

NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2007

RESULTS

The board (the “Board”) of directors (“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, 2007 and the consolidated balance sheet as at 31st March, 2007 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2007

	NOTES	2007 HK\$	2006 HK\$
Revenue	2	1,066,224,323	1,045,505,970
Cost of sales		(949,730,533)	(950,112,380)
Gross profit		116,493,790	95,393,590
Other income	3	10,165,112	3,134,439
Increase in fair value of investment properties		35,508,189	16,000,000
Distribution costs		(8,049,545)	(8,446,224)
Administrative expenses		(92,819,771)	(67,072,947)
Other expenses		(20,583,279)	—
Finance costs	4	(22,879,746)	(14,986,831)
Gain on disposal of subsidiaries		89,298,098	37,912,580
Loss on dissolution of an associate		(5,364)	—
Share of results of associates		13,427,803	(8,179)
Share of results of jointly controlled entities		—	(1,410)
Profit before taxation	5	120,555,287	61,925,018
Income tax expenses	6	(7,288,817)	(1,820,256)
Profit for the year		113,266,470	60,104,762
Earnings per share - Basic	7	10.7 HK cents	5.5 HK cents

CONSOLIDATED BALANCE SHEET

AT 31ST MARCH, 2007

	<i>NOTES</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Non-current assets			
Investment properties		345,000,000	166,000,000
Property, plant and equipment		72,073,736	68,951,429
Prepaid lease payments		42,457,834	42,411,871
Deposits held in trust for property under development for sale		—	69,658,709
Deposit paid for acquisition of a property		18,000,000	—
Interests in associates		13,427,803	31,564
Available-for-sale investments		17,820,000	13,615,000
		<u>508,779,373</u>	<u>360,668,573</u>
Current assets			
Inventories		155,891,724	185,317,344
Prepaid lease payments		639,204	624,626
Investment held for trading		3,936,786	3,827,671
Inventory of unsold properties		100,739,388	126,282,153
Properties under development for sale		830,940,024	635,083,626
Deposits held in trust for property under development for sale		5,703,533	—
Bills receivables	8	11,000,000	10,422,991
Trade receivables, deposits and prepayments	8	100,816,895	123,364,878
Amounts due from associates		17,464,354	1,144,399
Tax recoverable		1,272,990	767,333
Bank balances and cash		188,641,735	119,157,381
		<u>1,417,046,633</u>	<u>1,205,992,402</u>

	<i>NOTES</i>	2007 <i>HK\$</i>	2006 <i>HK\$</i>
Current liabilities			
Trade payables and accrued expenses	9	164,309,200	147,900,811
Bills payables	9	88,401,894	75,904,757
Amount due to an associate		—	16,987
Amount due to a related party		2,216,099	7,556,135
Taxation payable		780	470
Derivative financial instruments		840,864	1,320,498
Obligations under finance leases		2,548,094	2,882,947
Deposits received from sale of properties under development		162,636,657	—
Bank loans		660,303,841	217,020,225
Bank overdrafts		—	262,792
		<u>1,081,257,429</u>	<u>452,865,622</u>
Net current assets		<u>335,789,204</u>	<u>753,126,780</u>
Total assets less current liabilities		<u><u>844,568,577</u></u>	<u><u>1,113,795,353</u></u>
Capital and reserves			
Share capital		103,351,393	107,590,393
Reserves		402,264,366	318,147,906
		<u>505,615,759</u>	<u>425,738,299</u>
Non-current liabilities			
Provision for long service payments		3,779,297	4,361,984
Obligations under finance leases		3,040,796	4,790,361
Bank loans		325,655,517	546,380,630
Deposits received from sale of properties under development		—	131,130,989
Deferred tax liabilities		6,477,208	1,393,090
		<u>338,952,818</u>	<u>688,057,054</u>
		<u><u>844,568,577</u></u>	<u><u>1,113,795,353</u></u>

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are either effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006. 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 not early applied the following new or revised standards, amendment or interpretations that have been issued but are not yet effective. 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.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 8	Scope of HKFRS 2 ³
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions ⁶
HK(IFRIC)-Int 12	Service Concession Arrangements ⁷

¹ Effective for annual periods beginning on or after 1st January, 2007

² Effective for annual periods beginning on or after 1st January, 2009

³ Effective for annual periods beginning on or after 1st May, 2006

⁴ Effective for annual periods beginning on or after 1st June, 2006

⁵ Effective for annual periods beginning on or after 1st November, 2006

⁶ Effective for annual periods beginning on or after 1st March, 2007

⁷ Effective for annual periods beginning on or after 1st January, 2008

2. 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, as explained in the accounting policies set out below

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

2007

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
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 other income						4,872,405
Unallocated corporate 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 result of associates	—	—	—	13,427,803	—	13,427,803
Profit before taxation						120,555,287
Income tax expenses						(7,288,817)
Profit for the year						<u>113,266,470</u>

BALANCE SHEET

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
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
Amount due from associates						17,464,354
Unallocated corporate assets						283,572,496
						<hr/>
Consolidated total assets						1,925,826,006
						<hr/>
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
						<hr/>
Consolidated total liabilities						1,420,210,247
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OTHER INFORMATION

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Unallocated HK\$	Consolidated HK\$
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
Increase in fair value in investment properties	—	—	—	35,508,190	—	35,508,190
Gain on disposal of property, plant and equipment	—	137,372	130,000	—	—	267,372
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2006

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
REVENUE						
External sales	439,745,203	600,890,070	424,492	4,446,205	—	1,045,505,970
Inter-segment sales	—	11,462,014	—	—	(11,462,014)	—
Total revenue	<u>439,745,203</u>	<u>612,352,084</u>	<u>424,492</u>	<u>4,446,205</u>	<u>(11,462,014)</u>	<u>1,045,505,970</u>
Inter-segment sales are charged at cost						
RESULT						
Segment result	<u>22,689,415</u>	<u>991,303</u>	<u>(6,123,179)</u>	<u>20,196,720</u>	<u>—</u>	<u>37,754,259</u>
Interest income						643,523
Unallocated other income						6,915,750
Unallocated corporate expenses						(6,304,674)
Finance costs						(14,986,831)
Gain on disposal of subsidiaries	—	—	37,912,580	—	—	37,912,580
Share of results of associates	—	—	(3,200)	(4,979)	—	(8,179)
Share of results of jointly controlled entities	—	—	(1,410)	—	—	(1,410)
Profit before taxation						61,925,018
Income tax expenses						(1,820,256)
Profit for the year						<u>60,104,762</u>

BALANCE SHEET

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Eliminations HK\$	Consolidated HK\$
ASSETS						
Segment assets	234,327,016	126,378,321	723,339,159	297,953,002	—	1,381,997,498
Interest in an associate						31,564
Amount due from an associate						1,144,399
Unallocated corporate assets						183,487,514
Consolidated total assets						<u>1,566,660,975</u>
LIABILITIES						
Segment liabilities	83,959,174	80,741,193	182,114,942	4,035,614	—	350,850,923
Amount due to an associate						16,987
Amount due to a related party						7,556,135
Unallocated corporate liabilities						782,498,631
Consolidated total liabilities						<u>1,140,922,676</u>

OTHER INFORMATION

	Manufacture of watches HK\$	Trading of watch movements HK\$	Property development HK\$	Property investment HK\$	Unallocated HK\$	Consolidated HK\$
Capital additions	13,472,034	4,934,698	—	5,037	—	18,411,769
Depreciation of property, plant and equipment	7,893,463	3,982,498	406,081	1,667,693	16,027	13,965,762
Amortisation of prepaid lease payments	313,225	—	—	311,401	—	624,626
Increase in fair value in investment properties	—	—	—	16,000,000	—	16,000,000
(Gain) loss on disposal of property, plant and equipment	(29,630)	(144,032)	—	3,451	—	(170,211)

Geographical segments

The Group's operations are located in Hong Kong, North America and Europe

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

	Sales revenue by geographical market	
	2007	2006
	HK\$	HK\$
Hong Kong and other regions in the People's Republic of China (the "PRC")	712,362,173	607,810,043
North America	218,444,471	264,956,291
Europe	131,245,326	168,123,957
Others	4,172,353	4,615,679
	<u>1,066,224,323</u>	<u>1,045,505,970</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:

2007

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

2006

	Carrying amount of segment assets HK\$	Additions to investment properties HK\$	Additions to property, plant and equipment HK\$
Hong Kong and other regions in the PRC	709,063,611	—	18,370,161
North America	672,933,887	—	41,608
Total segment assets	<u>1,381,997,498</u>	<u>—</u>	<u>18,411,769</u>

3. OTHER INCOME

	2007	2006
	HK\$	HK\$
Bank interest income	5,408,453	643,523
Discount on acquisition of subsidiaries	—	681,524
Dividend income from unlisted investments	271,544	—
Gain on disposal of property, plant and equipment	267,372	170,211
Gain on fair value changes of investment held for trading	—	169,289
Management fee income received from an associate	1,272,960	—
Sundry income	2,944,783	1,469,892
	<u>10,165,112</u>	<u>3,134,439</u>

4. FINANCE COSTS

	2007	2006
	HK\$	HK\$
Interest on:		
Amount due to a related party	266,331	—
Bank loans and overdrafts		
- wholly repayable within five years	39,928,293	21,668,460
- not wholly repayable within five years	9,357,166	4,346,759
Obligations under finance leases	377,730	516,926
Total borrowing costs	49,929,520	26,532,145
Less: Amount capitalised to properties under development for sale	(27,049,774)	(11,545,314)
	<u>22,879,746</u>	<u>14,986,831</u>

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 6% (2006: 5%) to expenditure on properties under development for sale.

5. PROFIT BEFORE TAXATION

	2007 HK\$	2006 HK\$
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	—	2,214,382
Allowance for inventories	16,620,837	6,255,594
Auditors' remuneration	1,649,614	1,600,522
Depreciation of property, plant and equipment	16,740,675	13,965,762
Less: Amount capitalised to properties under development for sale	(132,638)	(242,370)
	<u>16,608,037</u>	<u>13,723,392</u>
Amortisation of prepaid lease payments	635,039	624,626
Loss on disposal of available-for-sale investments	—	4,453
Loss on fair value changes of investment held for trading	288,987	—
Loss on fair value changes of derivative financial instruments	840,864	1,320,498
Loss on derecognition of derivative financial instruments	—	645,446
Minimum lease payments for operating leases in respect of land and buildings	2,731,575	2,072,918
Share of taxation of an associate	3,828,263	—
Staff costs including directors' emoluments	114,786,782	105,504,042
Less: Amount capitalised to properties under development for sale	(578,655)	(11,152,543)
	<u>114,208,127</u>	<u>94,351,499</u>
Exchange loss, net	2,372,467	997,015
Cost of inventories recognised as an expense	933,109,696	943,856,786
and after crediting:		
Reversal of allowance for amounts due from associates	7,529,220	—
Gain on fair value changes of investment held for trading	—	169,289
Gross rental income from properties	7,483,452	4,870,697
Less: Outgoings	(1,742,950)	(51,488)
Net rental income from properties	<u>5,740,502</u>	<u>4,819,209</u>

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$5,216,833 (2006: HK\$4,615,520) are included in staff costs

Other expenses represent the construction costs on property under development of an associate incurred by the Group

6. INCOME TAX EXPENSES

	2007 HK\$	2006 HK\$
The charge comprises:		
Hong Kong Profits Tax		
Current year	2,347,643	1,412,504
Overprovision in prior years	(146,394)	—
	<u>2,201,249</u>	<u>1,412,504</u>
Other jurisdictions - current year	3,450	51,950
	<u>2,204,699</u>	<u>1,464,454</u>
Deferred tax liabilities	5,084,118	355,802
	<u>7,288,817</u>	<u>1,820,256</u>
Taxation attributable to the Company and its subsidiaries		

Hong Kong Profits Tax is calculated at 17.5% on the estimated assessable profit for both years.

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:

	2007 HK\$	2006 HK\$
Earnings for the purpose of basic earnings per share	<u>113,266,470</u>	<u>60,104,762</u>
	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,053,941,605</u>	<u>1,083,381,512</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**

Included in bills receivables is discounted bills receivables with full recourse of HK\$11,000,000 (2006: HK\$9,000,000) which is 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 of HK\$67,367,839 (2006: HK\$99,151,884) with an aged analysis as follows:

	THE GROUP	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Within 30 days	39,396,192	44,843,794
31 to 90 days	27,062,557	34,364,807
91 to 180 days	612,898	7,109,470
Over 180 days	296,192	12,833,813
	<u>67,367,839</u>	<u>99,151,884</u>

As at 31st March, 2007, trade receivables included an amount of approximately HK\$38 million receivable from a major customer

9. **BILLS PAYABLES, TRADE PAYABLES AND ACCRUED EXPENSES**

Included in bills payables, trade payables and accrued expenses are payables in respect of trade of HK\$129,345,872 (2006: HK\$138,180,528) with an aged analysis as follows:

	THE GROUP	
	2007	2006
	<i>HK\$</i>	<i>HK\$</i>
Within 30 days	111,333,063	77,012,736
31 to 90 days	13,821,861	27,460,188
91 to 180 days	1,942,134	33,562,693
Over 180 days	2,248,814	144,911
	<u>129,345,872</u>	<u>138,180,528</u>

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

A final dividend of 2.0 HK cents per share (2006: 1.5 HK cents) payable to the shareholders whose names on the register of members of the Company on 9th August, 2007 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 9th August, 2007 to 16th August, 2007 (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, Standard Registrars Limited, Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong not later than 4:00 p.m. on 8th August, 2007. Dividends are expected to be paid on 27th August, 2007.

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31st March, 2007 was HK\$113,266,470 (2006 – HK\$60,104,762). The earnings per share of the Company for the year ended 31st March, 2007 was 10.7 HK cents per share (2006 – 5.5 HK cents per share).

BUSINESS REVIEW

Watches and watch components

During the period under review, the performance of the Group's watch manufacturing division was not satisfactory. Further to my statement in the Company's interim report for the six months ended 30th September, 2006, the high oil prices continued to affect the USA and European demand for the Group's multi-function LCD sport watches. The profit margin has further declined due to the rising cost of raw materials, labour charges, utilities and other costs and the appreciation of Renminbi. The Group has also made provision for its slow moving inventories.

However, the demand for analogue quartz watches remain stable and the performance for the Group's watch component trading division has improved as compared with the previous year.

Property development and investment

During the year under review, the Group sold 80% of its equity interest in its subsidiary, which held the site at 202-206 Queen's Road Central, Hong Kong to Citigroup Properties Investors and occupation permit of the building was obtained at the end of 2006. The Group has also successfully disposed of two commercial units in Lippo Centre, Queensway, Hong Kong. The Group enjoyed satisfactory capital gain for the above disposals.

On 12th February, 2007, the Group entered into an agreement to purchase a commercial development site at 87 and 89 Jervois Street and the purchase was completed in May 2007. The Group intends to construct a boutique hotel on this location.

PROSPECTS

Watches and watch components

The Group has finalized its negotiation with the Nanning Industrial Park in Nanning Guang Xi Province and is now planning the first phase of its relocation scheme. In the long run, the Group hopes to reduce its direct labor and overhead cost.

The Group will continue its efforts in developing non-watch consumer electronic products such as wind meters, Electronic Sports Training Timers etc. to increase the watch division's profit margin.

The Group is optimistic that its watch component trading business will continue to grow as demand for "complication" analogue quartz watch movements as well as mechanical watch movements remains strong.

Property development and investment

Overseas

The occupancy programme of the Group's "One St. Thomas" residential project in Toronto is on schedule as per our interim announcement.

Local

"The Putman", the Group's Luxurious Boutique Hotel Project at 202 Queen's Road Central, Hong Kong and a Joint Venture with Citigroup Properties Investors, had its grand opening at the end of May 2007. The response was quite sensational and the rentals achieved have surpassed our original expectations.

The foundation work of the Group's second Joint Venture project with Citigroup Properties Investors at 137-138 Connaught Road West, Hong Kong was completed and the first phase of the super-structure work has commenced. The building is expected to be completed by the end of 2008.

The demolition work of the existing old building at 21 Whitfield Road, Causeway Bay, Hong Kong has commenced and will be completed by September 2007. This site will be developed into a new-build boutique hotel.

On 18th April, 2007, the Group entered into a Sale & Purchase agreement to dispose of its investment property at 45th Floor Far East Finance Centre, Admiralty, Hong Kong and the transaction was completed on 25th May, 2007 with satisfactory capital gain.

On 25th April, 2007, the Group entered into an agreement to acquire the luxurious residential property at 59 Shouson Hill Road, Hong Kong for investment purposes.

On 9th May, 2007, the Group acquired the penthouse floor (22/F including the roof) of Century Tower II, Tregunter Path, Hong Kong for investment purposes. On the same day, the Group entered into an agreement to purchase a development site at No. 101 & 103 Bonham Strand and No. 127 Wing Lok Street, Hong Kong. The purchase was completed on 10th July, 2007. The Group intends to construct a boutique hotel on this site.

On 4th June, 2007, the Group entered into an agreement with Citigroup Properties Investors to acquire 20% of its interest at No. 50 to 59 Connaught Road Central, Hong Kong with a site area of 11,488 sq. ft. which will be redeveloped as into A-Grade office building for long term investment purposes. The transaction was completed on 28th June, 2007.

It is the Group's view that the demand for new-built designer boutique hotels in Hong Kong and China has just begun. There is strong potential for further growth in this sector of the market and the Group intends to expand its activities in this area.

With the strength of our investment partners, the Group hopes to enter into new Joint Venture opportunities with them in Hong Kong and China.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31st March, 2007, the Group's total borrowings were HK\$986 million, representing an increase of HK\$222 million from last year. The maturity profile spreads over a period of 25 years, with HK\$660 million repayable within one year, HK\$178 million within two to five years and HK\$148 million beyond five years.

As at 31st March, 2007, the Group's gearing ratio was 0.64 (2006: 1.28) which is calculated based on the Group's long-term borrowings of approximately HK\$326 million and shareholders' funds of approximately HK\$506 million.

As at 31st March, 2007, the Group's total bank balances and cash was approximately HK\$189 million (2006: HK\$119 million).

Similar to last year, 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, 2007, 43.5% of the Group's borrowings was in HK\$, 1% in US\$, 11% in JPY and 44.5% in CAD.

As at 31st March, 2007, 80% of the Group's bank balances and cash was in HK\$, 11% in US\$ and 9% in CAD.

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

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, 2007, certain properties of the Group of approximately HK\$1,326 million (2006: HK\$977 million) were pledged to secure banking facilities for the Group.

Employees

As at 31st March, 2007, the Group employed approximately 3,450 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the year including director's emoluments amounted to HK\$115 million (2006: HK\$106 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 42,390,000 (2006: 22,000,000) of its own shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The details are as follows:-

Month of repurchase	Number of shares of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$
		Highest	Lowest	
		HK\$	HK\$	
April 2006	2,474,000	0.285	0.245	655,058
May 2006	2,284,000	0.320	0.280	681,933
June 2006	2,410,000	0.340	0.330	808,098
July 2006	4,240,000	0.335	0.330	1,423,705
August 2006	7,630,000	0.325	0.310	2,426,621
September 2006	4,050,000	0.325	0.315	1,290,824
October 2006	3,600,000	0.320	0.310	1,142,503
November 2006	2,560,000	0.315	0.305	802,380
December 2006	8,612,000	0.365	0.345	3,075,616
January 2007	2,942,000	0.375	0.355	1,073,589
February 2007	276,000	0.390	0.375	106,267
March 2007	1,312,000	0.400	0.355	509,491
	<u>42,390,000</u>			<u>13,996,085</u>

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st March, 2007 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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, 2007.

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, 2007 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, 2007

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.