

**RESULTS**

The Board of Directors of National Electronics Holdings Limited (the “Company”) is pleased to announce that the audited consolidated profit of the Company and its subsidiaries (together, the “Group”) for the year ended 31st March, 2004 was HK\$51,193,421 (2003 - HK\$2,753,269) which included a gain of HK\$22,500,000 on revaluation of investment properties (2003 - loss on revaluation for HK\$22,000,000). The profit per share of the Company for the year ended 31st March, 2004 was HK\$ 4.5 cents (2003 - HK\$0.2 cent).

**FINAL DIVIDEND**

The Board of Directors recommends a final dividend of HK0.5 cent per share for the financial year ended 31st March, 2004 .

**WATCH AND WATCH COMPONENTS**

During the year under review, the performance of the Group’s LCD watch division, National Electronics & Watch Co. Ltd., was satisfactory in terms of both turnover and profit which increased as compared with the previous year’s results.

However, the quartz analogue watch division recorded a drop in turnover, and operation losses continued. In order to streamline the operation, the Group has decided to merge its analogue quartz watch division’s operation and manufacturing facilities with its LCD watch division, which is under the management of National Electronics & Watch Co. Ltd., commenced in December 2003.

On the other hand, the watch component business continued to record growth in both turnover and profits.

**PROPERTY DEVELOPMENT AND INVESTMENT**

During the year under review, the Group has disposed of all remaining residential properties under joint venture with AIG, viz. House A, C , D at 110 Repulse Bay, Hong Kong and House A, B, C at 56 Peak Road, Hong Kong. Proceeds from these transactions have been received by the Group.

In accordance with the SSAP 13 issued by the Hong Kong Society of Accountants, the Group has revalued its investment properties which increased by HK\$22,500,000 in value.

### PROSPECTS

#### WATCHES AND WATCH COMPONENTS

Subsequent to the merger of the production facilities of the Group's LCD watch division and its quartz analogue watch division, the Group expects that the factories' overheads will be reduced as compared with previous years. In the second half of 2004, the quartz analogue watch division received satisfactory orders from the Group's OEM customers. The Group is also continuing its efforts in the development and marketing of non-watch electronic consumer products.

#### PROPERTIES

#### OVERSEAS

The Group's residential development project in Toronto, Canada has commenced pre-sale activities and the response from the buyers is encouraging. It is expected that construction work on this site will commence shortly.



Commencement of construction of One St. Thomas Residences,  
Canada's most luxurious residential building designed by Robert A.M. Stern.

**LOCAL**

The Group has obtained approval from the local authorities to erect a deluxe boutique hotel on the site at 202-206 Queen's Road Central, and the Group has appointed the world-renowned designer Madame Andrée Putman (designer of the famous Morgan Hotel in New York) to be its design consultant. Construction will commence in the third quarter of this year.

The Group is currently looking for other investment and development opportunities in Hong Kong.

Finally, on behalf of the Board of Directors, I would like to thank all the staff of the Group for their loyalty and dedication during the last year.

**Jimmy Lee Yuen Ching**

*Chairman*

Hong Kong, 9th July, 2004



High-tech metal insert in plastic construction LCD watch with integrated bracelet, dual time, chronograph, timer and alarm functions.



Instrument for measuring distance, area, volume and time keeping.