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NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2009

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 2009 and the consolidated balance sheet as at 31 March 2009 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	<i>NOTES</i>	2009 <i>HK\$</i>	2008 <i>HK\$</i>
Revenue	2	2,301,703,974	1,256,702,994
Cost of sales		(2,040,409,548)	(1,062,107,895)
Gross profit		261,294,426	194,595,099
Other income	3	5,648,616	11,328,737
Increase in fair value of investment properties		62,972,951	111,796,048
Gain on disposal of investment properties		—	55,102,767
Impairment loss recognised in respect of properties under development for sale		(46,628,663)	—
Distribution costs		(7,793,323)	(7,945,828)
Administrative expenses		(146,100,759)	(108,112,983)
Finance costs	4	(27,525,838)	(31,768,680)
Share of results of associates		35,677,947	1,609,582
Profit before taxation	5	137,545,357	226,604,742
Income tax expenses	6	(28,713,871)	(14,955,963)
Profit for the year		108,831,486	211,648,779
Earnings per share – Basic and diluted	7	11.1 HK cents	20.9 HK cents
Dividend per share			
– Final dividend proposed after the balance sheet date		1.5 HK cents	2.0 HK cents

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2009

	NOTES	2009 HK\$	2008 HK\$
Non-current assets			
Investment properties		1,045,505,000	880,020,039
Property, plant and equipment		118,266,700	100,549,321
Prepaid lease payments		252,233,362	262,321,527
Interests in associates		53,728,720	18,050,773
Available-for-sale investments		16,000,000	23,180,000
		<u>1,485,733,782</u>	<u>1,284,121,660</u>
Current assets			
Inventories		98,946,597	153,537,569
Prepaid lease payments		4,291,278	4,443,812
Investment held for trading		4,071,034	4,099,115
Inventory of unsold properties		170,767,133	28,514,155
Properties under development for sale		—	1,241,831,573
Deposits held in trust for property under development for sale		—	43,435,147
Bills receivables	8	9,000,000	12,000,000
Trade receivables, deposits and prepayments	8	61,212,391	113,040,917
Amounts due from associates		142,049,370	140,079,370
Tax recoverable		1,126,683	558,225
Bank balances and cash		139,549,296	91,950,237
		<u>631,013,782</u>	<u>1,833,490,120</u>
Current liabilities			
Trade payables and accrued expenses	9	109,188,218	189,770,481
Bills payables	9	37,733,076	79,575,635
Tax liabilities		16,674,191	1,317,983
Derivative financial instruments		5,695,010	457,012
Obligations under finance leases		3,494,980	3,705,623
Deposits received from sale of properties under development		—	448,301,219
Bank loans		444,464,657	1,034,104,990
		<u>617,250,132</u>	<u>1,757,232,943</u>
Net current assets		<u>13,763,650</u>	<u>76,257,177</u>
Total assets less current liabilities		<u><u>1,499,497,432</u></u>	<u><u>1,360,378,837</u></u>

	2009 HK\$	2008 HK\$
Capital and reserves		
Share capital	97,260,193	99,851,793
Reserves	626,106,853	568,744,841
	<hr/>	<hr/>
Total equity	723,367,046	668,596,634
	<hr/>	<hr/>
Non-current liabilities		
Provision for long service payments	3,571,179	3,687,257
Derivative financial instruments	11,347,375	—
Obligations under finance leases	3,492,691	4,351,759
Bank loans	726,883,327	662,884,770
Deferred tax liabilities	30,835,814	20,858,417
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	776,130,386	691,782,203
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	1,499,497,432	1,360,378,837
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Notes:

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

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the 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 not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of Financial Statements ³
HKAS 23 (Revised)	Borrowing Costs ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁵
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ³
HKAS 39 (Amendment)	Eligible Hedged Items ⁵
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ³
HKFRS 1 (Revised)	First-time Adoption of HKFRS ⁵
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ³
HKFRS 3 (Revised)	Business Combinations ⁵
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ³
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁴
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁶
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ³
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ⁷
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners ⁵
HK(IFRIC)-Int 18	Transfers of Assets from Customers ⁸

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
- ³ Effective for annual periods beginning on or after 1 January 2009
- ⁴ Effective for annual periods ending on or after 30 June 2009
- ⁵ Effective for annual periods beginning on or after 1 July 2009
- ⁶ Effective for annual periods beginning on or after 1 July 2008
- ⁷ Effective for annual periods beginning on or after 1 October 2008
- ⁸ Effective for transfers of assets from customers received on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Basis of preparation:

The 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 financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the 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.

2. REVENUE AND SEGMENT 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.

2009

	Manufacture of watches	Trading of watch movements	Property development	Property investment	Eliminations	Consolidated
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
REVENUE						
External sales	253,781,020	772,552,529	1,271,080,696	4,289,729	—	2,301,703,974
Inter-segment sales	—	922,608	51,099,863	—	(52,022,471)	—
Total revenue	<u>253,781,020</u>	<u>773,475,137</u>	<u>1,322,180,559</u>	<u>4,289,729</u>	<u>(52,022,471)</u>	<u>2,301,703,974</u>
Inter-segment sales are charged at cost.						
RESULT						
Segment result	<u>10,332,232</u>	<u>20,426,357</u>	<u>94,210,868</u>	<u>62,088,825</u>	<u>—</u>	187,058,282
Interest income						1,451,748
Unallocated net other income						3,798,039
Unallocated other expenses						(62,914,821)
Finance costs						(27,525,838)
Share of results of associates	—	—	—	35,677,947	—	<u>35,677,947</u>
Profit before taxation						137,545,357
Income tax expenses						<u>(28,713,871)</u>
Profit for the year						<u>108,831,486</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	105,228,983	91,143,324	133,542,505	1,081,658,402	—	1,411,573,214
Interests in associates						53,728,720
Amounts due from associates						142,049,370
Unallocated corporate assets						509,396,260
Consolidated total assets						<u>2,116,747,564</u>
LIABILITIES						
Segment liabilities	51,734,574	51,058,576	37,252,574	17,367,793	—	157,413,517
Unallocated corporate liabilities						1,235,967,001
Consolidated total liabilities						<u>1,393,380,518</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	16,703,021	3,496,881	31,000	95,620,184	—	115,851,086
Depreciation of property, plant and equipment	6,351,088	12,078,553	322,924	3,781,313	11,753	22,545,631
Amortisation of prepaid lease payments	763,001	3,633,646	—	—	—	4,396,647
Impairment loss recognised in respect of properties under development for sale	—	—	46,628,663	—	—	46,628,663
Impairment loss recognised in respect of trade receivables	873,257	590,000	—	—	—	1,463,257
Impairment loss recognised in respect of other receivables	182,013	—	—	—	—	182,013
Write-down of inventories	2,607,564	—	—	—	540,640	3,148,204
Increase in fair value of investment properties	—	—	—	62,972,951	—	62,972,951
Loss/(gain) on disposal of property, plant and equipment	(168,712)	113,566	—	399,036	40,602	384,492

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
Impairment loss recognised in respect of trade receivables	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

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:

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Hong Kong and the PRC	786,854,475	953,627,883
North America	1,355,346,344	141,378,858
Europe	141,354,292	154,291,017
Others	18,148,863	7,405,236
	<u>2,301,703,974</u>	<u>1,256,702,994</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:

2009

	Carrying amount of segment assets	Additions to investment properties	Additions to property, plant and equipment
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Hong Kong and the PRC	1,186,501,246	73,683,861	42,167,225
North America	225,071,968	—	—
Total segment assets	<u>1,411,573,214</u>	<u>73,683,861</u>	<u>42,167,225</u>

2008

	Carrying amount of segment assets	Additions to investment properties	Additions to property, plant and equipment
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
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
Total segment assets	<u>2,489,028,683</u>	<u>715,439,800</u>	<u>48,668,089</u>

3. OTHER INCOME

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Bank interest income	1,451,748	3,535,747
Dividend income from unlisted investments	12,121	591,388
Gain on disposal of property, plant and equipment	—	1,048,553
Management fee income received from associates	1,661,480	2,177,909
Sundry income	2,523,267	3,975,140
	<u>5,648,616</u>	<u>11,328,737</u>

4. FINANCE COSTS

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Interest on:		
Amount due to a related party	—	24,841
Bank loans and overdrafts		
– wholly repayable within five years	30,084,357	71,989,193
– not wholly repayable within five years	8,834,039	3,329,214
Obligations under finance leases	411,960	451,048
Total borrowing costs	39,330,356	75,794,296
Less: Amount capitalised to properties under development for sale	(5,524,221)	(44,025,616)
Less: Amount capitalised to investment properties	(6,280,297)	—
	<u>27,525,838</u>	<u>31,768,680</u>

Borrowing costs capitalised during the year ended 31 March 2008 are calculated by applying a capitalisation rate of 8% per annum to expenditure on properties under development for sale.

5. PROFIT BEFORE TAXATION

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	22,545,631	19,564,045
Less: Amount capitalised to properties under development for sale	(81,729)	(163,266)
	<u>22,463,902</u>	<u>19,400,779</u>
Staff costs including directors' emoluments	108,291,713	110,166,238
Less: Amount capitalised to properties under development for sale	(6,128,800)	(216,914)
Less: Amount capitalised to investment properties	(20,854,508)	(15,804,500)
	<u>81,308,405</u>	<u>94,144,824</u>
Amortisation of prepaid lease payments	4,396,647	1,877,130
Auditors' remuneration	1,517,096	1,429,861
Cost of inventories recognised as an expense	2,037,261,344	1,058,142,372
Impairment loss recognised in respect of other receivables	182,013	—
Impairment loss recognised in respect of trade receivables	1,463,257	273,943
Loss on disposal of property, plant and equipment	384,492	—
Loss on fair value changes of derivative financial instruments	17,042,385	457,012
Loss on fair value changes of investment held for trading	—	376,462
Minimum lease payments for operating leases in respect of land and buildings	6,425,054	1,047,939
Net foreign exchange loss	39,667,519	6,704,235
Write-down of inventories	3,148,204	3,965,523
and after crediting:		
Fair value gain from equity on disposal of available-for-sale investments	490,000	—
Gain on fair value changes of investment held for trading	644,693	—
Gross rental income from investment properties	4,331,078	5,633,725
Less: Outgoings	(831,425)	(1,135,187)
Net rental income from investment properties	<u>3,499,653</u>	<u>4,498,538</u>

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$437,733 (2008: HK\$3,779,495) are included in staff costs.

6. INCOME TAX EXPENSES

	<u>2009</u>	<u>2008</u>
	<i>HK\$</i>	<i>HK\$</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	891,883	903,607
Overprovision in prior years	(157,368)	(328,853)
	734,515	574,754
Other jurisdictions - current year	18,001,959	—
	18,736,474	574,754
Deferred tax liabilities		
Current year	11,169,307	14,381,209
Attributable to a change in tax rate	(1,191,910)	—
Taxation attributable to the Company and its subsidiaries	<u>28,713,871</u>	<u>14,955,963</u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

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

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards.

7. EARNINGS PER SHARE

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

	2009	2008
	HK\$	HK\$
Earnings for the purpose of basic earnings per share	108,831,486	211,648,779
	Number of shares	
	2009	2008
Weighted average number of ordinary shares for the purpose of basic earnings per share	984,257,840	1,013,412,382

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\$9,000,000 (2008: HK\$12,000,000) 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\$35,144,489 (2008: HK\$53,692,129) with an aged analysis as follows:

The Group

	2009	2008
	HK\$	HK\$
Within 30 days	29,991,792	50,728,763
31 to 90 days	3,485,585	1,897,707
91 to 180 days	1,661,753	873,516
Over 180 days	5,359	192,143
	35,144,489	53,692,129

At 31 March 2009, trade receivables included an amount of approximately HK\$11,000,000 (2008: HK\$16,800,000) receivable from a major customer.

Included in the Group's trade receivable balance are debtors with a carrying amount of HK\$2,600,826 (2008: HK\$1,102,607) 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 120 days (2008: 127 days).

Ageing of trade receivables which are past due but not impaired

The Group

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
31 to 90 days	1,000,562	266,704
91 to 180 days	1,594,905	835,903
Over 180 days	5,359	—
	2,600,826	1,102,607

Movement in the allowance for doubtful debts

The Group

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Balance at beginning of the year	2,194,951	2,226,113
Impairment losses recognised on receivables	1,463,257	273,943
Amounts recovered during the year	(6,950)	—
Amounts written off as uncollectible	—	(305,105)
Balance at end of the year	3,651,258	2,194,951

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of HK\$3,651,258 (2008: HK\$2,194,951) 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

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
91 to 180 days	590,000	37,806
Over 180 days	3,061,258	2,157,145
	3,651,258	2,194,951

9. BILLS PAYABLES, TRADE PAYABLES AND ACCRUED EXPENSES

Included in bills payables, trade payables and accrued expenses are trade payables of HK\$59,539,237 (2008: HK\$112,910,976) with an aged analysis as follows:

The Group

	2009	2008
	<i>HK\$</i>	<i>HK\$</i>
Within 30 days	35,280,928	77,365,304
31 to 90 days	18,505,497	29,562,340
91 to 180 days	1,397,844	1,819,875
Over 180 days	4,354,968	4,163,457
	59,539,237	112,910,976

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 1.5 HK cents per share (2008: 2.0 HK cents per share) payable to the shareholders whose names on the register of members of the Company on Friday, 14 August 2009 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 Friday, 14 August 2009 to Friday, 21 August 2009 (both days inclusive) during which period no transfer of shares will be registered.

In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars and Transfer Office in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 13 August 2009. Dividends are expected to be paid on Tuesday, 8 September 2009.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31 March 2009 was HK\$108,831,486 (2008: HK\$211,648,779). The earnings per share of the Company for the year ended 31 March 2009 was 11.1 HK cents per share (2008: 20.9 HK cents per share).

BUSINESS REVIEW

Watches and watch components

During the year under review, both turnover and profit for the Group's watch manufacturing division have decreased. At the same time, the sales revenue for the Group's watch component trading division was slightly reduced and the profit margin has narrowed. The reason is mainly due to the severe adverse impact on the world economy from the Global Financial Tsunami that first surfaced in the U.S.A. during the fourth quarter of 2008.

Property development and investment

During the year under review, the Group has recorded a substantial increase on sales revenue due to the final completion of sales of approximately 90 percent of the residential condominium units of the Group's One St. Thomas project in Toronto, Canada. The result was satisfactory.

PROSPECTS

Watches and watch components

As the world market continues to be weak after the Global Financial Crisis, the Group is cautious with its factory relocation plan to Nanning, Guan Xi for its watch manufacturing division and has taken measures to slow down the preparations for the move. In the meantime, in order to protect profit margin, our watch division has further streamlined its current staff and labour force as well as its factory overhead in the existing manufacturing facilities at Kuming, Shenzhen. On the other hand, new higher margin health and exercise related non-watch products are being engineered and will be launched for the 2010 sales campaign.

Property development and investment

Overseas

The Group will continue to market the remaining units of the One St. Thomas residential project in Toronto, Canada. Concurrently, the Group is working on a redevelopment plan for the Group's adjoining property to One St. Thomas, located at Sultan Street, Toronto, Canada.

Local

The construction work for the Group's Joint Venture project with Citi Property Investors at 137-138 Connaught Road West, Hong Kong was completed and this boutique hotel is expected to be ready for opening by the third quarter of 2009.

The foundation work of the Group's 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 in progress and it is expected that the project will be completed by early 2011.

The foundation work of the Group's boutique hotel project at 21 Whitfield Road, Causeway Bay, Hong Kong was completed and the pile cap for superstructure work has commenced. The Group targets to complete the building by the third quarter of 2010.

Likewise, the foundation works of the Group's project at 87 & 89 Jervois Street and Nos. 99, 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong have been completed and the superstructure work will commence shortly. The Group expects the completion for these two boutique hotels to be around the second half of 2010.

The Group will soon start the excavation and piling work on No.194-196 Queen's Road Central, Hong Kong and the Group aims to complete this new boutique hotel by early 2012.

As per the announcements made on 23, 29 and 30 April 2009, and 22 June 2009, the Group has, after the year end, disposed of the following properties:-

1. 29 High Point Road, Toronto, Canada;
2. Nos. 459-461 Lockhart Road, Causeway Bay, Hong Kong;
3. House No. 1, Abergeldie, 52 Plantation Road, Hong Kong; and
4. 13th Floor, 17th Floor and Car Parking Space No. 16 on Ground Floor, Shing Dao Industrial Building, No. 232 Aberdeen Main Road, Hong Kong.

The Group is currently seeking residential development opportunities in Hong Kong.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2009, the Group's total borrowings were approximately HK\$1,171 million, representing a decrease of approximately HK\$526 million from last year. The maturity profile spreads over a period of 30 years, with approximately HK\$444 million repayable within one year, approximately HK\$430 million within two to five years and approximately HK\$297 million beyond five years.

As at 31 March 2009, the Group's gearing ratio was 1.00 (2008: 0.99) which is calculated based on the Group's long-term borrowings of approximately HK\$726 million and shareholders' funds of approximately HK\$723 million.

As at 31 March 2009, the Group's total bank balances and cash was approximately HK\$140 million (2008: HK\$92 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 2009, 78% of the Group's borrowings was in HK\$, 6% in US\$, 5% in JPY and 11% in CAD.

As at 31 March 2009, 39% of the Group's bank balances and cash was in HK\$, 11% in US\$, 4% in RMB, 43% in CAD and 3% in others.

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. Any acquisition will be funded by internal resources of the Group and bank borrowings.

Charges on assets

As at 31 March 2009, certain properties of the Group of approximately HK\$1,480 million (2008: HK\$2,425 million) were pledged to secure banking facilities for the Group.

Employees

As at 31 March 2009, the Group employed approximately 1,800 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including directors' emoluments amounted to approximately HK\$108 million (2008: HK\$110 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 25,916,000 (2008: 34,996,000) 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 2008	3,380,000	0.520	0.485	1,692,663
May 2008	1,462,000	0.530	0.510	762,253
June 2008	1,254,000	0.550	0.540	689,146
July 2008	50,000	0.530	0.520	26,730
August 2008	808,000	0.490	0.465	386,627
September 2008	3,728,000	0.480	0.400	1,678,268
October 2008	11,194,000	0.405	0.260	3,460,863
November 2008	2,674,000	0.315	0.300	824,270
December 2008	100,000	0.310	0.310	31,134
January 2009	312,000	0.300	0.285	94,213
February 2009	638,000	0.300	0.285	187,749
March 2009	316,000	0.300	0.290	95,045
	<u>25,916,000</u>			<u>9,928,961</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 31 March 2009.

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 2009 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, 20 July 2009

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.