NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

RESULTS

The board (the "Board") of directors (the "Directors") of National Electronics Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2012 and the audited consolidated statement of financial position as at 31 March 2012 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	NOTES	**2012** *HK$*	2011 *HK$*
Revenue	3	**1,294,715,363**	1,265,369,127
Cost of sales		**(1,106,093,672)**	(1,114,201,591)
Gross profit		**188,621,691**	151,167,536
Other income and gains	4	**57,165,027**	6,901,507
Increase in fair value of investment properties		**47,274,221**	140,103,509
Gain on disposal of subsidiaries		**39,941,921**	20,746,914
Gain on disposal of associates		**1,787,500**	—
Distribution costs		**(7,702,311)**	(8,276,849)
Administrative expenses		**(183,898,579)**	(173,307,681)
Finance costs	5	**(20,832,526)**	(20,380,190)
Share of results of associates		**100,169,224**	195,919,785
Profit before taxation	6	**222,526,168**	312,874,531
Income tax expense	7	**(12,475,527)**	(28,962,107)
Profit for the year		**210,050,641**	283,912,424
Earnings per share			
Basic	8	**21.6 HK cents**	29.3 HK cents
Diluted	8	**21.5 HK cents**	29.2 HK cents
Dividend per share			
— Final dividend and special cash dividend proposed after the end of the reporting period	11	**5.5 HK cents**	4.0 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	2012	2011
	HK$	*HK$*
Profit for the year	**210,050,641**	283,912,424
Other comprehensive income		
Exchange differences arising on translating foreign operations	**(2,299,356)**	2,282,658
(Loss)/gain on revaluation of properties	**(35,747,000)**	145,054,119
Reversal of deferred taxation/(deferred taxation) arising on revaluation of properties	**4,544,138**	(23,933,930)
Net gain on available-for-sale investments	**4,820,000**	620,000
Other comprehensive (expenses)/income for the year	**(28,682,218)**	124,022,847
Total comprehensive income for the year	**181,368,423**	407,935,271

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

	NOTES	2012	2011
		HK$	*HK$*
Non-current assets			
Investment properties		**768,596,000**	1,201,272,361
Property, plant and equipment		**256,345,880**	256,730,518
Prepaid lease payments		**14,543,932**	14,459,432
Goodwill		**32,789,966**	—
Interests in associates		**481,237,776**	340,232,644
Interests in jointly controlled entities		**—**	—
Available-for-sale investments		**20,490,000**	15,670,000
Held-to-maturity investments		**11,721,920**	—
		1,585,725,474	1,828,364,955
Current assets			
Inventories		**173,214,874**	146,509,132
Prepaid lease payments		**322,733**	328,209
Investment held for trading		**4,097,534**	4,108,333
Inventory of unsold properties		**127,380,207**	195,138,020
Properties under development for sale		**78,820,146**	—
Bills receivables	9	**1,721,248**	7,778,724
Trade receivables, deposits and prepayments	9	**174,434,198**	88,180,850
Amounts due from associates		**173,904,033**	143,489,370
Amounts due from jointly controlled entities		**125,499,603**	120,386,628
Tax recoverable		**1,495,609**	3,764,323
Bank balances and cash		**282,850,250**	174,642,837
		1,143,740,435	884,326,426

	NOTES	2012	2011
		HK$	HK$
Current liabilities			
Trade payables, customers' deposits and accrued expenses	10	**176,406,139**	140,869,796
Bills payables	10	**128,448,006**	86,656,200
Amount due to an associate		**7,020**	7,020
Tax payable		**4,582,491**	1,731,784
Derivative financial instruments		**9,989,693**	8,293,491
Obligations under finance leases		**2,002,592**	2,932,849
Bank loans		**583,051,022**	544,568,485
		904,486,963	785,059,625
Net current assets		**239,253,472**	99,266,801
Total assets less current liabilities		**1,824,978,946**	1,927,631,756
Capital and reserves			
Share capital		**97,754,251**	96,742,993
Reserves		**1,271,433,526**	1,126,809,897
Total equity		**1,369,187,777**	1,223,552,890
Non-current liabilities			
Provision for long service payments		**4,338,325**	4,074,193
Derivative financial instruments		**657,552**	8,178,138
Obligations under finance leases		**2,555,046**	2,660,661
Bank loans		**378,402,564**	606,420,674
Deferred tax liabilities		**69,837,682**	82,745,200
		455,791,169	704,078,866
		1,824,978,946	1,927,631,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("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. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) — Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

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

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

[3] Effective for annual periods beginning on or after 1 January 2015

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

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

[6] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at 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 reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition 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.

The directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the

’corridor approach’ permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The directors anticipate that the amendments to HKAS 19 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Groups’ defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

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

3. 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 and operating segment:

2012

	Manufacture of watches and trading of watch movements *HK$*	Property development *HK$*	Property investment *HK$*	Hotel operation *HK$*	Consolidated *HK$*
REVENUE					
External sales	1,283,524,693	—	4,588,410	6,602,260	1,294,715,363
RESULT					
Segment result	43,759,245	(22,468,302)	42,045,533	4,875,502	68,211,978
Interest income					1,488,228
Unallocated other income					43,461,845
Unallocated other expenses					(11,702,002)
Finance costs					(20,832,526)
Gain on disposal of subsidiaries					39,941,921
Gain on disposal of associates					1,787,500
Share of results of associates					100,169,224
Profit before taxation					222,526,168
Income tax expense					(12,475,527)
Profit for the year					210,050,641

2011

	Manufacture of watches and trading of watch movements *HK$*	Property development *HK$*	Property investment *HK$*	Hotel operation *HK$*	Consolidated *HK$*
REVENUE					
External sales	1,215,487,288	48,136,421	1,745,418	—	1,265,369,127
RESULT					
Segment result	35,327,581	(28,305,476)	127,656,088	—	134,678,193
Interest income					106,681
Unallocated other income					10,833,517
Unallocated other expenses					(29,030,369)
Finance costs					(20,380,190)
Gain on disposal of subsidiaries					20,746,914
Share of results of associates					195,919,785
Profit before taxation					312,874,531
Income tax expense					(28,962,107)
Profit for the year					283,912,424

Note: Segment information for the prior period has been reclassified and restated to conform with the current year's presentation.

The accounting policies of the operating 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, gain on disposal of subsidiaries and associates, other income and finance costs. This is the measure reported to the Board of Directors for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	2012	2011
	HK$	*HK$*
Manufacture of watches and trading of watch movements	**325,531,501**	259,107,682
Property development	**90,874,056**	77,243,175
Property investment	**599,216,082**	1,213,807,212
Hotel operation	**402,378,144**	—
Total segment assets	**1,417,999,783**	1,550,158,069
Interests in associates	**481,237,776**	340,232,644
Amounts due from associates	**173,904,033**	143,489,370
Amounts due from jointly controlled entities	**125,499,603**	120,386,628
Unallocated	**530,824,714**	558,424,670
Consolidated assets	**2,729,465,909**	2,712,691,381

Segment liabilities

	2012	2011
	HK$	*HK$*
Manufacture of watches and trading of watch movements	**246,236,070**	167,327,791
Property development	**5,656,922**	3,898,998
Property investment	**50,692,476**	41,807,195
Hotel operation	**5,269,812**	—
Total segment liabilities	**307,855,280**	213,033,984
Amount due to an associate	**7,020**	7,020
Unallocated	**1,052,415,832**	1,276,097,487
Consolidated liabilities	**1,360,278,132**	1,489,138,491

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

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

- all liabilities are allocated to operating segments other than bank loans, tax payable, amount due to an associate, deferred tax liabilities and other unallocated corporate liabilities.

Other segment information

2012

	Manufacture of watches and trading of watch movements *HK$*	Property development *HK$*	Property investment *HK$*	Hotel operation *HK$*	Unallocated *HK$*	Consolidated *HK$*
Capital additions	**34,182,489**	**473,995**	**15,615,361**	**305,004,445**	**174,912**	**355,451,202**
Depreciation of property, plant and equipment	**(19,671,173)**	**(501,401)**	**(5,893,300)**	**—**	**(819,760)**	**(26,885,634)**
Amortisation of prepaid lease payments	**(322,733)**	**—**	**—**	**—**	**—**	**(322,733)**
Impairment loss recognised in respect of trade receivables	**(13,067)**	**—**	**—**	**(213,776)**	**—**	**(226,843)**
Reversals of inventories	**8,980,476**	**—**	**—**	**—**	**—**	**8,980,476**
Increase/(decrease) in fair value of investment properties	**7,702,737**	**—**	**39,574,620**	**(3,136)**	**—**	**47,274,221**
Gain on disposal of property, plant and equipment	**862,500**	**—**	**—**	**—**	**41,082,455**	**41,944,955**

2011

	Manufacture of watches and trading of watch movements *HK$*	Property development *HK$*	Property investment *HK$*	Hotel operation *HK$*	Unallocated *HK$*	Consolidated *HK$*
Capital additions	37,053,914	12,273	141,511,496	—	14,344,351	192,922,034
Depreciation of property, plant and equipment	(19,539,535)	(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
Loss on disposal of property, plant and equipment	(239,931)	—	—	—	—	(239,931)

Geographical information

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.

Information about the Group's revenue from external customers is presented based on the geographical location of the customers. Information about the Group's non-current assets is presented based on the geographical location of assets:

	Revenue from external customers		**Non-current assets**	
	2012 *HK$*	2011 *HK$*	**2012** *HK$*	2011 *HK$*
Hong Kong and the PRC	**1,101,393,018**	1,043,337,152	**1,547,813,996**	1,806,684,902
North America	**43,162,150**	82,483,484	**5,699,558**	6,010,053
Europe	**136,007,666**	124,922,057	**—**	—
Others	**14,152,529**	14,626,434	**—**	—
	1,294,715,363	1,265,369,127	**1,553,513,554**	1,812,694,955

Note: Non-current assets excluded financial instruments.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2012	2011
Customer A	**172,822,867**	323,992,827
Customer B	**360,657,272**	163,589,951

All of the revenue above is generated from trading of watch movements.

4. OTHER INCOME AND GAINS

	2012	2011
	HK$	*HK$*
Bank interest income	**1,488,228**	106,681
Investment income from held-to-maturity investments	**168,266**	—
Gain on disposal of property, plant and equipment	**41,944,955**	—
Management fee income received from associates and jointly controlled entities	**4,909,646**	4,280,660
Interest income received from an associate	**116,630**	—
Recovery of doubtful debts	**2,936,920**	—
Sundry income	**5,600,382**	2,514,166
	57,165,027	6,901,507

5. FINANCE COSTS

	2012	2011
	HK$	*HK$*
Interest on:		
Bank loans and overdrafts		
- wholly repayable within five years	**19,424,245**	18,530,001
- not wholly repayable within five years	**6,966,165**	5,567,372
Obligations under finance leases	**316,755**	416,009
Total borrowing costs	**26,707,165**	24,513,382
Less: Amounts capitalised to investment properties	**(5,874,639)**	(4,133,192)
	20,832,526	20,380,190

6. PROFIT BEFORE TAXATION

	2012 *HK$*	2011 *HK$*
Profit before taxation has been arrived at after charging:		
Staff costs including directors' emoluments	**153,675,689**	135,081,005
Less: Amounts capitalised to investment properties	**—**	(17,211,680)
	153,675,689	117,869,325
Depreciation of property, plant and equipment	**26,885,634**	32,866,579
Amortisation of prepaid lease payments	**322,733**	309,717
Auditors' remuneration	**1,850,828**	1,833,202
Cost of inventories recognised as an expense	**957,349,704**	997,122,458
Impairment loss recognised in respect of other receivables (included in administrative expenses on consolidated income statement)	**—**	211,004
Impairment loss recognised in respect of trade receivables (included in administrative expenses on consolidated income statement)	**226,843**	7,435,192
Loss on disposal of property, plant and equipment	**—**	239,931
Loss on fair value changes of derivative financial instruments	**9,459,701**	8,576,032
Minimum lease payments for operating leases in respect of land and buildings	**8,013,576**	7,945,208
Net foreign exchange loss	**2,827,234**	6,267,842
Reversals of inventories	**(8,980,476)**	(5,376,558)
and after crediting:		
Gross rental income from investment properties	**11,190,670**	1,745,418
Less: Outgoings	**(685,461)**	(595,866)
Net rental income from investment properties	**10,505,209**	1,149,552

Minimum lease payments for operating leases in respect of staff quarters amounting to HK$5,259,060 (2011: HK$5,163,142) are included in staff costs.

7. INCOME TAX EXPENSE

	2012	2011
	HK$	*HK$*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**4,782,000**	2,567,000
Underprovision in prior years	**2,098,283**	5,937,994
	6,880,283	8,504,994
Other jurisdictions		
Current year	**8,431**	17,404
Overprovision in prior years	**(865,529)**	(2,591,198)
	6,023,185	5,931,200
Deferred tax liabilities		
Current year	**6,452,342**	23,030,907
	12,475,527	28,962,107

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

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.

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

8. 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	**2012** *HK$*	2011 *HK$*
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**210,050,641**	283,912,424

Number of shares	**2012**	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**972,022,747**	969,079,079
Effect of dilutive potential ordinary shares:		
Share options	**2,827,780**	1,949,636
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**974,850,527**	971,028,715

9. BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Bills receivables with full recourse of HK$1,721,248 (2011: HK$7,778,724) 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$58,607,049 (2011: HK$30,820,714) with an aged analysis as follows:

The Group	**2012** *HK$*	2011 *HK$*
Within 30 days	**50,656,666**	21,318,112
31 to 90 days	**5,445,467**	2,302,537
91 to 180 days	**1,440,735**	3,197,544
Over 180 days	**1,064,181**	4,002,521
	58,607,049	30,820,714

10. 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$169,629,879 (2011: HK$116,937,871) with an aged analysis as follows:

The Group	**2012**	2011
	HK$	*HK$*
Within 30 days	**105,990,587**	66,898,990
31 to 90 days	**50,393,997**	43,637,224
91 to 180 days	**7,054,868**	4,795,941
Over 180 days	**6,190,427**	1,605,716
	169,629,879	116,937,871

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.

11. DIVIDEND

The final dividend of 3.5 HK cents per share and a special cash dividend of 2.0 HK cents per share for the year ended 31 March 2012 (2011: Final dividend of 4.0 HK cents per share) have been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

FINAL DIVIDEND AND SPECIAL CASH DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

A final dividend of 3.5 HK cents per share and a special cash dividend of 2.0 HK cents per share (2011: Final dividend of 4.0 HK cents per share) payable to the shareholders whose names on the Register of Members of the Company on Tuesday, 21 August 2012 have been proposed by the Board (the "Proposed Final Dividend and Special Cash Dividend") 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 Tuesday, 7 August 2012 to Tuesday, 14 August 2012 (both days inclusive) and from Monday, 20 August 2012 to Tuesday, 21 August 2012 (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 2012 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 Monday, 6 August 2012.

In order to qualify for the Proposed Final Dividend and Special Cash 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 Friday, 17 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The audited consolidated profit attributable to shareholders of the Group for the year ended 31 March 2012 was HK$210,050,641 (2011: HK$283,912,424). The basic and diluted earnings per share of the Company for the year ended 31 March 2012 were 21.6 HK cents per share and 21.5 HK cents per share respectively (2011: the basic and diluted earnings per share were 29.3 HK cents and 29.2 HK cents respectively).

BUSINESS REVIEW

Watches and watch components

During the period under review, despite the continuous increase in labour cost in China and the sluggish world economic situation, the Group's watch manufacturing and watch components trading division was able to maintain its turnover and profit margin.

Property development and investment

During the year under review, on 28 March 2012, the Group completed the purchase of Apollo Global Real Estate Managements' 80% shareholding in Roebuck Investments Ltd., which indirectly owns the boutique hotel apartment The Putman at 202 Queen's Road Central, Hong Kong.

The Group together with Apollo Global Real Estate Management disposed of their joint venture company which holds the boutique hotel apartment at 138 Connaught Road West, Hong Kong and the transaction was completed on 23 March 2012.

The first joint venture boutique hotel apartment project with J.P. Morgan Asset Management, The Jervois located on 89 Jervois Street, Hong Kong launched in December 2011.

PROSPECTS

Watches and watch components

The current debt crisis in the Eurozone countries has caused worldwide concern and demand from consumers has been directly affected. The Group is cautious on the performance of its watch manufacturing and watch component trading business in this coming financial year.

Property development and investment

Twenty One Whitfield, the Group's second joint venture boutique hotel apartment project with J.P. Morgan Asset management located on 21 Whitfield Road, Hong Kong launched in June 2012.

The Group's third joint venture project with the same real estate fund, 99 Bonham Strand is expected to launch in the third quarter of this year.

With regards to the luxurious residential joint venture development at 45 Tai Tam Road, the application to the Hong Kong Town Planning Board for seven houses was approved in March this year and the Group is currently in the process of discussing the land premium with the Hong Kong Lands Department.

The foundation work of the Group's own boutique hotel apartment development at 194-196 Queen's Road Central has completed and the superstructure work has commenced.

On 11 June 2012, The Group together with Apollo Global Real Estate Management disposed of their joint venture Grade A commercial investment property at 50 Connaught Road Central, Hong Kong for HK$4.88 billion to the Agricultural Bank of China. With the cash flow generated by this sale, the Group is searching for new investment opportunities.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 March 2012, the Group's total borrowings were approximately HK$961 million (2011: HK$1,151 million), representing a decrease of approximately HK$190 million from last year. The maturity profile spreads over a period of 30 years, with approximately HK$583 million repayable within one year, approximately HK$134 million within two to five years and HK$244 million beyond five years.

At the year end date, the Group's gearing ratio was 0.28 (2011: 0.50) which is calculated based on the Group's long-term borrowings of approximately HK$378 million (2011: HK$606 million) and shareholders' funds of approximately HK$1,369 million (2011: HK$1,224 million).

As at 31 March 2012, the Group's total bank balances and cash was approximately HK$283 million (2011: HK$175 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 2012, 71% of the Group's borrowings was in HK$, 8% in US$, 14% in JPY and 7% in CAD. As at 31 March 2012, 50% of the Group's bank balances and cash was in HK$, 22% in US$, 2% in CAD, 9% in JPY, 2% in EUR and 15% in RMB.

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 2012, certain properties of the Group of approximately HK$1,092 million (2011: HK$1,530 million) were pledged to secure banking facilities for the Group.

Employees

As at 31 March 2012, 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$154 million (2011: HK$135 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 4,694,000 (2011: 4,700,000) 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$0.1 each**	**Price per share**		**Aggregate consideration paid (including expenses)**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
July 2011	1,098,000	0.900	0.860	971,105
August 2011	3,528,000	0.870	0.750	2,859,391
September 2011	50,000	0.650	0.650	32,636
December 2011	18,000	0.690	0.690	12,534
	4,694,000			3,875,666

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 2012.

The Company has also adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries to all Directors who have confirmed that, during the 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 2012 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 2012

As at the date of this announcement, the executive Directors of the Company are Mr. Lee Yuen Ching, Jimmy, Mr. Lee Bon Chi, Loewe, Mr. Lee Yuen Kui, James, 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.