NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

Interim Results Announcement for the six months ended 30 September 2012

UNAUDITED INTERIM RESULTS

The Board (the "Board") of Directors (the "Directors") of National Electronics Holdings Limited (the "Company") would like to present the interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 September 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2012

		Six months ended 30 September	
		2012	**2011**
		(unaudited)	**(restated)**
	Notes	*HK$'000*	*HK$'000*
Revenue	3	595,819	646,547
Cost of sales		(497,129)	(539,706)
Gross profit		98,690	106,841
Other income	4	6,338	4,453
Other (losses) / gains	5	(1,459)	33,353
Increase in fair value of investment properties	11	37,465	3,062
Fair value gain arising from the remeasurement of the previously held interest in a jointly controlled entity		143,158	—
Gain on disposal of subsidiaries	15	3,608	34,942
Distribution costs		(4,196)	(3,854)
Administrative expenses		(124,221)	(72,470)
Finance costs	6	(11,930)	(9,699)
Share of results of associates		136,332	66,034
Profit before taxation	7	283,785	162,662
Income tax expenses	8	(4,759)	(6,224)
Profit for the period		**279,026**	**156,438**
Earnings per share	9		
Basic		**28.54 cents**	**16.19 cents**
Diluted		**28.40 cents**	**16.13 cents**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2012

	Six months ended 30 September	
	2012	**2011**
	(unaudited)	**(restated)**
	HK$'000	*HK$'000*
Profit for the period	**279,026**	**156,438**
Other comprehensive income/(expense)		
Exchange differences arising on translation of foreign operations	(3,917)	(442)
Loss on revaluation of properties	—	(44,203)
Fair value gain on hedging instruments in cash flow hedges	878	—
Other comprehensive expense for the period	(3,039)	(44,645)
Total comprehensive income for the period	**275,987**	**111,793**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

	Notes	30 September 2012 (unaudited) *HK$'000*	31 March 2012 (restated) *HK$'000*
NON-CURRENT ASSETS			
Investment properties	11	820,604	768,596
Property, plant and equipment		256,252	256,346
Prepaid lease payments		13,352	14,544
Goodwill		678	678
Interests in associates		169,681	481,238
Interests in jointly controlled entities		—	—
Available-for-sale investments		20,490	20,490
Held-to-maturity investments		11,571	11,722
		1,292,628	1,553,614
CURRENT ASSETS			
Inventories		161,384	173,215
Prepaid lease payments		323	323
Investment held for trading		4,098	4,098
Inventory of unsold properties		7,681	127,380
Property under development for sale		1,113,835	78,820
Bills receivables	12	453	1,721
Trade receivables, deposits and prepayments	12	158,420	174,434
Amounts due from associates		70,013	173,904
Amounts due from jointly controlled entities		15,999	125,500
Tax recoverable		1,412	1,496
Bank balances and cash		760,869	282,850
		2,294,487	1,143,741

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
At 30 September 2012

	Notes	30 September 2012 (unaudited) *HK$'000*	31 March 2012 (restated) *HK$'000*
CURRENT LIABILITIES			
Trade payables, customers' deposits and accrued expenses	13	186,243	176,406
Bills payables	13	133,945	128,448
Amount due to an associate		—	7
Tax payable		9,538	4,582
Derivative financial instruments		6,460	9,990
Obligations under finance leases		2,986	2,003
Bank loans		480,299	583,051
		819,471	904,487
NET CURRENT ASSETS		1,475,016	239,254
TOTAL ASSETS LESS CURRENT LIABILITIES		2,767,644	1,792,868
CAPITAL AND RESERVES			
Share capital		97,784	97,754
Reserves		1,509,949	1,287,545
TOTAL EQUITY		1,607,733	1,385,299
NON-CURRENT LIABILITIES			
Provision for long service payments		4,338	4,338
Derivative financial instruments		2,671	658
Obligations under finance leases		4,310	2,555
Bank loans		1,069,373	378,403
Deferred tax liabilities		79,219	21,615
		1,159,911	407,569
		2,767,644	1,792,868

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2012

(1) BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

(2) PRINCIPAL ACCOUNTING POLICIES

The condensed 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.

Excepted as described below, the accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"

Under the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", 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 Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodies in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of certain investment properties as the Group is not subject to any income taxes on disposal of those investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties based on the tax consequences that would follow from the manner in which the Group expects to recover the carrying amount of the investment properties.

(2) PRINCIPAL ACCOUNTING POLICIES (continued)

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by approximately HK$48,223,000 as at 31 March 2012, with the corresponding adjustment being recognised in retained profits and goodwill. In addition, the application of the amendments has resulted in the Group's income tax expenses for the six months ended 30 September 2012 and 30 September 2011 being reduced by approximately HK$6,345,000 and being increased by approximately HK$1,282,000 respectively and hence resulted in the profit for the six months ended 30 September 2012 and 30 September 2011 being increased by approximately HK$6,345,000 and being decreased by approximately HK$1,282,000 respectively.

The effect of the change in accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended 30 September	
	2012	**2011**
	HK$'000	*HK$'000*
Decrease / (increase) in income tax expenses of the Group and increase / (decrease) in profit for the period	6,345	(1,282)

The effect of the change in accounting policy described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2012, is as follows:

	As at 31 March 2012 (Originally stated)	**Adjustments**	**As at 31 March 2012 (Restated)**
	HK$'000	*HK$'000*	*HK$'000*
Effects on net assets:			
Decrease in goodwill	32,790	(32,112)	678
Decrease in deferred tax liabilities	69,838	(48,223)	21,615
Effects on net equity:			
Increase in retained profits	1,061,997	16,111	1,078,108

(2) PRINCIPAL ACCOUNTING POLICIES (continued)

The effect of the change in accounting policy described above on the financial position of the Group as at the beginning of the comparative period i.e. 1 April 2011, is as follows:

	As at 1 April 2011 (Originally stated)	Adjustments	As at 1 April 2011 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Effects on net assets:			
Decrease in deferred tax liabilities	82,745	(53,782)	28,963
Effects on net equity:			
Increase in retained profits	885,972	53,782	939,754

Impact on basic and diluted earnings per share

	Impact on basic earnings per share Six months ended 30 September		Impact on diluted earnings per share Six months ended 30 September	
	2012	**2011**	**2012**	**2011**
	HK cents	*HK cents*	*HK cents*	*HK cents*
Figures before adjustments	27.89	16.32	27.75	16.26
Adjustments arising from change in accounting policy in relation to:				
- Application of amendments to HKAS 12 in respect of deferred taxes on investment properties	0.65	(0.13)	0.65	(0.13)
Figures after adjustments	28.54	16.19	28.40	16.13

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

(3) SEGMENT INFORMATION

The following is an analysis of the Group's revenue and result by reportable and operating segment for the six months ended 30 September 2012 and 2011:

2012

	Manufacture of watches and trading of watch movements *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Hotel operation *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	586,331	—	928	8,560	595,819
RESULT					
Segment result	22,907	(26,590)	28,108	6,170	30,595
Interest income					2,258
Unallocated other income					9,631
Unallocated other expenses					(29,867)
Finance costs					(11,930)
Gain on disposal of a subsidiary					3,608
Share of results of associates					136,332
Fair value gain arising from the remeasurement of the previously held interest in a jointly controlled entity					143,158
Profit before taxation					283,785
Income tax expenses					(4,759)
Profit for the period					279,026

(3) SEGMENT INFORMATION (continued)

2011

	Manufacture of watches and trading of watch movements	Property development	Property investment	Hotel operation	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
External sales	644,049	–	2,498	–	646,547
RESULT					
Segment result	25,499	(2,222)	2,743	–	26,020
Interest income					332
Unallocated other income					53,346
Unallocated other expenses					(8,313)
Finance costs					(9,699)
Gain on disposal of subsidiaries					34,942
Share of results of associates					66,034
Profit before taxation					162,662
Income tax expenses					(6,224)
Profit for the period					156,438

Segment result represents the profit earned by / loss from each segment without allocation of central administration costs, gain on disposal of subsidiaries, fair value gain arising from the remeasurement of the previously held interest in a jointly controlled entity, share of results of associates, other income and finance costs. This is the measure reported to the Board for the purpose of resource allocation and performance assessment.

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.

(3) SEGMENT INFORMATION (continued)

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	Revenue by geographical market	
	2012	**2011**
	HK$'000	*HK$'000*
Hong Kong and the PRC	497,002	548,262
North America	14,438	17,407
Europe	72,592	71,526
Others	11,787	9,352
	595,819	646,547

(4) OTHER INCOME

	Six months ended 30 September	
	2012	**2011**
	HK$'000	*HK$'000*
Bank interest income	2,258	332
Interest income from held-to-maturity investments	196	—
Management fee income received from associates	—	974
Management fee income received from a jointly controlled entity	1,094	1,136
Sundry income	2,790	2,011
	6,338	4,453

(5) OTHER (LOSSES) / GAINS

	Six months ended 30 September	
	2012	**2011**
	HK$'000	*HK$'000*
Bargain purchase gain arising on acquisition of subsidiaries	5,657	—
Loss on fair value changes of derivative financial instruments	(775)	(1,584)
Net foreign exchange losses	(6,341)	(16,299)
Gain on disposal of property, plant and equipment	—	41,945
Others	—	9,291
	(1,459)	33,353

(6) FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Interest on:		
Bank loans and overdrafts		
- wholly repayable within five years	9,876	7,592
- not wholly repayable within five years	4,843	2,655
Obligations under finance leases	184	154
Total borrowing costs	14,903	10,401
Less: Amount capitalised to investment properties and property under development for sale	(2,973)	(702)
	11,930	9,699

(7) PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	11,875	13,387
Staff costs including directors' emoluments	59,430	57,699
Amortisation of prepaid lease payments	163	160
Cost of inventories recognised as an expense	418,572	529,793
Minimum lease payments for operating leases in respect of land and buildings	3,374	2,751
Write-down of inventories	489	—
and after crediting:		
Gross rental income	8,944	2,498
Less: Outgoings	(2,540)	(182)
Net rental income	6,404	2,316

Minimum lease payments for operating leases in respect of staff quarters amounting to approximately HK$3,035,000 (2011: HK$2,671,000) are included in staff costs.

(8) INCOME TAX EXPENSES

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Current tax		
Hong Kong Profits Tax	5,007	3,516
Deferred tax (credit) / charge	(248)	2,708
	4,759	6,224

Hong Kong Profits Tax has been provided for at 16.5% (2011: 16.5%) on the estimated assessable profit for the six months ended 30 September 2012.

(9) 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:

	Six months ended 30 September 2012 HK$'000	2011 HK$'000
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share and diluted earnings per share	279,026	156,438
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	977,657,265	966,494,917
Effect of dilutive potential ordinary shares - Share options	4,889,173	3,478,816
Weighted average number of ordinary shares for the purpose of diluted earnings per share	982,546,438	969,973,733

(10) DIVIDENDS

	Six months ended 30 September 2012 *HK$'000*	2011 *HK$'000*
Dividends recognised as distribution 2012 final dividend of 3.5 HK cents (2011: 4.0 HK cents) and a special cash dividend of 2.0 HK cents (2011: nil) per ordinary share	53,781	38,578

Subsequent to the end of the reporting period, the Directors proposed an interim dividend of 0.5 HK cent per share (2011: 0.5 HK cent per share) be paid to the shareholders of the Company whose names appear in the Register of Members on 18 December 2012.

(11) INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2011	1,201,272
Additions	19,171
Increase in fair value recognised in profit or loss	47,274
Transfer to property, plant and equipment	(120,000)
Acquired on acquisition of subsidiaries	305,000
Disposal of subsidiaries	(685,309)
Exchange realignment	1,188
At 31 March 2012	768,596
Additions	14,543
Increase in fair value recognised in profit or loss	37,465
At 30 September 2012	**820,604**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties situated in Hong Kong and the PRC at 30 September 2012 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, Savills Valuation and Professional Services Limited and Knight Frank Petty Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung Limited, Savills Valuation and Professional Services Limited and Knight Frank Petty Limited are members of the Hong Kong Institute of Surveyors and they have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of recent transaction prices for similar properties in the same locations and conditions.

(12) BILLS RECEIVABLES, TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

Bills receivables with full recourse of approximately HK$453,000 (31 March 2012: HK$1,721,000) 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 approximately HK$58,175,000 (31 March 2012: HK$58,607,000) with an aged analysis as follows:

	At 30 September 2012	At 31 March 2012
	HK$'000	*HK$'000*
Within 30 days	51,877	50,657
31 to 90 days	3,605	5,445
91 to 180 days	1,781	1,441
Over 180 days	912	1,064
	58,175	58,607

(13) BILLS PAYABLES, TRADE PAYABLES, CUSTOMERS' DEPOSITS AND ACCRUED EXPENSES

Included in bills payables, trade payables, customers' deposits and accrued expenses are trade payables of approximately HK$168,699,000 (31 March 2012: HK$169,630,000) with an aged analysis as follows:

	At 30 September 2012	At 31 March 2012
	HK$'000	*HK$'000*
Within 30 days	104,695	105,991
31 to 90 days	50,054	50,394
91 to 180 days	5,657	7,055
Over 180 days	8,293	6,190
	168,699	169,630

(14) ACQUISITION OF A SUBSIDIARY

In September 2012, the Group acquired 50% of the issued share capital of Tania Investments Holdings Limited ("Tania"), an investment holding company. Tania owns the entire equity interest in Tania Development Limited which is engaged in property development.

Consideration transferred:	*HK$'000*
Cash paid	250,000
Less: Assignment of shareholder's loan	(112,500)
	137,500

Assets acquired and liabilities recognised at the date of acquisition are as follows:	*HK$'000*
Properties under development	900,000
Deposits	60
Bank balances	59
Accruals and interest payables	(821)
Amounts due to shareholders	(224,999)
Derivative financial liability	(3,549)
Bank loans	(326,582)
Deferred tax liabilities	(57,853)
	286,315

Bargain purchase gain arising on acquisition:	*HK$'000*
Consideration transferred	137,500
Plus: Fair value of previously held interests of 50% in Tania	143,158
Less: Fair value of identifiable net assets acquired	(286,315)
Bargain purchase gain arising on acquisition	(5,657)

Net cash outflow on acquisition:	*HK$'000*
Cash paid	250,000
Less: cash and cash equivalent balances acquired	(59)
	249,941

(14) ACQUISITION OF A SUBSIDIARY (continued)

Impact of acquisition on the results of the Group

Included in the profit for the interim period is approximately HK$0 attributable to Tania and its subsidiary. Revenue for the period includes approximately HK$0 in respect of Tania and its subsidiary.

Had the acquisition of Tania been effected at 1 April 2012, the revenue of the Group for the six months ended 30 September 2012 would have been approximately HK$595,819,000, and the profit for the period would have been approximately HK$278,919,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 April 2012, nor is intended to be a projection of future results.

(15) DISPOSAL OF A SUBSIDIARY

In April 2012, the Group disposed of its 100% equity interest in a subsidiary, Camy S.A. at consideration of approximately HK$4,226,000.

The net assets of Camy S.A. at the date of disposal was as follows:

Consideration received:	*HK$'000*
Cash received	4,226

Analysis of assets and liabilities over which control was lost:	*HK$'000*
Bank balances and cash	143
Accrued expenses	(25)
Net assets disposed of	118

Gain on disposal of a subsidiary	*HK$'000*
Consideration received	4,226
Cost of disposal	(500)
Net assets disposed of	(118)
Gain on disposal	3,608

(15) DISPOSAL OF A SUBSIDIARY (continued)

Net cash inflow arising on disposal:	*HK$'000*
Cash consideration	4,226
Less: bank balances and cash disposal of	(143)
	4,083

During the six months ended 30 September 2012, Camy S.A. did not contribute significantly to the turnover, operating results or cash flows to the Group in the period.

(16) CONTINGENT LIABILITIES AND COMMITMENTS

	At 30 September 2012 *HK$'000*	**At 31 March 2012** *HK$'000*
Contingent liabilities:		
Guarantees given to banks in respect of banking facilities to associates	90,000	90,000
Other guarantees	621	621
	90,621	90,621

The fair value of the guarantees are not significant and therefore the directors are of the opinion that no provision for financial guarantees should be made.

	At 30 September 2012 *HK$'000*	**At 31 March 2012** *HK$'000*
Capital commitments:		
Contracted for but not provided:		
Construction of properties	61,620	11,033

(17) SIGNIFICANT RELATED PARTY TRANSACTIONS

During the period, the Group had entered into the following significant related party transactions:

(1) Transaction with associates

	Six months ended 30 September	
	2012	**2011**
	HK$'000	*HK$'000*
Nature of transaction		
Property management fee income received by the Group	544	—
Management fee income received by the Group	—	974

(2) Transaction with a jointly controlled entity

	Six months ended 30 September	
	2012	**2011**
	HK$'000	*HK$'000*
Nature of transaction		
Management fee income received by the Group	1,094	1,136

(3) The Group's balances with related parties are set out in the condensed consolidated statement of financial position.

(4) The remuneration of directors relating to short-term benefits, post-employment benefits and share based payments during the period was approximately HK$17,914,000 (2011: HK$13,181,000).

INTERIM DIVIDEND

The Directors resolved to declare an interim dividend of 0.5 HK cent per share (2011: HK$0.5 HK cent per share).

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2012 was HK$595,819,000 as compared with HK$646,547,000 over the same period last year. Net profit for the six months ended 30 September 2012 was HK$279,026,000 as compared with HK$156,438,000 over the same period in 2011.

During the period under review, the turnover of the Group's watch manufacturing and watch component trading division decreased slightly due to the weakened global economy. However, the Group was able to maintain the profit margin of this division despite the continued rise in labor and material costs.

On 8 May 2012, Century Land Limited, which the Group owns 20% of its issued share capital, entered into an agreement with the Agricultural Bank of China to sell the office building situated at 50 Connaught Road Central for a consideration of HK$4.88 billion. The transaction was completed on 11 June 2012.

In the same month, the Group launched its joint venture boutique hotel apartment, Twenty One Whitfield with a real estate fund managed by JP Morgan Asset Management. The market response and leasing interest has been positive.

On 9 August 2012, a wholly owned subsidiary of the Group entered into an agreement with a wholly owned subsidiary of a real estate fund managed by J.P. Morgan Asset Management to acquire its 50% share holding in Tania Investments Holdings Limited which indirectly owns the residential property located at 45 Tai Tam Road, Hong Kong. The transaction was completed on 27 September 2012.

The Putman, the Group's own boutique hotel apartment designed by Andrée Putman, maintained a high occupancy rate during this period and leasing interest remained strong.

PROSPECTS

The economic and political instability within the European Union and the "Fiscal Cliff" situation in the United States continue to cause worldwide concern and weakened consumer demand. The Group remains cautious on its watch manufacturing and watch component trading division as the difficult market environment points to more challenging times ahead.

In October 2012, the Group launched its latest joint venture boutique hotel apartment with a real estate fund managed by J.P. Morgan Asset Management, 99 Bonham, designed by the world-renowned architect firm, Antonio Citterio Patricia Viel & Partners.

On 14 November 2012, the Group completed its acquisition of House No. C36 Regalia Bay, No. 88 Wong Ma Kwok Road, Hong Kong for long term investment purpose.

The site formation work of the Group's wholly owned residential development project at 45 Tai Tam Road is expected to be completed by the end of 2012 and foundation work will commence afterwards.

The superstructure work of the Group's wholly owned boutique hotel apartment development at 194-196 Queen's Road Central will be completed by the end of first quarter of 2013.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 September 2012, the Group's total borrowings were approximately HK$1,550 million. The maturity profile spreads over a period of 26 years, with HK$480 million repayable within one year, HK$811 million within two to five years and HK$259 million beyond five years.

At 30 September 2012, the Group's gearing ratio was 0.67 (31 March 2012 : 0.27) which is calculated based on the Group's long-term bank borrowings of approximately HK1,070 million and shareholders' funds of approximately HK$1,607 million.

At 30 September 2012, the Group's total bank balances and cash was approximately HK$761 million (31 March 2012: HK$283 million).

Similar to last period, 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.

FINANCIAL REVIEW (continued)

Treasury Policies

At 30 September 2012, 77% of the Group's borrowings was in HK$, 9% in US$, 9% in JPY and 5% in CAD.

At 30 September 2012, 86% of the Group's bank balances and cash was in HK$, 3% in US$, 3% in JPY, 6% in RMB and 2% in others.

All the Group's borrowings are variable-rate borrowings. The Group will carefully monitor its foreign exchange and interest rate exposures and utilize 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. All investments, if any, will be funded by bank borrowings and the internal resources of the Group.

Charges on assets

At 30 September 2012, certain properties of the Group of approximately HK$2,059 million (31 March 2012: HK$1,092 million were pledged to secure banking facilities for the Group.

Employees

At 30 September 2012, the Group employed approximately 1,400 employees in Hong Kong, the PRC and other overseas countries. The staff costs for the period including directors' emoluments amounted to HK$59 million (2011: HK$58 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 SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2012.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 September 2012 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Company has established an Audit Committee and its members comprise Dr. Samson Sun, M.B.E., J.P., Mr. Chan Chak Cheung, William and Mr. Chan Kwok Wai who are all independent non-executive directors. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters. The interim results for the six months ended 30 September 2012, which have not been audited, have been reviewed by the Audit Committee.

MODEL CODE

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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 period under review, they have complied with the required standard set out in the Model Code.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 14 December 2012 to 18 December 2012 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 13 December 2012.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 September 2012 containing all applicable information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) 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, 29 November 2012

As at the date of this announcement, the executive Directors 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 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.