NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2011

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 31 March 2011 and the consolidated statement of financial position as at 31 March 2011 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	**Year ended 31/03/2011** ***HK$***	Year ended 31/03/2010 *HK$*
Revenue	2	**1,265,369,127**	1,113,703,911
Cost of sales		**(1,114,201,591)**	(982,172,996)
Gross profit		**151,167,536**	131,530,915
Other income and gains	3	**6,901,507**	27,717,264
Increase in fair value of investment properties		**140,103,509**	57,000,846
Gain on disposal of subsidiaries		**20,746,914**	—
Gain on disposal of property, plant and equipment		**—**	22,389,292
Distribution costs		**(8,276,849)**	(7,247,855)
Administrative expenses		**(173,307,681)**	(124,781,955)
Finance costs	4	**(20,380,190)**	(15,321,717)
Share of results of associates		**195,919,785**	43,184,139
Share of results of jointly controlled entities		**—**	(398)
Profit before taxation	5	**312,874,531**	134,470,531
Income tax expenses	6	**(28,962,107)**	(12,754,218)
Profit for the year		**283,912,424**	121,716,313
Earnings per share			
Basic	7	**29.3 HK cents**	12.5 HK cents
Diluted	7	**29.2 HK cents**	12.5 HK cents
Dividend per share			
— Final dividend proposed after the end of the reporting period	10	**4.0 HK cents**	1.5 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	Year ended 31/03/2011 *HK$*	Year ended 31/03/2010 *HK$*
Profit for the year	**283,912,424**	121,716,313
Other comprehensive income		
Exchange differences arising on translating foreign operations	**2,282,658**	9,836,182
Gain on revaluation of properties	**145,054,119**	—
Deferred taxation arising on revaluation of properties	**(23,933,930)**	—
Net gain / (loss) on available-for-sale investments	**620,000**	(30,000)
Reserve released on disposal of available-for-sale investments	**—**	(290,000)
Other comprehensive income for the year	**124,022,847**	9,516,182
Total comprehensive income for the year	**407,935,271**	131,232,495

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2011

	NOTES	**31/03/2011**	31/03/2010	01/04/2009
		HK$	*HK$*	*HK$*
			(restated)	*(restated)*
Non-current assets				
Investment properties		**1,201,272,361**	881,108,320	1,045,505,000
Property, plant and equipment		**256,730,518**	343,742,935	344,585,076
Prepaid lease payments		**14,459,432**	13,991,058	29,562,781
Interests in associates		**340,232,644**	96,912,859	53,728,720
Interests in jointly controlled entities		**—**	—	—
Available-for-sale investments		**15,670,000**	15,050,000	16,000,000
		1,828,364,955	1,350,805,172	1,489,381,577
Current assets				
Inventories		**146,509,132**	113,148,116	98,946,597
Prepaid lease payments		**328,209**	644,710	643,483
Investment held for trading		**4,108,333**	4,118,611	4,071,034
Inventory of unsold properties		**195,138,020**	230,077,423	170,767,133
Bills receivables	8	**7,778,724**	8,100,000	9,000,000
Trade receivables, deposits and prepayments	8	**88,180,850**	66,608,260	61,212,391
Amounts due from associates		**143,489,370**	143,489,370	142,049,370
Amounts due from jointly controlled entities		**120,386,628**	107,499,602	—
Tax recoverable		**3,764,323**	1,335,043	1,126,683
Bank balances and cash		**174,642,837**	134,840,700	139,549,296
		884,326,426	809,861,835	627,365,987

	NOTES	**31/03/2011**	31/03/2010	01/04/2009
		HK$	*HK$*	*HK$*
			(restated)	*(restated)*
Current liabilities				
Trade payables, customers' deposits and accrued expenses	9	**140,869,796**	80,762,351	109,188,218
Bills payables	9	**86,656,200**	95,509,146	37,733,076
Amount due to an associate		**7,020**	—	—
Tax payable		**1,731,784**	4,384,960	16,674,191
Derivative financial instruments		**8,293,491**	6,073,845	5,695,010
Obligations under finance leases		**2,932,849**	3,533,304	3,494,980
Bank loans		**544,568,485**	606,121,292	444,464,657
		785,059,625	796,384,898	617,250,132
Net current assets		**99,266,801**	13,476,937	10,115,855
Total assets less current liabilities		**1,927,631,756**	1,364,282,109	1,499,497,432
Capital and reserves				
Share capital		**96,742,993**	97,212,993	97,260,193
Reserves		**1,126,809,897**	739,117,817	626,106,853
Total equity		**1,223,552,890**	836,330,810	723,367,046
Non-current liabilities				
Provision for long service payments		**4,074,193**	3,750,100	3,571,179
Derivative financial instruments		**8,178,138**	11,626,837	11,347,375
Obligations under finance leases		**2,660,661**	2,359,938	3,492,691
Bank loans		**606,420,674**	468,720,771	726,883,327
Deferred tax liabilities		**82,745,200**	41,493,653	30,835,814
		704,078,866	527,951,299	776,130,386
		1,927,631,756	1,364,282,109	1,499,497,432

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, when control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 April 2010 in accordance with the relevant transitional provisions.

The application of the revised standard has affected the accounting for the Group's losing control of Mercato Group Limited in the current year. The change in policy has resulted in the difference of HK$41,346,914 between the consideration received of HK$72,600,000, the fair value of the retained interest of Mercato Group Limited at the date control is lost of HK$47,400,000 and the derecognised assets and liabilities of Mercato Group Limited with carrying amounts of HK$78,653,086 being recognised directly in profit or loss. Therefore, the change in accounting policy has resulted in an increase in the profit for the year of HK$20,746,914 (including the cost of disposal amounting to HK$20,600,000).

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$226,318,376 and HK$212,191,512 as at 1 April 2009 and 31 March 2010 respectively being reclassified to property, plant and equipment.

As at 31 March 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK$133,533,704 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

	Year ended 31/03/2011	Year ended 31/03/2010
	HK$	*HK$*
Increase in depreciation of property, plant and equipment	**3,599,750**	3,646,668
Decrease in amortisation of prepaid lease payments	**(3,599,750)**	(3,646,668)
Increase in gain on losing control of subsidiaries	**20,746,914**	—
	20,746,914	—

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 April 2009 and 31 March 2010 is as follows:

	As at 01/04/2009 (originally stated) *HK$*	Adjustments *HK$*	As at 01/04/2009 (restated) *HK$*	As at 31/03/2010 (originally stated) *HK$*	Adjustments *HK$*	As at 31/03/2010 (restated) *HK$*
Property, plant and equipment	118,266,700	226,318,376	344,585,076	131,551,423	212,191,512	343,742,935
Prepaid lease payments	256,524,640	(226,318,376)	30,206,264	226,827,280	(212,191,512)	14,635,768
Total effects on net assets	374,791,340	—	374,791,340	358,378,703	—	358,378,703

The effects of the above changes in accounting policies on the Group's basic and diluted earnings per share for the current and prior year are as follows:

Impact on basic and diluted earnings per share

	Impact on basic earnings per share		**Impact on diluted earnings per share**	
	Year ended 31/03/2011 ***HK cents***	Year ended 31/03/2010 *HK cents*	**Year ended 31/03/2011** ***HK cents***	Year ended 31/03/2010 *HK cents*
Figures before adjustments	**27.2**	12.5	**27.1**	12.5
Adjustments arising from changes in the Group's accounting policies in relation to:				
- depreciation of property, plant and equipment	**3,599,750**	3,646,688	**3,599,750**	3,646,688
- amortisation of prepaid lease payments	**(3,599,750)**	(3,646,688)	**(3,599,750)**	(3,646,688)
- gain on losing control of subsidiaries	**20,746,914**	—	**20,746,914**	—
Figures after adjustments	**29.3**	12.5	**29.2**	12.5

New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HK (IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate

[2] Effective for annual periods beginning on or after 1 July 2010

[3] Effective for annual periods beginning on or after 1 July 2011

[4] Effective for annual periods beginning on or after 1 January 2013

[5] Effective for annual periods beginning on or after 1 January 2012

[6] Effective for annual periods beginning on or after 1 January 2011

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of the new standard may have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model.

The directors of the Company anticipate that the application of the other new and revised standards or interpretations will have no material impact on the consolidated financial statements.

Basis of preparation

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 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 and certain financial instruments, which are measured at fair values.

2. REVENUE AND SEGMENT INFORMATION

Revenue is measured at fair value of the consideration received or receivable and represents the amounts received and receivable for goods sold and services provided net of discounts during the year.

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

For the year ended 31 March 2011

	Manufacture of watches *HK$*	Trading of watch movements *HK$*	Property development *HK$*	Property investment *HK$*	Eliminations *HK$*	Consolidated *HK$*
REVENUE						
External sales	209,981,260	1,005,506,028	48,136,421	1,745,418	—	1,265,369,127
Inter-segment sales	—	672,787	—	—	(672,787)	—
Total revenue	209,981,260	1,006,178,815	48,136,421	1,745,418	(672,787)	1,265,369,127
RESULT						
Segment result	9,926,891	25,400,690	(28,305,476)	148,403,002	—	155,425,107
Interest income						106,681
Unallocated other income						10,833,517
Unallocated other expenses						(29,030,369)
Finance costs						(20,380,190)
Share of results of associates						195,919,785
Profit before taxation						312,874,531
Income tax expenses						(28,962,107)
Profit for the year						283,912,424

For the year ended 31 March 2010

	Manufacture of watches HK$	Trading of watch movements HK$	Property development HK$	Property investment HK$	Eliminations HK$	Consolidated HK$
REVENUE						
External sales	203,712,125	798,570,694	51,994,555	59,426,537	—	1,113,703,911
Inter-segment sales	—	2,190,703	—	—	(2,190,703)	—
Total revenue	203,712,125	800,761,397	51,994,555	59,426,537	(2,190,703)	1,113,703,911
RESULT						
Segment result	10,173,023	19,967,323	(12,755,324)	60,494,745	—	77,879,767
Interest income						265,292
Unallocated other income						49,864,408
Unallocated other expenses						(21,400,960)
Finance costs						(15,321,717)
Share of results of associates						43,184,139
Share of results of jointly controlled entities						(398)
Profit before taxation						134,470,531
Income tax expenses						(12,754,218)
Profit for the year						121,716,313

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned by / loss from each segment without allocation of central administration costs, share of results of associates and jointly controlled entities, other income and finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and assessment of segment performance.

Inter-segment sales are charged at cost.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets

	31/03/2011	31/03/2010	01/04/2009
	HK$	*HK$*	*HK$*
Manufacture of watches	**145,939,888**	130,284,453	105,228,983
Trading of watch movements	**113,167,794**	108,386,332	91,143,324
Property development	**77,243,175**	119,807,852	133,542,505
Property investment	**1,213,807,212**	986,936,491	1,081,658,402
Total segment assets	**1,550,158,069**	1,345,415,128	1,411,573,214
Interests in associates	**340,232,644**	96,912,859	53,728,720
Amounts due from associates	**143,489,370**	143,489,370	142,049,370
Amounts due from jointly controlled entities	**120,386,628**	107,499,602	—
Unallocated	**558,424,670**	467,350,048	509,396,260
Consolidated assets	**2,712,691,381**	2,160,667,007	2,116,747,564

Segment liabilities

	31/03/2011	31/03/2010	01/04/2009
	HK$	*HK$*	*HK$*
Manufacture of watches	**55,049,597**	49,756,181	51,734,574
Trading of watch movements	**112,278,194**	109,740,822	51,058,576
Property development	**3,898,998**	10,213,060	37,252,574
Property investment	**41,807,195**	15,953,246	17,367,793
Total segment liabilities	**213,033,984**	185,663,309	157,413,517
Amount due to an associate	**7,020**	—	—
Unallocated	**1,276,097,487**	1,138,672,888	1,235,967,001
Consolidated liabilities	**1,489,138,491**	1,324,336,197	1,393,380,518

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, amounts due from associates and jointly controlled entities, available-for-sale investments, bank balances and cash, and other unallocated corporate assets; and

- all liabilities are allocated to reportable segments other than bank loans, tax payable, deferred tax liabilities and other unallocated corporate liabilities.

Other segment information

For the year ended 31 March 2011

	Manufacture of watches *HK$*	Trading of watch movements *HK$*	Property development *HK$*	Property investment *HK$*	Unallocated *HK$*	Consolidated *HK$*
Capital additions	**27,784,798**	**9,269,116**	**12,273**	**141,511,496**	**14,344,351**	**192,922,034**
Depreciation of property, plant and equipment	**11,102,567**	**8,436,968**	**506,105**	**4,321,446**	**8,499,493**	**32,866,579**
Amortisation of prepaid lease payments	**309,717**	**—**	**—**	**—**	**—**	**309,717**
Impairment loss recognised in respect of trade receivables	**7,435,192**	**—**	**—**	**—**	**—**	**7,435,192**
Impairment loss recognised in respect of other receivables	**211,004**	**—**	**—**	**—**	**—**	**211,004**
Reversals of inventories	**5,376,558**	**—**	**—**	**—**	**—**	**5,376,558**
Increase in fair value of investment properties	**—**	**—**	**—**	**140,103,509**	**—**	**140,103,509**
Gain on disposal of subsidiaries	**—**	**—**	**—**	**20,746,914**	**—**	**20,746,914**
Loss on disposal of property, plant and equipment	**—**	**239,931**	**—**	**—**	**—**	**239,931**

For the year ended 31 March 2010

	Manufacture of watches HK$	Trading of watch movements HK$	Property development HK$	Property investment HK$	Unallocated HK$	Consolidated HK$
Capital additions	23,412,133	13,494,410	1,184,220	162,736,831	7,585,033	208,412,627
Depreciation of property, plant and equipment	6,809,899	11,101,493	452,865	15,315	11,740,502	30,120,074
Amortisation of prepaid lease payments	414,732	—	—	—	—	414,732
Impairment loss recognised in respect of trade receivables	826	—	—	—	—	826
Impairment loss recognised in respect of other receivables	22,800	—	—	623,093	—	645,893
Loss on disposal of investment properties	—	—	—	1,690,209	—	1,690,209
Reversals of inventories	1,427,102	—	—	—	—	1,427,102
Increase in fair value of investment properties	—	—	—	57,000,846	—	57,000,846
Gain on disposal of property, plant and equipment	90,000	1,332,714	53,012	—	20,913,566	22,389,292

Geographical segments

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.

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets by geographical location of assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	Year ended 31/03/2011 ***HK$***	Year ended 31/03/2010 *HK$*	**31/03/2011** ***HK$***	31/03/2010 *HK$*
Hong Kong and the PRC	**1,043,337,152**	817,071,865	**1,806,684,902**	1,329,579,845
North America	**82,483,484**	149,783,105	**6,010,053**	6,175,327
Europe	**124,922,057**	136,489,554	**—**	—
Others	**14,626,434**	10,359,387	**—**	—
	1,265,369,127	1,113,703,911	**1,812,694,955**	1,335,755,172

Note: Non-current assets excluded available-for-sale investments.

3. OTHER INCOME AND GAINS

	Year ended 31/03/2011 *HK$*	Year ended 31/03/2010 *HK$*
Bank interest income	**106,681**	265,292
Gain on disposal of available-for-sale investments	**—**	37,643
Management fee income received from associates and jointly controlled entities	**4,280,660**	1,825,210
Net foreign exchange gain	**—**	22,746,780
Sundry income	**2,514,166**	2,842,339
	6,901,507	27,717,264

4. FINANCE COSTS

	Year ended 31/03/2011 *HK$*	Year ended 31/03/2010 *HK$*
Interest on:		
Bank loans and overdrafts		
- wholly repayable within five years	**18,530,001**	15,980,066
- not wholly repayable within five years	**5,567,372**	3,232,038
Obligations under finance leases	**416,009**	357,432
Total borrowing costs	**24,513,382**	19,569,536
Less: Amount capitalised to investment properties	**(4,133,192)**	(4,247,819)
	20,380,190	15,321,717

5. PROFIT BEFORE TAXATION

	Year ended 31/03/2011 *HK$*	Year ended 31/03/2010 *HK$*
Profit before taxation has been arrived at after charging:		
Staff costs including directors' emoluments	**135,081,005**	95,883,772
Less: Amount capitalised to investment properties	**(17,211,680)**	(18,540,250)
	117,869,325	77,343,522
Depreciation of property, plant and equipment	**32,866,579**	30,120,074
Amortisation of prepaid lease payments	**309,717**	414,732
Auditors' remuneration	**1,833,202**	1,509,900
Cost of inventories recognised as an expense	**997,122,458**	876,836,095
Impairment loss recognised in respect of other receivables (included in administrative expenses on consolidated income statement)	**211,004**	645,893
Impairment loss recognised in respect of trade receivables (included in administrative expenses on consolidated income statement)	**7,435,192**	826
Loss on disposal of investment properties	**—**	1,690,209
Loss on disposal of property, plant and equipment	**239,931**	—
Loss on fair value changes of derivative financial instruments	**8,576,032**	8,108,365
Minimum lease payments for operating leases in respect of land and buildings	**7,945,208**	9,906,128
Net foreign exchange loss	**6,267,842**	—
Reversals of inventories	**(5,376,558)**	(1,427,102)
and after crediting:		
Gross rental income from investment properties	**1,745,418**	1,648,239
Less: Outgoings	**(595,866)**	(787,314)
Net rental income from investment properties	**1,149,552**	860,925

Minimum lease payments for operating leases in respect of staff quarters amounting to HK$5,163,142 (Year ended 31 March 2010: HK$1,474,784) are included in staff costs.

6. INCOME TAX EXPENSES

	Year ended 31/03/2011 *HK$*	Year ended 31/03/2010 *HK$*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**2,567,000**	1,750,000
Underprovision in prior years	**5,937,994**	350,959
	8,504,994	2,100,959
Other jurisdictions		
Current year	**17,404**	493,030
Overprovision in prior years	**(2,591,198)**	(497,610)
	5,931,200	2,096,379
Deferred tax liabilities		
Current year	**23,030,907**	10,657,839
	28,962,107	12,754,218

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (for both years). Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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% from 1 January 2008 onwards.

7. 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:

Earnings	Year ended 31/03/2011 *HK$*	Year ended 31/03/2010 *HK$*
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**283,912,424**	121,716,313

Number of shares	Year ended 31/03/2011	Year ended 31/03/2010
Weighted average number of ordinary shares for the purpose of basic earnings per share	**969,079,079**	972,312,706
Effect of dilutive potential ordinary shares:		
Share options	**1,949,636**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**971,028,715**	972,312,706

The computation of diluted earnings per share for the year ended 31 March 2010 does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price for shares.

8. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Bills receivables with full recourse of HK$7,778,724 (31 March 2010: HK$8,100,000, 1 April 2009: HK$9,000,000) 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 of doubtful debts of HK$30,820,714 (31 March 2010: HK$37,485,105, 1 April 2009: HK$35,144,489) with an aged analysis as follows:

The Group	31/03/2011 *HK$*	31/03/2010 *HK$*	01/04/2009 *HK$*
Within 30 days	**21,318,112**	28,650,067	29,991,792
31 to 90 days	**2,302,537**	3,318,925	3,485,585
91 to 180 days	**3,197,544**	2,847,348	1,661,753
Over 180 days	**4,002,521**	2,668,765	5,359
	30,820,714	37,485,105	35,144,489

9. BILLS PAYABLES, TRADE PAYABLES, CUSTOMERS' DEPOSITS AND ACCRUED EXPENSES

Included in bills payables, trade payables, customers' deposits and accrued expenses are trade payables of HK$116,937,871 (31 March 2010: HK$123,308,380, 1 April 2009: HK$59,539,237) with an aged analysis as follows:

The Group	**31/03/2011**	31/03/2010	01/04/2009
	HK$	*HK$*	*HK$*
Within 30 days	**66,898,990**	89,950,677	35,280,928
31 to 90 days	**43,637,224**	32,054,137	18,505,497
91 to 180 days	**4,795,941**	968,422	1,397,844
Over 180 days	**1,605,716**	335,144	4,354,968
	116,937,871	123,308,380	59,539,237

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.

10. DIVIDEND

The final dividend of 4.0 HK cents which is payable in cash with a scrip dividend option for the year ended 31 March 2011 (Year ended 31 March 2010: 1.5 HK cents) per share has 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 4.0 HK cents per share (2010: 1.5 HK cents per share) payable to the shareholders whose names on the Register of Members of the Company on Monday, 22 August 2011 has been proposed by the Board (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid in cash, with an option to elect to receive newly issued shares of the Company in lieu of all or part of the cash dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be conditional upon (i) shareholders' approval of the Proposed Final Dividend at the Company's forthcoming annual general meeting (the "2011 AGM") to be held on Thursday, 11 August 2011; and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the five trading days prior to and including 22 August 2011. Full details of the Scrip Dividend Scheme will be set out in a circular, which will be sent to shareholders of the Company together with a form of election on or around 30 August 2011. Dividends warrants and/or new shares certificates will be posted on or around 26 September 2011.

The Register of Members of the Company will be closed from Thursday, 4 August 2011 to Thursday, 11 August 2011 (both days inclusive) and from Thursday, 18 August 2011 to Monday, 22 August 2011 (both days inclusive) respectively, during which period no transfer of shares will be registered.

In order to be eligible to attend and vote at the 2011 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, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 3 August 2011.

In order to qualify for the Proposed Final 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, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 17 August 2011.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31 March 2011 was HK$283,912,424 (2010: HK$121,716,313). The basic and diluted earnings per share of the Company for the year ended 31 March 2011 were 29.3 HK cents per share and 29.2 HK cents per share respectively (2010: 12.5 HK cents per share both (basic and diluted)).

BUSINESS REVIEW

Watches and watch components

During the period under review, despite the increase in labour cost in China and the appreciation of the RMB and the Japanese Yen against the US$, the Group's watch manufacturing division was able to maintain its turnover and profit margin. Meanwhile, due to the market's high demand for multi-function analogue quartz movements, the turnover of the Group's watch component trading division enjoyed increased turnover with stable profit margins.

Property development and investment

During the year under review, the Group disposed of the remaining two units at One St Thomas Residences in Toronto, Canada.

In addition, the Group entered into an agreement with a wholly owned subsidiary of a real estate fund managed by J.P. Morgan Asset Management. On 30 March 2011, the Group disposed 60.5% of its shares held in Mercato Group Limited which indirectly owned the boutique hotel development at 21 Whitfield Road, Hong Kong for a total consideration of HK$72,600,000. Please refer to the announcement of the Company dated 31 March 2011 for further details in relation to this transaction.

The construction work for the joint venture grade A office building with Apollo Global Real Estate Management located at 50 Connaught Road Central, Hong Kong was recently completed.

The valuation gain on the investment properties as at 31 March 2011 was very satisfactory.

PROSPECTS

Watches and watch components

Due to the catastrophic earthquake and tsunami that hit eastern Japan on 11 March 2011, the supply of watch components for our watch component's trading division was temporarily disrupted but started to return to normal in the month of June 2011. As the Group normally maintains a healthy level of inventory, the financial impact on its watch component trading division was relatively small. As regards the Group's watch division, the supply of certain Japan-made integrated circuits (IC) to us was interrupted which in turn caused delay of the delivery of our watch products to some of our customers.

As the outlook of demand from the US and Europe is still expected to be slow for the rest of the financial year ending 31 March 2012, the Group will continue its strategy in high function watches and watch components to maintain the performance of these divisions.

Property development and investment

Overseas

For the Sultan Street property (Toronto, Canada), the Group is currently applying to the city for rezoning the site's usage to office use.

For the Highway 7 site (Toronto, Canada), the Group is, together with neighboring property owners, negotiating with the local authorities for the construction work to connect services with the city's main trunking lines.

Local

On 27 April 2011, the Group entered into a provisional agreement (and subsequently on 12 May 2011 entered into a formal Sale and Purchase agreement) to dispose of an investment property located at 22nd Floor, Century Tower II, No.1 and 1A Tregunter Path, Hong Kong and a car parking space on Level 1, Century Tower, Nos. 1 and 1A, Tregunter Path, Hong Kong for a total consideration of HK$128,000,000.

The Group entered into two agreements with two wholly owned subsidiaries of a real estate fund managed by J.P. Morgan Asset Management.

On 7 June 2011, the Group disposed 73% of its shares held in Smart Plus Group Limited which indirectly owned the boutique hotel development at 87-89 Jervois Street, Hong Kong for a total consideration of HK$110,960,000.

On 7 June 2011, the Group disposed 73% of its shares held in Ally Vantage Limited which indirectly owned the boutique hotel development at 99-103 Bonham Street and 127 Wing Lok Street, Hong Kong for a total consideration of HK$140,160,000.

Please refer to the announcements of the Company dated 27 April 2011 and 3 June 2011 for further details in relation to the above mentioned transactions.

The progress of the Group's joint venture boutique hotel projects with a real estate fund managed by J.P. Morgan Asset Management are as follows:-

1. No. 87-89 Jervois Street Hong Kong — Occupancy permit has been issued and the hotel is scheduled to be opened during the fourth quarter of 2011;

2. No. 21 Whitfield Road is scheduled to be completed around the first quarter of 2012; and

3. No. 99-103 Bonham Strand and 127 Wing Lok Street is scheduled to be completed during the second quarter of 2012.

As regards the joint venture development with a real estate fund managed by J.P. Morgan Asset Management for luxurious houses at 45 Tai Tam Road, the project is progressing on schedule and the site excavation work has commenced.

The result of the leasing programme for the grade A commercial investment project developed by the Group and Apollo Global Real Estate Management at 50 Connaught Road Central, Hong Kong grade A commercial investment project is very satisfactory.

The Group is maintaining its holding at 194-196 Queen's Road Central, Hong Kong which is scheduled to be completed by the third quarter of 2012.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2011, the Group's total borrowings were approximately HK$1,151 million, representing an increase of approximately HK$76 million from last year. The maturity profile spreads over a period of 30 years, with approximately HK$545 million repayable within one year, approximately HK$338 million within two to five years and HK$268 million beyond five years.

At the year end date, the Group's gearing ratio was 0.50 (2010: 0.56) which is calculated based on the Group's long-term borrowings of approximately HK$606 million (2010: HK$469 million) and shareholders' funds of approximately HK$1,224 million (2010: HK$836 million).

As at 31 March 2011, the Group's total bank balances and cash was approximately HK$175 million (2010: HK$135 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 2011, 74% of the Group's borrowings was in HK$, 8% in US$, 11% in JPY, 1% in EUR and 6% in CAD. As at 31 March 2011, 65% of the Group's bank balances and cash was in HK$, 12% in US$, 7% in CAD, 12% in JPY, 3% in EUR and 1% 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 2011, certain properties of the Group of approximately HK$1,530 million (2010: HK$1,337 million) were pledged to secure banking facilities for the Group.

Employees

As at 31 March 2011, the Group employed approximately 1,900 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including directors' emoluments amounted to HK$135 million (2010: HK$96 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 4,700,000 (2010: 472,000) 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$0.1 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$*
April 2010	20,000	0.550	0.550	11,112
August 2010	4,680,000	0.610	0.590	2,818,265
	4,700,000			2,829,377

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 31 March 2011.

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 31 March 2011 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, 27 June 2011

As at the date of this announcement, the executive Directors of the Company 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 of the Company is Ms. 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.