non-executive Directors should be appointed for a specific term, subject to re-election. However, each Non-executive and Independent Non-executive Director of the Company was appointed for a term of period up to his retirement by rotation and re-election at the AGM of the Company in accordance with the Bye-law 99. The Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in CG Code A.4.1.

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 2022.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 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 RESULT ON THE STOCK EXCHANGE'S WEBSITE

The annual report of the Company for the year ended 31 March 2022 containing all applicable information required by Paragraph 45 of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website and on the Company's website (<http://www.irasia.com/listco/hk/national/index.htm>) in due course.

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

Hong Kong, 29 June 2022

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 are Mr. Chan Chak Cheung, William, Mr. Chan Kwok Wai and Mr. Sun Dai Wai, David.

SCHEDULE OF MAJOR PROPERTIES HELD BY THE GROUP

Details of the major properties held by the Group at 31 March 2022 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

Location	Lease term	Group's interest	Type
Apartment 503, Burlington Gate, together with Parking Space 49, 25 Cork Street, London W1S 3NB, United Kingdom	Long term	100%	Residential
No. 1 South Bay Close, Repulse Bay, Hong Kong	Medium term	100%	Residential
House No. 8, No. 39 Deep Water Bay Road, Shouson Hill, Hong Kong	Medium term	100%	Residential
House No. 26, Le Palais, No. 8 Pak Pat Shan Road, Hong Kong	Medium term	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	39,701	10,360	The below grade construction has completed and superstructure development has begun	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 (<i>Note</i>)	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 2022 represented 4.11% of the total assets of the Group.