NATIONAL ELECTRONICS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 213)

Interim Results Announcement for the six months ended 30 September 2013

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 2013.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2013

		Six months ended 30 September	
		2013	**2012**
		(unaudited)	**(unaudited)**
	Notes	*HK$'000*	*HK$'000*
Revenue	3	583,097	595,819
Cost of sales		(491,262)	(497,129)
Gross profit		91,835	98,690
Other income	4	3,312	6,338
Other gains/(losses)	5	4,787	(1,459)
Increase in fair value of investment properties	11	55,656	37,465
Fair value gain arising from the remeasurement of the previously held interest in a joint venture		—	143,158
Gain on disposal of a subsidiary		—	3,608
Distribution costs		(4,687)	(4,196)
Administrative expenses		(102,332)	(124,221)
Finance costs	6	(13,392)	(11,930)
Share of results of associates		37,784	136,332
Profit before taxation	7	72,963	283,785
Income tax expense	8	(1,838)	(4,759)
Profit for the period		**71,125**	**279,026**
Earnings per share	**9**		
Basic		**7.34 HK cents**	**28.54 HK cents**
Diluted		**7.29 HK cents**	**28.40 HK cents**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013	**2012**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Profit for the period	**71,125**	**279,026**
Other comprehensive income/(expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	5,412	(3,917)
Fair value (loss)/gain on hedging instruments in cash flow hedges	(2,636)	878
Other comprehensive income/(expense) for the period	2,776	(3,039)
Total comprehensive income for the period	**73,901**	**275,987**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2013

	Notes	30 September 2013 (unaudited) HK$'000	31 March 2013 (restated) HK$'000
NON-CURRENT ASSETS			
Investment properties	11	731,612	645,000
Property, plant and equipment		572,146	552,049
Prepaid lease payments		12,639	14,348
Goodwill		678	678
Interests in associates		210,880	173,096
Interests in joint ventures		—	—
Available-for-sale investments		21,230	21,230
Derivative financial instruments		3	—
		1,549,188	1,406,401
CURRENT ASSETS			
Inventories		134,288	133,429
Prepaid lease payments		326	326
Held-to-maturity investments		—	11,768
Investment held for trading		4,058	4,058
Inventory of unsold properties		7,359	7,465
Properties under development for sale		1,230,970	1,183,577
Bills receivables	12	805	1,562
Trade receivables, deposits and prepayments	12	152,411	136,176
Amounts due from associates		75,124	71,307
Amounts due from joint ventures		21,350	16,000
Tax recoverable		778	57
Bank balances and cash		582,785	615,705
		2,210,254	2,181,430

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 September 2013

	Notes	30 September 2013 (unaudited) HK$'000	31 March 2013 (restated) HK$'000
CURRENT LIABILITIES			
Trade payables, customers' deposits and accrued expenses	13	156,556	176,689
Bills payables	13	97,844	88,075
Amount due to an associate		46,816	46,816
Tax payable		10,101	7,750
Derivative financial instruments		—	3,058
Obligations under finance leases		6,618	3,320
Bank loans		524,503	510,787
		842,438	836,495
NET CURRENT ASSETS		1,367,816	1,344,935
TOTAL ASSETS LESS CURRENT LIABILITIES		2,917,004	2,751,336
CAPITAL AND RESERVES			
Share capital		95,819	97,656
Reserves		1,496,362	1,492,108
TOTAL EQUITY		1,592,181	1,589,764
NON-CURRENT LIABILITIES			
Provision for long service payments		6,731	6,731
Derivative financial instruments		—	81
Obligations under finance leases		31,687	3,378
Bank loans		1,211,462	1,076,211
Deferred tax liabilities		74,943	75,171
		1,324,823	1,161,572
		2,917,004	2,751,336

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 September 2013

(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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

Application of new or revised HKFRSs effective in the current period

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)—Int 20	Stripping Costs in the Production Phase of a Surface Mine

(2) PRINCIPAL ACCOUNTING POLICIES (continued)

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

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

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 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect of determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group as at 1 April 2013.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements — jointly controlled entities, jointly

(2) PRINCIPAL ACCOUNTING POLICIES (continued)

controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors reviewed and assessed the classification of the Group's investments in joint arrangement in the accordance with the requirement of HKFRS 11. The directors concluded that the Group's investments which were classified as jointly controlled entities under HKAS 31 should be classified as joint ventures under HKFRS 11 and continue to apply the equity method.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provision of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

HKAS 19 Employee Benefits (as revised in 2011)

In the current interim period, the Group has applied HKAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

(2) PRINCIPAL ACCOUNTING POLICIES (continued)

HKAS 19 (as revised in 2011) changes 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 and accelerate the recognition of past service costs. All actuarial gains and losses are 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. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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 do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 — 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM considered that there was no material change in segment assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included segment assets and liabilities information as part of segment information.

(2) PRINCIPAL ACCOUNTING POLICIES (continued)

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

Summary of the effect of the above changes in accounting policy

The effect of the change in accounting policy described above on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 31 March 2013, is as follows:

	As at 31 March 2013 (originally stated)	Adjustment	As at 31 March 2013 (restated)
	HK$'000	*HK$'000*	*HK$'000*
Provision for long service payments	4,257	2,474	6,731
Total effects on net assets	4,257	2,474	6,731
Retained profits	1,318,273	(2,474)	1,315,799
Total effects on equity	1,318,273	(2,474)	1,315,799

(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 2013 and 2012:

2013

	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	572,125	—	276	10,696	583,097
RESULT					
Segment result	20,791	(904)	50,651	8,536	79,074
Bank interest income					1,848
Unallocated other income					407
Unallocated other expenses					(32,758)
Finance costs					(13,392)
Share of results of associates					37,784
Profit before taxation					72,963
Income tax expense					(1,838)
Profit for the period					71,125

(3) SEGMENT INFORMATION (continued)

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
Bank 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 joint venture					143,158
Profit before taxation					283,785
Income tax expense					(4,759)
Profit for the period					279,026

Segment result represents the profit earned by / loss from each segment without allocation of central administration costs, gain on disposal of a subsidiary, fair value gain arising from the remeasurement of the previously held interest in a joint venture, 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.

(3) SEGMENT INFORMATION (continued)

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.

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 Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
Hong Kong and the PRC	478,220	497,002
North America	26,737	14,438
Europe	54,245	72,592
Others	23,895	11,787
	583,097	595,819

(4) OTHER INCOME

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
Bank interest income	1,848	2,258
Interest income from held-to-maturity investments	98	196
Interest income from associates	336	299
Management fee income received from a joint venture	—	1,094
Sundry income	1,030	2,491
	3,312	6,338

(5) OTHER GAINS/(LOSSES)

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Bargain purchase gain arising on acquisition of subsidiaries	—	5,657
Gain/(loss) on fair value changes of derivative financial instruments	4,710	(775)
Net foreign exchange gain/(loss)	77	(6,341)
	4,787	(1,459)

(6) FINANCE COSTS

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Interest on:		
Bank loans and overdrafts		
- wholly repayable within five years	15,861	9,876
- not wholly repayable within five years	5,729	4,843
Obligations under finance leases	478	184
Total borrowing costs	22,068	14,903
Less: Amounts capitalised to investment properties and properties under development for sale	(8,676)	(2,973)
	13,392	11,930

(7) PROFIT BEFORE TAXATION

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	19,424	11,875
Staff costs including directors' emoluments	58,476	59,430
Amortisation of prepaid lease payments	166	163
Cost of inventories recognised as an expense	416,671	418,572
Minimum lease payments for operating leases in respect of land and buildings	3,816	3,374
Write-down of inventories	—	489
and after crediting:		
Gross rental income	9,221	8,944
Less: Outgoings	(2,219)	(2,540)
Net rental income	7,002	6,404

Minimum lease payments for operating leases in respect of staff quarters amounting to approximately HK$2,993,000 (six months ended 30 September 2012: HK$3,035,000) are included in staff costs.

(8) INCOME TAX EXPENSE

	Six months ended 30 September 2013 HK$'000	2012 HK$'000
Current tax		
Hong Kong Profits Tax	2,028	5,007
Deferred tax credit	(190)	(248)
	1,838	4,759

Hong Kong Profits Tax has been provided for at 16.5% (six months ended 30 September 2012: 16.5%) on the estimated assessable profits for the six months ended 30 September 2013.

(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	
	2013	**2012**
	HK$'000	*HK$'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	71,125	279,026
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	969,481,582	977,657,265
Effect of dilutive potential ordinary shares - Share options	6,109,042	4,889,173
Weighted average number of ordinary shares for the purpose of diluted earnings per share	975,590,624	982,546,438

(10) DIVIDENDS

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
Dividends recognised as distribution 2013 final dividend of 3.5 HK cents (2012: 3.5 HK cents) and a special cash dividend of 2.0 HK cents (2012: 2.0 HK cents) per ordinary share	52,817	53,781

Subsequent to the end of the reporting period, the Directors proposed an interim dividend of 0.5 HK cent per share (2012: 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 2013.

(11) INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2012	768,596
Additions	166,275
Increase in fair value recognised in profit or loss	30,841
Transfer to property, plant and equipment	(320,000)
Exchange realignment	(712)
At 31 March 2013	645,000
Additions	30,584
Increase in fair value recognised in profit or loss	55,656
Exchange realignment	372
At 30 September 2013	**731,612**

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 values of the Group's investment properties at 30 September 2013 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited and Knight Frank Petty Limited, independent qualified professional valuers not connected with the Group. DTZ Debenham Tie Leung 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 similar locations and conditions.

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

Bills receivables with full recourse of approximately HK$805,000 (31 March 2013: HK$1,562,000) 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$64,382,000 (31 March 2013: HK$55,106,000) with an aged analysis as follows:

	At 30 September 2013	At 31 March 2013
	HK$'000	*HK$'000*
Within 30 days	52,878	44,660
31 to 90 days	5,994	4,940
91 to 180 days	2,751	4,496
Over 180 days	2,759	1,010
	64,382	55,106

(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$129,192,000 (31 March 2013: HK$121,061,000) with an aged analysis as follows:

	At 30 September 2013	At 31 March 2013
	HK$'000	*HK$'000*
Within 30 days	73,480	67,928
31 to 90 days	42,854	38,179
91 to 180 days	5,660	5,656
Over 180 days	7,198	9,298
	129,192	121,061

(14) CONTINGENT LIABILITIES AND COMMITMENTS

	At 30 September 2013 *HK$'000*	At 31 March 2013 *HK$'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 values 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 2013 *HK$'000*	At 31 March 2013 *HK$'000*
Capital commitments:		
Contracted for but not provided:		
Construction of properties	41,218	59,393
Acquisition of property, plant and equipment	—	38,390
	41,218	97,783

(15) 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	
	2013	**2012**
	HK$'000	*HK$'000*
Nature of transaction		
Property management fee income received by the Group	1,751	544
Interest income received by the Group	336	299

(2) Transaction with a joint venture

	Six months ended 30 September	
	2013	**2012**
	HK$'000	*HK$'000*
Nature of transaction		
Management fee income received by the Group	—	1,094

(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$12,738,000 (six months ended 30 September 2012: HK$17,914,000).

INTERIM DIVIDEND

The Directors resolved to declare an interim dividend of 0.5 HK cent per share (2012: 0.5 HK cent per share).

BUSINESS REVIEW

The Group's turnover for the six months ended 30 September 2013 was approximately HK$583,097,000 as compared with HK$595,819,000 over the same period last year. Net profit for the six months ended 30 September 2013 was approximately HK$71,125,000 as compared with approximately HK$279,026,000 over the same period in 2012.

During the period under review, the turnover of the Group's watch manufacturing and watch component trading division and profit margin decreased slightly, despite the continued sluggishness of the European and U.S. economies and the escalation of manufacturing costs in China.

During the same period, the Group's three joint venture boutique hotel apartments, with a real estate fund managed by JP Morgan Asset Management, namely, The Jervois, Twenty One Whitfield and 99 Bonham received good market reviews and achieved satisfactory occupancy rates. The Group's own boutique hotel apartment, The Putman, maintained a high occupancy rate during this period and leasing interest remained strong. As a result, the Group's hotel operation division enjoyed double digit increase in terms of turnover and profit.

There were no disposal of properties in this period by the Group.

PROSPECTS

With the introduction of new watch and watch-related products in the second half of this financial year, the Group's watch manufacturing and watch component trading division intends to overcome the challenging market environment ahead.

The Group's other wholly owned boutique hotel development located at No.196 Queen's Road Central, Hong Kong completed construction in September 2013 and the project is expected to launch in early 2014.

The site formation work of the Group's wholly owned luxury residential development at 45 Tai Tam Road was completed and foundation work commenced.

PROSPECTS (continued)

The introduction of the Special Stamp Duty, the Buyer's Stamp Duty and Double Stamp Duty together with the tightening of bank mortgage loan financing for property buyers continue to affect the transaction volume and price level of the property market. However, with regards to the recent high price transactions for luxury houses, the sentiment of the luxury residential market in Hong Kong has become positive on the back of limited supply and strong demand.

The Group remains optimistic about Hong Kong's medium and long term real estate market and will continue to look for attractive acquisition opportunities.

FINANCIAL REVIEW

Liquidity and financial resources

At 30 September 2013, the Group's total borrowings were approximately HK$1,736 million. The maturity profile spreads over a period of 25 years, with approximately HK$525 million repayable within one year, approximately HK$945 million within two to five years and approximately HK$266 million beyond five years.

At 30 September 2013, the Group's gearing ratio was 0.76 (31 March 2013: 0.68) which is calculated based on the Group's long-term bank borrowings of approximately HK$1,211 million and shareholders' funds of approximately HK$1,592 million.

At 30 September 2013, the Group's total bank balances and cash was approximately HK$583 million (31 March 2013: HK$616 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.

Treasury Policies

At 30 September 2013, 81% of the Group's borrowings was in HK$, 10% in US$, 5% in CAD and 4% in JPY.

At 30 September 2013, 77% of the Group's bank balances and cash was in HK$, 10% in RMB, 6% in US$, 5% in JPY 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 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. All investments, if any, will be funded by bank borrowings and the internal resources of the Group.

Charges on assets

At 30 September 2013, certain properties of the Group of approximately HK$2,371 million (31 March 2013: HK$2,241 million) were pledged to secure banking facilities for the Group.

Employees

At 30 September 2013, 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 approximately HK$58 million (six months ended 30 September 2012: HK$59 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

Save for the Company's purchases of its own shares on the Stock Exchange as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 September 2013.

Month of repurchase	Number of ordinary shares of HK$0.1 each	Price per share Highest	Price per share Lowest	Aggregate consideration paid
		HK$	*HK$*	*HK$*
June 2013	980,000	1.02	1.01	1,002,500
July 2013	15,282,000	1.02	1.01	15,600,352
September 2013	2,110,000	0.98	0.97	2,064,119
	18,372,000			18,666,971

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 September 2013 with the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except for Code Provision A.4.1 and A.4.2.

Pursuant to Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company were not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's Annual General Meetings in accordance with the Company's Bye-law 99. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code A.4.1.

Pursuant to Code Provision A.4.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In the opinion of the Board, the Chairman and Managing Director play a pivotal role in charting of corporate strategies and direction of the Group and should not be subject to retirement by rotation in consideration of the stability and continuity development of the Group. As such, the Board believes that exempting the Chairman and Managing Director from retiring from office by rotation at Annual General Meeting in accordance with the Bye-law 99 of the Company is in the best interest of the Group.

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 2013, 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 16 December 2013 to 18 December 2013 (both days inclusive) during which no transfer of shares will be registered. In order to qualify for the interim 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, 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 13 December 2013.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 September 2013 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, 28 November 2013

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.