

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2008

RESULTS

The board (the “Board”) of directors (the “Directors”) of National Electronics Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st March, 2008 and the consolidated balance sheet as at 31st March, 2008 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2008

	NOTES	2008 HK\$	2007 HK\$
Revenue	2	1,256,702,994	1,066,224,323
Cost of sales		<u>(1,062,107,895)</u>	<u>(949,730,533)</u>
Gross profit		194,595,099	116,493,790
Other income	3	11,328,737	10,165,112
Increase in fair value of investment properties		111,796,048	35,508,189
Gain on disposal of investment properties		55,102,767	-
Distribution costs		(7,945,828)	(8,049,545)
Administrative expenses		(108,112,983)	(92,819,771)
Other expenses		-	(20,583,279)
Finance costs	4	(31,768,680)	(22,879,746)
Gain on disposal of subsidiaries		-	89,298,098
Loss on dissolution of an associate		-	(5,364)
Share of results of associates		<u>1,609,582</u>	<u>13,427,803</u>
Profit before taxation	5	226,604,742	120,555,287
Income tax expenses	6	<u>(14,955,963)</u>	<u>(7,288,817)</u>
Profit for the year		<u>211,648,779</u>	<u>113,266,470</u>
Earnings per share – Basic and diluted	7	20.9 HK cents	10.7 HK cents
Dividend per share - Final dividend proposed after the balance sheet date		2.0 HK cents	2.0 HK cents

CONSOLIDATED BALANCE SHEET

AT 31ST MARCH, 2008

	NOTES	2008 HK\$	2007 HK\$
Non-current assets			
Investment properties		880,020,039	345,000,000
Property, plant and equipment		100,549,321	72,073,736
Prepaid lease payments		262,321,527	42,457,834
Deposit paid for acquisition of a property		-	18,000,000
Interests in associates		18,050,773	13,427,803
Available-for-sale investments		23,180,000	17,820,000
		<hr/>	<hr/>
		1,284,121,660	508,779,373
Current assets			
Inventories		153,537,569	155,891,724
Prepaid lease payments		4,443,812	639,204
Investment held for trading		4,099,115	3,936,786
Inventory of unsold properties		28,514,155	100,739,388
Properties under development for sale		1,241,831,573	830,940,024
Deposits held in trust for property under development for sale		43,435,147	5,703,533
Bills receivables	8	12,000,000	11,000,000
Trade receivables, deposits and prepayments	8	113,040,917	100,816,895
Amounts due from associates		140,079,370	17,464,354
Tax recoverable		558,225	1,272,990
Bank balances and cash		91,950,237	188,641,735
		<hr/>	<hr/>
		1,833,490,120	1,417,046,633
Current liabilities			
Trade payables and accrued expenses	9	189,770,481	164,309,200
Bills payables	9	79,575,635	88,401,894
Amount due to a related party		-	2,216,099
Taxation payable		1,317,983	780
Derivative financial instruments		457,012	840,864
Obligations under finance leases		3,705,623	2,548,094
Deposits received from sale of properties under development		448,301,219	162,636,657
Bank loans		1,034,104,990	660,303,841
		<hr/>	<hr/>
		1,757,232,943	1,081,257,429
Net current assets		<hr/>	<hr/>
		76,257,177	335,789,204
Total assets less current liabilities		<hr/>	<hr/>
		1,360,378,837	844,568,577

	2008 <i>HK\$</i>	2007 <i>HK\$</i>
Capital and reserves		
Share capital	99,851,793	103,351,393
Reserves	<u>568,744,841</u>	<u>402,264,366</u>
	668,596,634	505,615,759
Non-current liabilities		
Provision for long service payments	3,687,257	3,779,297
Obligations under finance leases	4,351,759	3,040,796
Bank loans	662,884,770	325,655,517
Deferred tax liabilities	<u>20,858,417</u>	<u>6,477,208</u>
	691,782,203	338,952,818
	<u>1,360,378,837</u>	<u>844,568,577</u>

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 May 2006, 1 June 2006, 1 November 2006, 1 January 2007 or 1 March 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the Group's results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Share-based Payment - Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 12	Service Concession Arrangements ³
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

Basis of preparation:

The 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.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the net amount received and receivable for goods sold and services provided during the year. The following is an analysis of the Group's business segments information.

2008

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Eliminations	Consolidated
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
REVENUE						
External sales	314,463,990	793,320,379	484,060	148,434,565	-	1,256,702,994
Inter-segment sales	-	1,795,605	-	-	(1,795,605)	-
Total revenue	<u>314,463,990</u>	<u>795,115,984</u>	<u>484,060</u>	<u>148,434,565</u>	<u>(1,795,605)</u>	<u>1,256,702,994</u>
Inter-segment sales are charged at cost.						
RESULT						
Segment result	<u>14,017,070</u>	<u>43,397,781</u>	<u>(5,020,187)</u>	<u>168,823,992</u>	<u>-</u>	221,218,656
Interest income						3,535,747
Unallocated net other income						26,181,855
Unallocated other expenses						(49,275,185)
Finance costs						(31,768,680)
Gain on disposal of investment properties	-	-	-	55,102,767	-	55,102,767
Share of results of associates	-	-	-	1,609,582	-	1,609,582
Profit before taxation						226,604,742
Income tax expenses						<u>(14,955,963)</u>
Profit for the year						<u>211,648,779</u>

BALANCE SHEET

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Eliminations	Consolidated
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
ASSETS						
Segment assets	130,292,764	154,340,628	1,311,002,538	893,392,753	-	2,489,028,683
Interests in associates						18,050,773
Amounts due from associates						140,079,370
Unallocated corporate assets						470,452,954
Consolidated total assets						<u>3,117,611,780</u>
LIABILITIES						
Segment liabilities	68,097,627	84,386,016	528,572,540	20,020,137	-	701,076,320
Unallocated corporate liabilities						1,747,938,826
Consolidated total liabilities						<u>2,449,015,146</u>

OTHER INFORMATION

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Unallocated	Consolidated
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Capital additions	8,826,732	7,957,180	450,388	31,433,789	-	48,668,089
Depreciation of property, plant and equipment	4,273,520	12,458,737	419,989	2,395,772	16,027	19,564,045
Amortisation of prepaid lease payments	629,118	-	-	1,248,012	-	1,877,130
Allowance for doubtful debts	273,943	-	-	-	-	273,943
Write-down of inventories	3,965,523	-	-	-	-	3,965,523
Increase in fair value of investment properties	-	-	-	111,796,048	-	111,796,048
Gain on disposal of investment properties	-	-	-	55,102,767	-	55,102,767
Gain on disposal of property, plant and equipment	-	1,048,553	-	-	-	1,048,553

2007

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Eliminations	Consolidated
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
REVENUE						
External sales	365,665,479	653,115,394	430,438	47,013,012	-	1,066,224,323
Inter-segment sales	-	4,386,619	-	-	(4,386,619)	-
Total revenue	<u>365,665,479</u>	<u>657,502,013</u>	<u>430,438</u>	<u>47,013,012</u>	<u>(4,386,619)</u>	<u>1,066,224,323</u>

Inter-segment sales are charged at cost.

RESULT						
Segment result	<u>(8,378,871)</u>	<u>14,342,749</u>	<u>(2,565,102)</u>	<u>51,778,974</u>	<u>-</u>	<u>55,177,750</u>
Interest income						5,408,453
Unallocated net other income						4,872,405
Unallocated other expenses						(4,166,197)
Other expenses						(20,583,279)
Finance costs						(22,879,746)
Gain on disposal of subsidiaries	-	-	89,298,098	-	-	89,298,098
Share of results of associates	-	-	-	13,427,803	-	13,427,803
Profit before taxation						120,555,287
Income tax expenses						<u>(7,288,817)</u>
Profit for the year						<u>113,266,470</u>

BALANCE SHEET

	<u>Manufacture of watches</u> <i>HK\$</i>	<u>Trading of watch movements</u> <i>HK\$</i>	<u>Property development</u> <i>HK\$</i>	<u>Property investment</u> <i>HK\$</i>	<u>Eliminations</u> <i>HK\$</i>	<u>Consolidated</u> <i>HK\$</i>
ASSETS						
Segment assets	171,199,739	126,119,023	863,374,120	450,668,471	-	1,611,361,353
Interests in associates						13,427,803
Amounts due from associates						17,464,354
Unallocated corporate assets						283,572,496
Consolidated total assets						<u>1,925,826,006</u>
LIABILITIES						
Segment liabilities	61,622,017	90,428,197	252,004,290	6,330,853	-	410,385,357
Amount due to a related party						2,216,099
Unallocated corporate liabilities						1,007,608,791
Consolidated total liabilities						<u>1,420,210,247</u>

OTHER INFORMATION

	<u>Manufacture of watches</u> <i>HK\$</i>	<u>Trading of watch movements</u> <i>HK\$</i>	<u>Property development</u> <i>HK\$</i>	<u>Property investment</u> <i>HK\$</i>	<u>Unallocated</u> <i>HK\$</i>	<u>Consolidated</u> <i>HK\$</i>
Capital additions	13,418,036	4,986,700	634,472	699,939	-	19,739,147
Depreciation of property, plant and equipment	10,427,149	4,166,117	476,090	1,650,292	21,027	16,740,675
Amortisation of prepaid lease payments	323,638	-	-	311,401	-	635,039
Write-down of inventories	16,620,837	-	-	-	-	16,620,837
Increase in fair value of investment properties	-	-	-	35,508,189	-	35,508,189
Gain on disposal of property, plant and equipment	-	137,372	130,000	-	-	267,372

Geographical segments

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

The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the goods/services:

	<u>2008</u> <u>HK\$</u>	<u>2007</u> <u>HK\$</u>
Hong Kong and the PRC	953,627,883	712,362,173
North America	141,378,858	218,444,471
Europe	154,291,017	131,245,326
Others	7,405,236	4,172,353
	<u>1,256,702,994</u>	<u>1,066,224,323</u>

The following is an analysis of the carrying amount of segment assets, additions to investment properties and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

2008

	<u>Carrying amount of segment assets</u> <u>HK\$</u>	<u>Additions to investment properties</u> <u>HK\$</u>	<u>Additions to property, plant and equipment</u> <u>HK\$</u>
Hong Kong and the PRC	1,137,120,616	675,419,761	48,141,591
North America	1,351,908,067	40,020,039	526,498
	<u>2,489,028,683</u>	<u>715,439,800</u>	<u>48,668,089</u>

2007

	<u>Carrying amount of segment assets</u> <u>HK\$</u>	<u>Additions to investment properties</u> <u>HK\$</u>	<u>Additions to property, plant and equipment</u> <u>HK\$</u>
Hong Kong and the PRC	730,880,143	143,491,811	19,722,525
North America	880,481,210	-	16,622
	<u>1,611,361,353</u>	<u>143,491,811</u>	<u>19,739,147</u>

3. OTHER INCOME

	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
Bank interest income	3,535,747	5,408,453
Dividend income from unlisted investments	591,388	271,544
Gain on disposal of property, plant and equipment	1,048,553	267,372
Management fee income received from associates	2,177,909	1,272,960
Sundry income	3,975,140	2,944,783
	<u>11,328,737</u>	<u>10,165,112</u>

4. FINANCE COSTS

	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
Interest on:		
Amount due to a related party	24,841	266,331
Bank loans and overdrafts		
- wholly repayable within five years	71,989,193	39,928,293
- not wholly repayable within five years	3,329,214	9,357,166
Obligations under finance leases	451,048	377,730
Total borrowing costs	75,794,296	49,929,520
Less: Amount capitalised to properties under development for sale	<u>(44,025,616)</u>	<u>(27,049,774)</u>
	<u>31,768,680</u>	<u>22,879,746</u>

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 8% (2007: 6%) to expenditure on properties under development for sale.

5. PROFIT BEFORE TAXATION

	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	273,943	-
Write-down of inventories	3,965,523	16,620,837
Auditors' remuneration	1,429,861	1,649,614
Depreciation of property, plant and equipment	19,564,045	16,740,675
Less: Amount capitalised to properties under development for sale	(163,266)	(132,638)
	<u>19,400,779</u>	<u>16,608,037</u>
Amortisation of prepaid lease payments	1,877,130	635,039
Loss on fair value changes of investment held for trading	376,462	288,987
Loss on fair value changes of derivative financial instruments	457,012	840,864
Minimum lease payments for operating leases in respect of land and buildings	1,047,939	2,731,575
Share of taxation of an associate	-	3,828,263
Staff costs including directors' emoluments	110,166,238	114,786,782
Less: Amount capitalised to properties under development for sale	(216,914)	(578,655)
Less: Amount capitalised to investment properties	(15,804,500)	-
	<u>94,144,824</u>	<u>114,208,127</u>
Exchange loss, net	6,704,235	2,372,467
Cost of inventories recognised as an expense	1,058,142,372	933,109,696
and after crediting:		
Reversal of allowance for amounts due from associates	-	7,529,220
Gross rental income from properties	5,633,725	7,483,452
Less: Outgoings	(1,135,187)	(1,742,950)
Net rental income from properties	<u>4,498,538</u>	<u>5,740,502</u>

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$3,779,495 (2007: HK\$5,216,833) are included in staff costs.

6. INCOME TAX EXPENSES

	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	903,607	2,347,643
Overprovision in prior years	(328,853)	(146,394)
	<hr/>	<hr/>
Other jurisdictions - current year	574,754	2,201,249
	-	3,450
	<hr/>	<hr/>
Deferred tax liabilities	574,754	2,204,699
	14,381,209	5,084,118
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	14,955,963	7,288,817
	<hr/>	<hr/>

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

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

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
Earnings for the purpose of basic earnings per share	<u>211,648,779</u>	<u>113,266,470</u>
	<u>Number of shares</u>	
	<u>2008</u>	<u>2007</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,013,412,382</u>	<u>1,053,941,605</u>

No diluted earnings per share has been presented as there were no potential ordinary shares in both years.

8. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Bills receivables with full recourse of HK\$12,000,000 (2007: HK\$11,000,000) are aged within 30 days.

The Group has a policy of allowing an average credit period of 30 - 60 days to its trade customers.

Included in trade receivables, deposits and prepayments are trade receivables net of allowance for doubtful debts of HK\$53,692,129 (2007: HK\$67,367,839) with an aged analysis as follows:

The Group

	<u>2008</u> <u>HK\$</u>	<u>2007</u> <u>HK\$</u>
Within 30 days	50,728,763	39,396,192
31 to 90 days	1,897,707	27,062,557
91 to 180 days	873,516	612,898
Over 180 days	192,143	296,192
	<u>53,692,129</u>	<u>67,367,839</u>

At 31 March 2008, trade receivables included an amount of approximately HK\$16.8 million receivable from a major customer.

Included in the Group's trade receivable balance are debtors with a carrying amount of HK\$1,102,607 (2007: HK\$647,100) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 127 days (2007: 77 days).

Ageing of trade receivables which are past due but not impaired

The Group

	<u>2008</u> <u>HK\$</u>	<u>2007</u> <u>HK\$</u>
31 to 90 days	266,704	128,195
91 to 180 days	835,903	518,905
	<u>1,102,607</u>	<u>647,100</u>

Movement in the allowance for doubtful debts

The Group	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
Balance at beginning of the year	2,226,113	2,226,113
Impairment losses recognised on receivables	273,943	-
Amounts written off as uncollectible	(305,105)	-
Balance at end of the year	<u>2,194,951</u>	<u>2,226,113</u>

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK\$2,194,951 (2007: HK\$2,226,113) which were past due and not recoverable. The impairment recognised represents the carrying amount of these trade receivables. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables

The Group	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
91 to 180 days	37,806	325,310
Over 180 days	2,157,145	1,900,803
	<u>2,194,951</u>	<u>2,226,113</u>

9. BILLS PAYABLES, TRADE PAYABLES AND ACCRUED EXPENSES

Included in bills payables, trade payables and accrued expenses are trade payables of HK\$112,910,976 (2007: HK\$129,345,872) with an aged analysis as follows:

The Group	<u>2008</u> <i>HK\$</i>	<u>2007</u> <i>HK\$</i>
Within 30 days	77,365,304	111,333,063
31 to 90 days	29,562,340	13,821,861
91 to 180 days	1,819,875	1,942,134
Over 180 days	4,163,457	2,248,814
	<u>112,910,976</u>	<u>129,345,872</u>

The average credit period on purchases is 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

A final dividend of 2.0 HK cents per share (2007: 2.0 HK cents) payable to the shareholders whose names on the register of members of the Company on 13th August, 2008 has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

The register of members of the Company will be closed from 13th August, 2008 to 20th August, 2008 (both days inclusive) during which no transfer of shares will be registered.

In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Tricor Standard Limited, 26th floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 12th August, 2008. Dividends are expected to be paid on 3rd September, 2008.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31st March, 2008 was HK\$211,648,779 (2007 – HK\$113,266,470). The earnings per share of the Company for the year ended 31st March, 2008 was 20.9 HK cents per share (2007 – 10.7 HK cents per share).

BUSINESS REVIEW

Watches and watch components

During the period under review, the performance of the Group's watch manufacturing division has improved. With the introduction of new consumer electronic products, the Group was able to improve its profit margin.

As for the Group's watch component trading division, due to the strong demand for complication movements, the Group is able to achieve higher turnover and profit margin as compared with the previous year.

Property development and investment

During the year under review, the Group disposed of the following properties:

1. 45th floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
2. 6th floor, Citicorp Centre, No.18 Whitfield Road, Hong Kong;
3. No.59 Shouson Hill Road, Bay Villas, Hong Kong;
4. House No.8, Villa Rosa, No.88 Red Hill Road, Hong Kong;
5. Unit 3201, 32th floor, Tower 2, Lippo Centre, No.89 Queensway, Hong Kong; and
6. Flat A, 20th floor, Tower 2, No.37 Repulse Bay Road, Hong Kong.

The Group enjoyed satisfactory capital gains for the above disposals.

As of March 2008, the Group has added the following properties into its property portfolio:-

1. No. 87 and 89, Jervois Street, Hong Kong for development purposes;
2. 22nd floor (including the roof thereof) and car parking space no. 9 on level 1, Century Tower II, Nos. 1 and 1A Tregunter Path, Hong Kong for investment purposes;
3. No. 99, 101 and 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong for development purposes;
4. 5, 7, and 9 Sultan Street, Toronto, Canada for investment and development purposes;
5. Ground, 1st, 2nd and 3rd floors and the roof, No. 459 and 461 Lockhart Road, Causeway Bay, Hong Kong for investment purposes;
6. House 6, Double Bay, No.46 Island Road, Hong Kong for investment purposes; and
7. House No.1, Abergeldie, 52 Plantation Road, Hong Kong for investment purposes.

PROSPECTS

Watches and watch components

As set out in the interim report, the Group has started the first phase of the relocation scheme of its manufacturing facilities to Nanning, Capital of Guangxi Province, China.

The Group sees continued demand for its non-watch consumer electronic products and will remain focused on developing these products.

The Group expects that its watch component trading business will continue to provide stable profits.

Property development and investment

Overseas

The occupancy programme of the Group's "One St.Thomas" residential project in Toronto is expected to be completed by Autumn of 2008 as stated in the interim report.

Local

"The Putman", the Group's Luxurious Boutique Hotel at 202 Queen's Road Central, Hong Kong which is a Joint Venture project with Citi Property Investors, has been fully occupied since the end of the last calendar year.

With regard to the Group's second Joint Venture project with Citi Property Investors at 137-138 Connaught Road West, Hong Kong, the superstructure work has topped out and the building is expected to be completed by the end of 2008.

The Group's third Joint Venture project with Citi Property Investors at Nos. 50 to 59 Connaught Road Central, Hong Kong for the development of an A-Grade office building is also on schedule. The demolition work of these buildings will be completed by fourth quarter 2008.

The foundation work of the Group's project at No. 87 and 89 Jervois Street, Hong Kong will be completed by fourth quarter 2008. The completion date of this new boutique hotel is targeted around the beginning of 2010.

At the same time, the Group expects the foundation work of its development project at 21 Whitfield Road, Causeway Bay, Hong Kong to be completed by first quarter 2009. The Group aims to complete this new boutique hotel around the middle of 2010.

As for the Group's development site at No. 99, 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong, the Group intends to construct a new boutique hotel on this site and the demolition work of the existing old building has commenced. The target completion date is around the end of 2010.

The Group has also commenced the demolition work on No.194-196 Queen's Road Central, Hong Kong. The Group intends to complete this new one suite per floor boutique hotel by 2011.

The Group expects that demand for new-built designer boutique hotels will continue to grow as evidenced by the strong occupancy rate at The Putman. The Group's new developments in this sector will provide a unique set of designer hotels to the market.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31st March, 2008, the Group's total borrowings were HK\$1,697 million, representing an increase of HK\$711 million from last year. The maturity profile spreads over a period of 30 years, with HK\$1,034 million (including the construction loan for the Group's St. Thomas residential development project in Toronto, Canada) repayable within one year, HK\$365 million within two to five years and HK\$298 million beyond five years.

As at 31st March, 2008, the Group's gearing ratio was 0.99 (2007: 0.64) which is calculated based on the Group's long-term borrowings of approximately HK\$663 million and shareholders' funds of approximately HK\$669 million.

As at 31st March, 2008, the Group's total bank balances and cash was approximately HK\$92 million (2007: HK\$189 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 31st March, 2008, 41% of the Group's borrowings was in HK\$, 11% in US\$, 12% in JPY and 36% in CAD.

As at 31st March, 2008, 65% of the Group's bank balances and cash was in HK\$, 26% in US\$, 6% in RMB, 2% in CAD and 1% in others.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange exposure and utilize hedging instruments such as forward contracts as necessary.

Future plans for material investments

Other than the acquisitions mentioned in the Chairman's Statement, the Group currently has no other plans for material investments. All the aforesaid acquisitions have been funded by bank borrowings and the internal resources of the Group.

Charges on assets

As at 31st March, 2008, certain properties of the Group of approximately HK\$2,425 million (2007: HK\$1,326 million) were pledged to secure banking facilities for the Group.

Employees

As at 31st March, 2008, the Group employed approximately 2,400 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including directors' emoluments amounted to HK\$110 million (2007: HK\$115 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 34,996,000 (2007: 42,390,000) 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 HK\$
		Highest HK\$	Lowest HK\$	
April 2007	400,000	0.405	0.390	160,495
May 2007	1,228,000	0.435	0.395	499,093
August 2007	5,466,000	0.485	0.455	2,572,852
October 2007	13,292,000	0.600	0.540	7,601,817
November 2007	1,140,000	0.640	0.620	721,487
December 2007	5,866,000	0.650	0.620	3,737,888
January 2008	4,602,000	0.630	0.490	2,737,159
February 2008	1,404,000	0.520	0.490	710,783
March 2008	1,598,000	0.510	0.460	785,435
	<u>34,996,000</u>			<u>19,527,009</u>

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

An audit 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 committee has held meetings in accordance with the relevant requirements and reviewed the results for the year ended 31st March, 2008.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company who have confirmed that during this financial 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 31st March, 2008 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
LEE YUEN CHING JIMMY
Chairman

Hong Kong, 16th July, 2008

As at the date of this announcement, the executive Directors are Mr. Lee Yuen Ching, Jimmy, Mr. Lee Yuen Kui, James, Mr. Lee Bon Chi Loewe, Mr. Lee Yuen Cheor, Edward and Mr. Wai Kwong Yuen, Ricky, the non-executive Director is Miss Lee Yuen Yu, Dorathy and the independent non-executive Directors are Dr. Samson Sun, M.B.E., J.P., Mr. Chan Chak Cheung, William and Mr. Chan Kwok Wai.