

NATIONAL ELECTRONICS HOLDINGS LIMITED

Stock Code: 213



INTERIM REPORT 2024

## 2024 INTERIM REPORT

The Board (the “**Board**”) of Directors (the “**Directors**”) of National Electronics Holdings Limited (the “**Company**”) would like to present the interim results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 September 2024.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2024

	Notes	Six months ended 30 September	
		2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Revenue	3	251,421	269,381
Cost of sales		<u>(193,180)</u>	<u>(211,965)</u>
Gross profit		58,241	57,416
Other income	4	10,023	10,375
Other gain – net	5	28,640	1,980
Increase in fair value of investment properties	11	103,196	117,364
Distribution costs		(3,888)	(4,262)
Administrative expenses		(62,307)	(51,979)
Finance costs	6	(105,931)	(105,545)
Share of results of associates		(2)	(4)
Share of results of joint ventures		<u>(7,708)</u>	<u>(8,008)</u>
Profit before taxation	7	20,264	17,337
Income tax credit	8	<u>1,071</u>	<u>2,938</u>
<b>Profit for the period</b>		<b><u>21,335</u></b>	<b><u>20,275</u></b>
<b>Profit for the period attributable to:</b>			
– Owners of the Company		21,335	20,242
– Non-controlling interests		<u>–</u>	<u>33</u>
		<b><u>21,335</u></b>	<b><u>20,275</u></b>
<b>Earnings per share</b>	9		
Basic		<b><u>2.33 HK cents</u></b>	<b><u>2.20 HK cents</u></b>
Diluted		<b><u>2.33 HK cents</u></b>	<b><u>2.20 HK cents</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<u><b>21,335</b></u>	<u>20,275</u>
<b>Other comprehensive income</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translating foreign operations	<b>5,158</b>	(13,502)
Fair value loss on other assets at fair value through other comprehensive income	<b>(1,120)</b>	–
Release upon derecognition of other assets at fair value through other comprehensive income	<u><b>(1,070)</b></u>	<u>–</u>
Other comprehensive income/(expense) for the period	<u><b>2,968</b></u>	<u>(13,502)</u>
<b>Total comprehensive income for the period</b>	<u><b>24,303</b></u>	<u>6,773</u>
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	<b>24,303</b>	6,740
– Non-controlling interests	<u>–</u>	<u>33</u>
	<u><b>24,303</b></u>	<u>6,773</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2024

		<b>30 September 2024 (unaudited) HK\$'000</b>	31 March 2024 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Investment properties	11	<b>5,262,763</b>	5,059,548
Property, plant and equipment		<b>51,298</b>	48,066
Right-of-use assets		<b>257,159</b>	242,940
Goodwill		<b>1,270</b>	1,270
Interests in associates		<b>7,237</b>	7,239
Interests in joint ventures		<b>305,458</b>	313,166
Other assets at fair value through other comprehensive income		<b>24,510</b>	26,970
Derivative financial instruments		<b>–</b>	220
Deferred tax assets		<b>763</b>	764
		<b>5,910,458</b>	5,700,183
<b>CURRENT ASSETS</b>			
Inventories		<b>53,185</b>	46,058
Financial assets at fair value through profit or loss		<b>98,675</b>	93,301
Derivative financial instruments		<b>530</b>	–
Inventory of unsold properties		<b>13,253</b>	13,324
Properties under development for sale		<b>2,356,799</b>	2,088,401
Bills receivables	12	<b>876</b>	1,054
Trade receivables, deposits and prepayments	13	<b>162,770</b>	147,493
Amount due from an associate		<b>9,955</b>	9,955
Amount due from a joint venture		<b>8,450</b>	–
Tax recoverable		<b>3,092</b>	5,802
Bank balances and cash		<b>506,158</b>	475,026
		<b>3,213,743</b>	2,880,414

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (continued)  
*At 30 September 2024*

	<i>Notes</i>	<b>30 September 2024 (unaudited) HK\$'000</b>	31 March 2024 (audited) HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	57,564	28,293
Customers' deposits		568,208	571,268
Accrued expenses and other payables		304,863	238,257
Amount due to an associate		4,453	4,453
Amount due to a joint venture		159,718	169,568
Tax payable		5,305	5,550
Lease liabilities		5,460	4,232
Bank loans		1,261,949	1,521,118
		<u>2,367,520</u>	<u>2,542,739</u>
<b>NET CURRENT ASSETS</b>		<u>846,223</u>	<u>337,675</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>6,756,681</u>	<u>6,037,858</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	15	91,580	91,584
Reserves		2,470,489	2,457,237
		<u>2,562,069</u>	<u>2,548,821</u>
Equity attributable to owners of the Company		2,562,069	2,548,821
Non-controlling interests		–	–
<b>TOTAL EQUITY</b>		<u>2,562,069</u>	<u>2,548,821</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for long service payments		1,708	1,708
Lease liabilities		22,516	5,130
Derivative financial instruments		1,199	–
Bank loans		4,096,157	3,408,181
Deferred tax liabilities		73,032	74,018
		<u>4,194,612</u>	<u>3,489,037</u>
<b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>		<u>6,756,681</u>	<u>6,037,858</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the six months ended 30 September 2024

	Attributable to owners of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Revaluation reserve HK\$'000	Fair value through other comprehensive income HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2023 (audited)	91,942	34,677	(68,864)	37,160	15,768	22,921	66,142	49,937	2,295,106	2,544,789	1,360	2,546,149
Profit for the period	-	-	-	-	-	-	-	-	20,242	20,242	33	20,275
Other comprehensive expense for the period	-	-	(13,502)	-	-	-	-	-	-	(13,502)	-	(13,502)
Total comprehensive (expense)/income for the period	-	-	(13,502)	-	-	-	-	-	20,242	6,740	33	6,773
Dividend recognised as distribution	-	-	-	-	-	-	-	-	(16,539)	(16,539)	-	(16,539)
Repurchase of own shares	(324)	-	-	-	-	-	324	-	(2,639)	(2,639)	-	(2,639)
At 30 September 2023 (unaudited)	91,618	34,677	(82,366)	37,160	15,768	22,921	66,142	50,261	2,296,170	2,532,351	1,393	2,533,744
At 1 April 2024 (unaudited)	91,584	34,677	(86,133)	37,160	15,238	-	66,142	50,295	2,339,858	2,548,821	-	2,548,821
Profit for the period	-	-	-	-	-	-	-	-	21,335	21,335	-	21,335
Other comprehensive income/(expense) for the period	-	-	5,158	-	(2,190)	-	-	-	-	2,968	-	2,968
Total comprehensive income/(expense) for the period	-	-	5,158	-	(2,190)	-	-	-	21,335	24,303	-	24,303
Dividend recognised as distribution	-	-	-	-	-	-	-	-	(10,990)	(10,990)	-	(10,990)
Repurchase of own shares	(4)	-	-	-	-	-	-	4	(65)	(65)	-	(65)
At 30 September 2024 (unaudited)	91,580	34,677	(80,975)	37,160	13,048	-	66,142	50,299	2,350,138	2,562,069	-	2,562,069

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2024

	Six months ended 30 September	
	2024 (unaudited) <i>HK\$'000</i>	2023 (unaudited) <i>HK\$'000</i>
Net cash used in operating activities	(180,280)	(216,205)
Net cash used in investing activities	(53,076)	(49,924)
Net cash generated from/(used in) financing activities	<u>271,515</u>	<u>(48,254)</u>
Net increase/(decrease) in cash and cash equivalents	38,159	(314,383)
Cash and cash equivalents at 1 April	475,026	852,305
Effect of foreign exchange rate changes	<u>(7,027)</u>	<u>1,696</u>
Cash and cash equivalents at 30 September	<u><u>506,158</u></u>	<u><u>539,618</u></u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u><u>506,158</u></u>	<u><u>539,618</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2024

## (1) BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## (2) PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2024.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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



(3) SEGMENT INFORMATION

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

Six months ended 30 September 2024 (unaudited)

	Manufacture of watches and trading of watch movements <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>				
External sales	<u>197,100</u>	<u>–</u>	<u>54,321</u>	<u>251,421</u>
<b>RESULT</b>				
Segment result	<u>2,064</u>	<u>95,747</u>	<u>30,017</u>	127,828
Bank interest income				8,541
Unallocated other income				27,594
Unallocated other expenses				(30,058)
Finance costs				(105,931)
Share of results of associates				(2)
Share of results of joint ventures				<u>(7,708)</u>
Profit before taxation				20,264
Income tax credit				<u>1,071</u>
Profit for the period				<u>21,335</u>

(3) **SEGMENT INFORMATION** (continued)

Six months ended 30 September 2023 (unaudited)

	Manufacture of watches and trading of watch movements <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>				
External sales	<u>209,565</u>	<u>–</u>	<u>59,816</u>	<u>269,381</u>
<b>RESULT</b>				
Segment result	<u>2,054</u>	<u>105,717</u>	<u>33,964</u>	141,735
Bank interest income				9,128
Unallocated other income				2,130
Unallocated other expenses				(22,099)
Finance costs				(105,545)
Share of results of associates				(4)
Share of results of joint ventures				<u>(8,008)</u>
Profit before taxation				17,337
Income tax credit				<u>2,938</u>
Profit for the period				<u>20,275</u>

Segment result represents the profit earned by each segment without allocation of central administration costs, share of results of associates, share of results of 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.

(3) **SEGMENT INFORMATION** (continued)

**Geographical information**

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

The following is an analysis of the Group's revenue from external customers based on geographical location of the customers:

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong and the PRC	<b>244,141</b>	265,138
North America	<b>416</b>	38
Europe	<b>6,536</b>	4,202
Others	<b>328</b>	3
	<b>251,421</b>	<b>269,381</b>

(4) **OTHER INCOME**

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Bank interest income	<b>8,541</b>	9,128
Sundry income	<b>1,482</b>	1,247
	<b>10,023</b>	<b>10,375</b>

(5) OTHER GAIN – NET

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gain on fair value changes of financial assets at fair value through profit or loss	2,911	1,980
Gain on disposal/write-off of property, plant and equipment, net	25,729	–
	<u>28,640</u>	<u>1,980</u>

(6) FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans and overdrafts	170,894	150,360
Lease liabilities	980	1,667
Total borrowing costs	171,874	152,027
Less: Amounts capitalised to investment properties and properties under development for sale	(65,943)	(46,482)
	<u>105,931</u>	<u>105,545</u>

(7) **PROFIT BEFORE TAXATION**

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation has been arrived at after charging:		
Staff costs including directors' emoluments	<b>46,140</b>	47,922
Depreciation of property, plant and equipment	<b>2,635</b>	2,514
Depreciation of right-of-use assets	<b>7,171</b>	10,313
Cost of inventories recognised as an expense	<b>193,180</b>	198,096
Net foreign exchange loss	<b>2,875</b>	3,434
Expenses relating to short-term leases	<b>671</b>	326
and after crediting/(charging):		
Gross rental income from investment properties	<b>54,321</b>	59,816
Less: Outgoings	<b>(23,713)</b>	(24,466)
Net rental income from investment properties	<b>30,608</b>	35,350

(8) **INCOME TAX CREDIT**

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Other jurisdictions		
– Current period	<b>84</b>	(2)
Deferred tax		
– Current period	<b>987</b>	2,940
	<b>1,071</b>	2,938

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 September 2023: 16.5%) on the estimated assessable profits for the period.

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

**(9) 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:

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share		
(Profit for the period attributable to owners of the Company)	<u>21,335</u>	<u>20,242</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>915,815,399</u>	<u>918,664,492</u>

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

**(10) DIVIDENDS**

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Dividends recognised as distribution during the period:		
2024 final dividend of 1.2 HK cents (2023: 1.8 HK cents) per share	<u>10,990</u>	<u>16,539</u>

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024 (2023: Nil).

## (11) INVESTMENT PROPERTIES

HK\$ '000

### FAIR VALUE

At 1 April 2023 (audited)	4,890,225
Additions	220,014
Increase in fair value recognised in profit or loss	223,301
Disposal of a subsidiary	(260,000)
Exchange realignment	(13,992)
	<hr/>
At 31 March 2024 (audited) and 1 April 2024 (unaudited)	5,059,548
Additions	86,388
Increase in fair value recognised in profit or loss	103,196
Exchange realignment	13,631
	<hr/>
<b>At 30 September 2024 (unaudited)</b>	<b><u>5,262,763</u></b>

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the investment properties located in Hong Kong at 30 September 2024 have been arrived at on the basis of a valuation carried out on that date by Cushman & Wakefield Limited, Savills Valuation and Professional Services Limited and Knight Frank Petty Limited, independent qualified professional valuers not connected with the Group.

The fair value of the investment property located in the PRC at 30 September 2024 has been arrived at on the basis of a valuation carried out on that date by Knight Frank Petty Limited, independent qualified professional valuer not connected with the Group.

The fair value of the Group's investment property located in the United Kingdom at 30 September 2024 has been arrived at on the basis of a valuation carried out by Savills (UK) Limited, independent qualified professional valuer not connected with the Group.

The fair value of the Group's investment property located in Japan at 30 September 2024 has been arrived at on the basis of a valuation carried out by CBRE K.K., independent qualified professional valuer not connected with the Group.

The fair values of the Group's investment properties located in Canada at 30 September 2024 have been arrived at on the basis of a valuation carried out by CBRE Limited, independent qualified professional valuer not connected with the Group.

**(11) INVESTMENT PROPERTIES** (continued)

The fair values of the completed investment properties located in Hong Kong and the United Kingdom, the investment properties under construction located in Canada and the land located in Japan were determined based on direct comparison approach, where the values are assessed by reference to the comparable properties in close proximity and adjusted for differences in key attributes such as property size, location, time and quality.

The fair values of the investment properties under construction located in the PRC was determined by using residual approach with the basis that the investment properties will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

**(12) BILLS RECEIVABLES**

As at the end of the reporting period, bills receivables of approximately HK\$876,000 (31 March 2024: approximately HK\$1,054,000) are aged within 30 days.

**(13) TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS**

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:

	<b>At 30 September 2024 (unaudited) HK\$'000</b>	<b>At 31 March 2024 (audited) HK\$'000</b>
Within 30 days	<b>15,579</b>	14,090
31 to 90 days	<b>5,041</b>	3,230
91 to 180 days	–	51
Over 180 days	<b>3,938</b>	3,936
	<b>24,558</b>	21,307



**(14) TRADE AND BILLS PAYABLES**

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

	<b>At 30 September 2024 (unaudited) HK\$'000</b>	At 31 March 2024 (audited) HK\$'000
Within 30 days	<b>33,414</b>	17,543
31 to 90 days	<b>23,746</b>	10,289
91 to 180 days	<b>1</b>	43
Over 180 days	<b>403</b>	418
	<hr/> <b>57,564</b> <hr/>	<hr/> 28,293 <hr/>

**(15) SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2023 (audited), 31 March 2024 (audited) and 30 September 2024 (unaudited)	<b>1,500,000,000</b>	<b>150,000</b>
Issued and fully paid:		
At 1 April 2023 (audited)	919,420,962	91,942
Cancelled on repurchase of shares	(3,578,000)	(358)
At 31 March 2024 (audited) and 1 April 2024 (unaudited)	915,842,962	91,584
Cancelled on repurchase of shares	(42,000)	(4)
<b>At 30 September 2024 (unaudited)</b>	<b>915,800,962</b>	<b>91,580</b>

(16) CAPITAL COMMITMENTS

	At 30 September 2024 (unaudited) HK\$'000	At 31 March 2024 (audited) HK\$'000
Contracted for but not provided:		
Construction of properties	100,847	88,076
Investment properties	—	1,289
	<u>100,847</u>	<u>89,365</u>

(17) RELATED PARTY TRANSACTIONS

(1) The Group's balances with related parties are as follows:

	At 30 September 2024 (unaudited) HK\$'000	At 31 March 2024 (audited) HK\$'000
Advance to an associate	9,955	9,955
Advance to a joint venture	8,450	—
Advance from an associate	4,453	4,453
Advance from a joint venture	<u>159,718</u>	<u>169,568</u>

(2) The compensation to key management personnel during the period was approximately HK\$12,900,000 (six months ended 30 September 2023: approximately HK\$16,976,000).

## (18) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### (i) *Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis*

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets/ Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/09/2024 (unaudited)	31/03/2024 (audited)				
	<i>HK\$'000</i>	<i>HK\$'000</i>				
Listed equity securities classified as financial assets at fair value through profit or loss	61	1,144	Level 1	Quoted bid prices in an active market	N/A	N/A
Unlisted equity securities classified as financial assets at fair value through profit or loss	41,030	38,958	Level 3	Recent transaction price	Recent transaction price	Higher the recent transaction price, higher the value
Unlisted fund investments classified as financial assets at fair value through profit or loss	57,584	53,199	Level 3	Net asset value <sup>(note)</sup>	Net asset value <sup>(note)</sup>	Higher the net asset value, higher the fair value

**(18) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS** (continued)**(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis** (continued)

Financial assets/ Financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/09/2024 (unaudited)	31/03/2024 (audited)				
	<i>HK\$'000</i>	<i>HK\$'000</i>				
Foreign currency forward contract classified as derivative financial instruments	530	—	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Interest rate swaps classified as derivative financial instruments	Liabilities - 1,199	220	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflect the credit risk of various counterparties.	N/A	N/A

Note: The net asset value is mainly attributable from an underlying unlisted investment with its fair value is determined with reference to the recent transaction price of the investment.

(18) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(ii) *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

The Directors estimate the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flow analysis.

(iii) *Reconciliation of Level 3 fair value measurements*

	Unlisted equity securities HK\$'000	Unlisted fund investments HK\$'000	Total HK\$'000
At 1 April 2023 (audited)	36,709	65,138	101,847
Purchase	1,654	3,268	4,922
Settlement	–	(10,606)	(10,606)
Total gains/(losses) in profit or loss	595	(4,601)	(4,006)
At 31 March 2024 (audited) and 1 April 2024 (unaudited)	38,958	53,199	92,157
Purchase	–	3,660	3,660
Settlement	–	(633)	(633)
Total gains in profit or loss	2,072	1,358	3,430
<b>At 30 September 2024 (unaudited)</b>	<b>41,030</b>	<b>57,584</b>	<b>98,614</b>

(19) EVENTS AFTER THE REPORTING PERIOD

On 28 October 2024, National Properties Holdings Limited (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the “**Purchaser**”), pursuant to which the Vendor agreed to sell and, and the Purchaser agreed to purchase, the entire issued share capital of Sonic Run Investments Limited (the “**Target Company**”), an indirect wholly-owned subsidiary of the Company.

The Target Company is principally engaged in investment activities.

The disposal was completed on 28 October 2024. Upon completion, the results, assets and liabilities of the Target Company were no longer consolidated to the consolidated financial statements of the Group.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2024 (2023: Nil).

## **BUSINESS REVIEW**

The Group's turnover for the six months ended 30 September 2024 was approximately HK\$251,421,000 as compared with HK\$269,381,000 over the same period last year. Profit attributable to shareholders of the Company for the six months ended 30 September 2024 was approximately HK\$21,335,000 as compared with approximately HK\$20,242,000 over the same period in 2023.

During the period under review, the Group's watch manufacturing and watch component trading division maintained its operation result as compared with the same period last year.

The Group's boutique hotel division performed well, maintaining a high occupancy rate.

The interior decoration and fitting out work of the Group's luxurious residential project at 1 South Bay Close, Repulse Bay, Hong Kong is nearing completion.

Regarding the Group's Phase III mixed-use project at 88 Queen Street East, Toronto, Canada, the completion works is progressing on schedule.

## **PROSPECTS**

Geopolitical uncertainty persists with the change in governments across various countries while the pace of interest rate reductions and the slow recovery of China's economy affect the growth of the Group's watch manufacturing and watch component trading division business.

In light of a sluggish economy, the Hong Kong government continues to introduce various tourist incentives and mega event initiatives to boost visitors, which should positively impact the Group's boutique hotel business.

The interior decoration work of the Group's luxurious residential project at 1 South Bay Close, Repulse Bay is close to completion and the preparation work for the sales and marketing materials is underway.

The Group has recently started the interim occupancy programme for sold residential units starting from the lowest floor for its phase III mixed-use residential and commercial project at 88 Queen Street East, Toronto, Canada.

## **FINANCIAL REVIEW**

### **Liquidity and financial resources**

At 30 September 2024, the Group's total borrowings were approximately HK\$5,358 million. The maturity profile spreads over a period of 20 years, with approximately HK\$1,262 million repayable within one year, approximately HK\$3,948 million within two to five years and approximately HK\$148 million beyond five years.

At 30 September 2024, the Group's gearing ratio was 1.60 (31 March 2024: 1.34) which is calculated based on the Group's long-term bank borrowings of approximately HK\$4,096 million and shareholders' funds of approximately HK\$2,562 million.

At 30 September 2024, the Group's total bank balances and cash was approximately HK\$506 million (31 March 2024: approximately HK\$475 million).

Similar to last period, 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**

At 30 September 2024, 72% of the Group's borrowings was in HKD, 25% in CAD, 2% in GBP and 1% in JPY and USD.

At 30 September 2024, 43% of the Group's bank balances and cash was in USD, 42% in HKD, 8% in CAD, 5% in JPY, 1% in RMB and 1% in GBP.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange and interest rate exposures 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. All investments, if any, will be funded by bank borrowings and the internal resources of the Group.

### **Charges on assets**

At 30 September 2024, certain properties and bank deposits of the Group of approximately HK\$7,875 million (31 March 2024: approximately HK\$7,417 million) were pledged to secure banking facilities for the Group.

## Employees

At 30 September 2024, the Group employed approximately 200 employees in Hong Kong, the PRC and other overseas countries. The staff costs recognised in profit or loss for the period including directors' emoluments amounted to approximately HK\$46 million (six months ended 30 September 2023: approximately HK\$48 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.

## DIRECTORS' INTERESTS IN SHARES

At 30 September 2024, the interests of the Directors, chief executives and their associates in the shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies, were as follows:

### Ordinary shares of HK\$0.10 each

Name of director	Capacity	Personal interests	Corporate interests	Other interests	Total interests	Percentage of the issued share capital of the Company (note e)
Mr. Jimmy Lee Yuen Ching	Chairman	–	–	536,514,894 (notes a, b)	536,514,894	58.584%
Mr. Loewe Lee Bon Chi	Managing Director	21,720,000	–	549,514,894 (notes a, c)	571,234,894	62.375%
Mr. James Lee Yuen Kui	Non-executive Director	6,534	–	–	6,534	0.001%
Mr. Ricky Wai Kwong Yuen	Executive Director	40,994,543	–	–	40,994,543	4.476%
Mr. David Sun Dai Wai	Independent Non-executive Director	–	6,097,857 (note d)	–	6,097,857	0.666%



## **DIRECTORS' INTERESTS IN SHARES** (continued)

### *Notes:*

- (a) 516,514,894 shares are part of the property of two discretionary trusts of which Mr. Jimmy Lee Yuen Ching and his family members and Mr. Loewe Lee Bon Chi's family members are named beneficiaries.
- (b) 20,000,000 shares are held by Mr. Jimmy Lee Yuen Ching's family member.
- (c) 33,000,000 shares are held by Mr. Loewe Lee Bon Chi's family member.
- (d) These 6,097,857 shares are held by Sun International Limited, the issued share capital of which are owned by Mr. David Sun Dai Wai and parties acting in concert with him. Therefore Mr. David Sun Dai Wai is deemed to be interested in the shares held by that company under the SFO.
- (e) The percentage was calculated based on a total of 915,800,962 shares in issue as at 30 September 2024.

Saved as disclosed above, at 30 September 2024, none of the directors or chief executive or any of their associates had any interests, or short positions in any shares, underlying shares or debentures of the Company or its associated corporations as defined in the SFO.

## **SUBSTANTIAL SHAREHOLDERS**

Other than the interests of certain directors disclosed under the heading "Directors' Interests in Shares" above, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no other person as having a notifiable interest or short position in the issued share capital of the Company as at 30 September 2024.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Save for the Company's purchases of its own shares on the Stock Exchange as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 September 2024.

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\$	
May 2024	38,000	0.630	0.610	24,068
July 2024	2,000	0.580	0.580	1,262
August 2024	6,000	0.490	0.480	3,003
September 2024	74,000	0.495	0.470	36,240
	<u>120,000</u>			<u>64,573</u>

## CORPORATE GOVERNANCE

The Company had complied throughout the six months ended 30 September 2024 with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except for the CG Code A.4.1 and A.4.2.

Pursuant to the CG Code A.4.1, Non-executive Directors should be appointed for a specific term, subject to re-election. The Non-executive Directors of the Company were not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's Annual General Meetings in accordance with the Company's Bye-law 99(A). 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 the CG Code A.4.1.

Pursuant to the CG Code A.4.2, 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 believes that exempting the Chairman and Managing Director from retiring from office by rotation at Annual General Meeting in accordance with the Bye-law 99(A) of the Company is in the best interest of the Group.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an Audit and Risk Management Committee and its members comprise Mr. Chan Kwok Wai, Mr. Sun Dai Wai, David and Mr. Pius Ho, who are all Independent Non-executive Directors. The Audit and Risk Management Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters. The interim results for the six months ended 30 September 2024, which have not been audited, have been reviewed by the Audit and Risk Management Committee.

## MODEL CODE

The Company has adopted a code of conduct regarding the Directors' securities transactions ("Model Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers 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 period under review, they had complied with the required standard set out in the Model Code.

By Order of the Board  
National Electronics Holdings Limited  
**LEE YUEN CHING JIMMY**  
*Chairman*

Hong Kong, 26 November 2024

*As at the date of this report, the Executive Directors of the Company are Mr. Lee Yuen Ching, Jimmy, Mr. Lee Bon Chi, Loewe, Mr. Lee Yuen Cheor, Edward and Mr. Wai Kwong Yuen, Ricky; the Non-executive Directors are Mr. Lee Yuen Kui, James and Ms. Lee Yuen Yu, Dorathy and the Independent Non-executive Directors are 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 30 September 2024 are as follows:

### INVESTMENT PROPERTIES

<b>Location</b>	<b>Lease term</b>	<b>Group's interest</b>	<b>Type</b>
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
No. 1 South Bay Close, Repulse Bay, Hong Kong	Medium term	100%	Residential

<b>Location</b>	<b>Lease term</b>	<b>Group's interest</b>	<b>Type</b>
House No. 26, Le Palais, No. 8 Pak Pat Shan Road, Tai Tam, 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**

<b>Location</b>	<b>Group's accounting classification</b>	<b>Group's interest</b>	<b>Site area (sq. m.)</b>	<b>Residential (sq. m.)</b>	<b>Retail and office (sq. m.)</b>	<b>Development status</b>	<b>Expected completion date</b>
88 Queen Street East, Toronto, Ontario, Canada	Subsidiary	100%	3,197	37,357	10,360	52-storey mixed-use residential and commercial building under construction	2025

#### **INVENTORY OF UNSOLD PROPERTIES**

<b>Location</b>	<b>Group's accounting classification</b>	<b>Group's interest</b>	<b>Residential (sq. m.)</b>	<b>Development status</b>
House No. 1 and House No. 6, 45 Tai Tam Road, Hong Kong	Joint venture <sup>(Note)</sup>	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 30 September 2024 represented 3.35% of the total assets of the Group.