

## RESULTS

The Board of Directors of National Electronics Holdings Limited (the "Company") announces that the audited consolidated loss of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2001 was HK\$38,975,888 (2000 - loss of HK\$35,933,625) which included HK\$60,225,467 being the revaluation decrease on investment properties. The loss per share for the year was HK3.3 cents per share (2000 - loss per share of HK3.0 cents per share).

## FINAL DIVIDENDS

In view of the profit generated from the Group's manufacturing and trading activities, the Board of Directors has recommended a final dividend of HK0.5 cent per share for the year ended 31st March, 2001 (2000 - Nil).

## Watches and Watch Components

During the period under review, the Group's LCD watch division has continued to enjoy satisfactory performance as the Group's in-house designed hi-tech sport LCD watches were in strong demand by major customers. The performance of the Group's analogue quartz watch division has remained constant in spite of strong competition on these types of products.

The Group's watch components trading division achieved satisfactory results due to the weakening of the Japanese Yen, although turnover recorded a slight decline.

## Property Development and Investment

On 30th March, 2001, the Group entered into a joint venture with a real estate fund managed by AIG which resulted in the disposal of 50% of the Group's interest in the two development properties at 110 Repulse Bay Road and 56 Peak Road, Hong Kong, valued at HK\$299 million. The Group will continue to be responsible for the development project management of these properties.

As the Group has leased its previous headquarters at 45th Floor, Far East Finance Centre, Hong Kong to a third party during this financial year, the SSAP 13 as issued by the Hong Kong Society of Accountants requires a revaluation due to the change of use, which resulted in a valuation deficit of HK\$73,959,185.

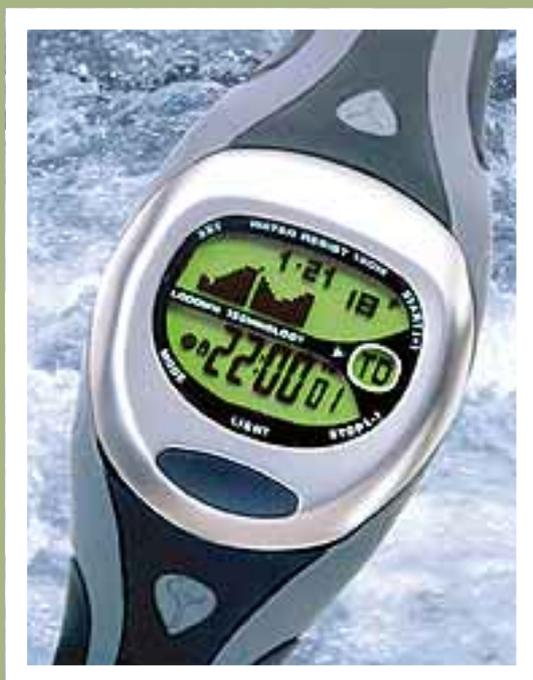
**Prospects**

**Watches and Watch Components**

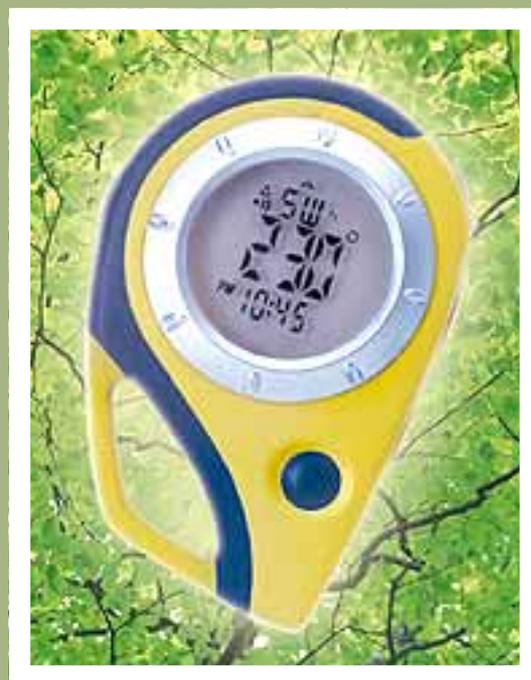
During the period under review, the Group's new LCD watch plant in the PRC is in full operation and, in addition to watch assembly, the new plant also manufactures all plastic and metal parts for the Group's manufacturing requirements. The vertical integration shall be beneficial in the Group's overall cost effectiveness. Nevertheless, the Group is cautious due to the downturn in the economy in the U.S.A., which may affect the Group's overall performance in the year 2001/2002.

**Properties**

The joint venture with respect to the two re-development projects in 110 Repulse Bay Road and 56 Peak Road, Hong Kong are expected to be completed in the second half of year 2002. The Group is confident that the proceeds from the sales of these luxurious houses will be satisfactory to the Group and its joint venture counterpart.



**Tide watch, capable of displaying daily regional tidal times of high and low tide for the next 10 years. Suitable for marine and fishing activities.**



**Clip-on type digital watch with electronic compass. Ideal for outdoor activities.**

## CHAIRMAN'S STATEMENT

The Group will continue to focus on acquiring land for redevelopment into luxurious houses in Hong Kong as the supply in this sector is limited.

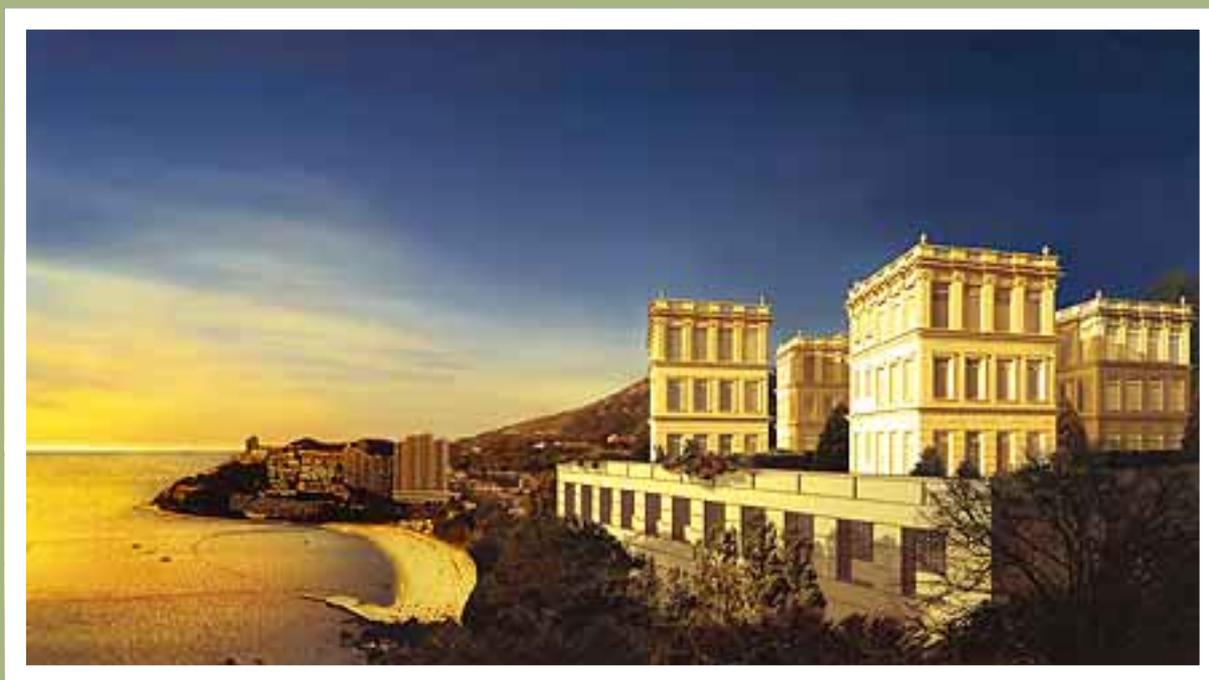
In June 2001, the Group's subsidiary in Canada has entered into a preliminary sale and purchase agreement to acquire a site with the approximate area of 34,793 sq.ft., located in the downtown Toronto area. As at the date of this statement, the due diligence work is currently being carried out and the provisional agreement is not binding on the Group if any terms regarding the development potential of the site is not satisfactory to the Group, and the Group has the right to terminate this agreement without any compensation on or before 26th July, 2001.

Finally, on behalf of the Board of Directors, I would like to thank all the staff of the Group for their loyalty and dedication and I look forward to an improvement of the operating results in the forthcoming year.

**LEE YUEN CHING JIMMY**

Chairman

Hong Kong, 18th July, 2001



Artist's impression of the Group's luxurious grand villas development at 110 Repulse Bay Road (A joint venture project with AIG).



Display “ year ”



Display “ month ”



Display “ day ”



Display “ dual time ”

Currently the world's first large calendar quartz ana-digi watch with perpetual calendar and dual time with scrolling or static dotmatrix display at user's option showing year, month, date, day and dual time, decorated with dazzling stones and a colourful watchband.