NGAI LIK INDUSTRIAL HOLDINGS LIMITED
毅力工業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2008

RESULTS

The Board of Directors (the "Directors") of Ngai Lik Industrial Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2008, together with the comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
Turnover	2	**3,086,972**	3,654,926
Cost of sales and direct expenses		**(2,940,216)**	(3,491,324)
Gross profit		**146,756**	163,602
Other operating (expenses) income, net		**(46,462)**	3,654
Selling and distribution expenses		**(23,628)**	(36,967)
Administrative expenses		**(110,219)**	(121,859)
Other income		**5,549**	6,370
Impairment loss of property, plant and equipment		**(5,245)**	–
Net (loss) gain on investment properties		**(78,063)**	57,519
Finance costs		**(46,102)**	(37,190)
Share of results of an associate		**–**	574
(Loss) profit before taxation	3	**(157,414)**	35,703
Taxation	4	**20,863**	(22,621)
(Loss) profit for the year		**(136,551)**	13,082
Attributable to:			
Equity holders of the Company		**(136,551)**	13,082
Minority interests		**–**	–
		(136,551)	13,082
Dividend	5		
– Interim, paid		**7,930**	7,930
(Loss) earnings per share – basic	6	**(HK17.2 cents)**	HK1.6 cents

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2008

	Notes	**2008** *HK$'000*	2007 *HK$'000*
Non-current assets			
Investment properties		**391,181**	467,000
Property, plant and equipment		**846,393**	886,653
Land use rights – non-current portion		**70,132**	68,458
Interests in an associate		**–**	1,641
Intangible assets		**38,089**	33,742
Deposits for acquisition of property, plant and equipment and land use rights		**13,800**	14,774
		1,359,595	1,472,268
Current assets			
Land use rights – current portion		**1,653**	1,578
Inventories		**453,065**	442,642
Trade and other receivables and prepayments	7	**198,467**	198,117
Taxation recoverable		**47,494**	47,494
Bank balances and cash		**159,463**	166,825
		860,142	856,656
Current liabilities			
Trade and other payables	8	**307,869**	385,896
Taxation payable		**76,997**	75,395
Bank and other borrowings – due within one year		**534,710**	426,371
Obligations under finance leases – due within one year		**4,083**	2,583
		923,659	890,245
Net current liabilities		**(63,517)**	(33,589)
Total assets less current liabilities		**1,296,078**	1,438,679

CONSOLIDATED BALANCE SHEET (continued)

AT 31 MARCH 2008

	2008 *HK$'000*	2007 *HK$'000*
Non-current liabilities		
Bank and other borrowings – due after one year	**304,370**	281,146
Obligations under finance leases		
– due after one year	**3,668**	4,130
Deferred taxation	**50,059**	72,524
	358,097	357,800
Net assets	**937,981**	1,080,879
Capital and reserves		
Share capital	**79,302**	79,302
Reserves	**854,659**	997,557
Equity attributable to equity holders of the Company	**933,961**	1,076,859
Minority interests	**4,020**	4,020
Total equity	**937,981**	1,080,879

NOTES:

1. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in current year.

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company are in the process of assessing the potential impact and so far concluded that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating segments[1]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

2. **Business and Geographical Segments**

(a) **Business segments**

For management purposes, the Group is currently organised into two operating divisions – electronics manufacturing services business ("EMS business") and property investment.

These divisions are the basis on which the Group reports its primary segment information.

The EMS business is engaged in design, manufacture and sales of electronic and electrical products while property investment is engaged in property rental and provision of management services.

Segment information about these businesses is presented below:

Year 2008

(i) Consolidated income statement

	EMS business *HK$'000*	**Property investment** *HK$'000*	**Eliminatons** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**3,072,456**	**14,516**	**–**	**3,086,972**
Result				
Segment result	**(16,373)**	**(70,562)**		**(86,935)**
Interest income				**4,462**
Other rental income				**1,087**
Finance costs				**(46,102)**
Unallocated net expenses				**(29,926)**
Loss before taxation				**(157,414)**
Taxation				**20,863**
Loss for the year				**(136,551)**

(ii) Consolidated balance sheet

	EMS business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Assets			
Segment assets	**1,609,092**	**403,688**	**2,012,780**
Unallocated assets			**206,957**
			2,219,737
Liabilities			
Segment liabilities	**302,278**	**13,342**	**315,620**
Unallocated liabilities			**966,136**
			1,281,756

(iii) Other information

	EMS business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Capital expenditure	**79,343**	**862**	**80,205**
Depreciation and amortisation	**101,198**	**–**	**101,198**
Loss on disposal of property, plant and equipment	**4,866**	**–**	**4,866**
Net loss on investment properties	**–**	**78,063**	**78,063**
Impairment loss of property, plant and equipment	**5,245**	**–**	**5,245**

Year 2007

(i) Consolidated income statement

	EMS business	Property investment	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	3,643,161	11,765	–	3,654,926
Result				
Segment result	3,213	61,193		64,406
Interest income				5,071
Other rental income				1,299
Finance costs				(37,190)
Share of results of associates				574
Unallocated income				1,543
Profit before taxation				35,703
Taxation				(22,621)
Profit for the year				13,082

(ii) Consolidated balance sheet

	EMS business	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	1,633,939	479,038	2,112,977
Interests in associates			1,641
Unallocated assets			214,306
			2,328,924
Liabilities			
Segment liabilities	367,872	24,737	392,609
Unallocated liabilities			855,436
			1,248,045

(iii) Other information

	EMS business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Capital expenditure	124,855	6,677	131,532
Depreciation and amortisation	99,678	–	99,678
Loss on disposal of property, plant and equipment	686	–	686
Net gain on investment properties	–	57,519	57,519

(b) Geographical segments

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

	Turnover Year ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
America	**2,041,749**	2,869,928
Europe	**621,821**	461,226
Asia	**171,682**	185,076
Others	**251,720**	138,696
	3,086,972	3,654,926

All the Group's assets and capital expenditure incurred during the year are located in the Greater China. Consequently, no geographical segment asset analysis is presented.

3. (Loss) profit before taxation

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Amortisation of intangible assets, included in cost of sales	**23,109**	18,678
Amortisation of land use rights	**1,653**	1,452
Depreciation of property, plant and equipment:		
– Owned assets	**75,021**	78,783
– Assets held under finance leases	**1,415**	765
	76,436	79,548
Loss on disposal of property, plant and equipment	**4,866**	686
Interest income	**(4,462)**	(5,071)
Share of taxation of an associate (included in share of results of an associate)	**–**	213
Gain on disposal of available-for-sale financial assets	**(393)**	(2,741)

4. Taxation

	2008	2007
	HK$'000	*HK$'000*
The credit (charge) comprises:		
Current taxation		
Hong Kong		
– Provided for the year	**–**	–
– Underprovision in prior years	**–**	(932)
People's Republic of China ("PRC") Enterprise Income Tax		
– Provided for the year	**(530)**	–
– Underprovision in prior years	**(1,072)**	–
	(1,602)	(932)
Deferred taxation credit (charge)	**22,465**	(21,689)
Taxation credit (charge) for the year	**20,863**	(22,621)

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

5. Dividend

	2008	2007
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year:		
Interim dividend paid: HK1 cent (2007: HK1 cent) per share	**7,930**	7,930

No final dividend for the year ended 31 March 2008 has been proposed by the directors of the Company.

6. (Loss) earnings per share

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

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to equity holders of the Company and earnings for the purposes of basic (loss) earnings per share	**(136,551)**	13,082

	Number of ordinary shares	
	2008	2007
Number of ordinary shares for the purposes of basic (loss) earnings per share	**793,016,684**	793,016,684

The computation of diluted loss per share for 2008 does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

No diluted earnings per share has been presented for 2007 as the exercise price of the Company's options was higher than the average market price of the Company's shares.

7. Trade and other receivables and prepayments

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**173,037**	163,847
Bills receivable	**–**	6,655
	173,037	170,502
Other receivables and prepayments	**25,430**	27,615
	198,467	198,117

Customers are generally granted credit terms of letter of credit at sight or open accounts from 7 days to 30 days. Longer credit periods are granted to several customers which have long business relationship with the Group and strong financial position.

The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Current - 30 days	**162,366**	154,228
31- 60 days	**8,909**	14,005
61- 90 days	**679**	206
Over 90 days	**1,083**	2,063
	173,037	170,502

8. Trade and other payables

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**148,677**	194,981
Bills payable	**29,276**	12,126
	177,953	207,107
Other payables	**129,916**	178,789
	307,869	385,896

The following is an aged analysis of trade and bills payables at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Current - 30 days	**152,924**	166,874
31 - 60 days	**18,096**	21,962
61 - 90 days	**2,202**	2,176
Over 90 days	**4,731**	16,095
	177,953	207,107

9. Subsequent events

On 4 July 2008, a subsidiary of the Company entered into a sale and purchase agreement to dispose of one of the Group's factory premises located in Dongguan, PRC. Currently, the premises are used for investment purposes and for the Group's manufacturing facilities which are classified as investment properties and property, plant and equipment respectively. Details of the transactions are set out in the announcement of the Company dated 9 July 2008.

DIVIDEND

The Board of Directors did not recommend the payment of a final dividend for year ended 31 March 2008 (2007: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Register of Members will be closed from 25 August 2008 to 27 August 2008, both days inclusive, during which year no transfer of shares will be effected. In order to ascertain the shareholders' rights for the purpose of attending and voting at the forthcoming Annual General Meeting which will be held on 27 August 2008 at 3:00 p.m., all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrars in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 22 August 2008.

BUSINESS REVIEW

Turnover of the Group for the year ended 31 March 2008 amounted to approximately HK$3,087 million, representing a decrease of approximately 16% as compared to last financial year. Gross profit margin increased to approximately 4.8% for the year ended 31 March 2008 from approximately 4.5% of last year. Loss for the year ended 31 March 2008 was approximately HK$136.6 million and was mainly attributable to the following factors:

– decrease in fair value of investment properties of approximately HK$124 million;

– exchange gain arising from the translation of investment properties of approximately HK$46 million;

– exchange loss for the year of approximately HK$39 million;

– impairment loss of property, plant and equipment of approximately HK$5 million, mainly regarding the Dongguan Ngai Lik Industrial City, of which a sale and purchase agreement has been entered into subsequent to the balance sheet date;

– loss on disposal of plant and equipment of approximately HK$5 million; and

– redundancy payments of approximately HK$18 million for the lay off of certain workers and staff.

EMS Division

Turnover of the EMS Division decreased to approximately HK$3,072.4 million, representing a reduction of approximately 16% against the corresponding figure of last financial year. In line with the strategy to reduce low-profitability products, the CD and other conventional audio and visual products decreased from approximately HK$2,438 million for the last year to approximately HK$1,033 million for the year ended 31 March 2008, representing a decrease of approximately 58%. The reduction was also attributable to the decline in market demand for CD players and market saturation for stand-alone DVD players.

The Group's strategy is to upgrade its products mix and focus on high margin business. Sales of digital products, mainly including panel display products, digital photo frames and GPS products contributed approximately HK$1,916 million which accounted for approximately 62% of the Group's total turnover for the year ended 31 March 2008. However, during the year ended 31 March 2008, the sales of panel display products have been affected by the shortage of small size TFT-LCD panels (particularly 7 inches to 10 inches) and surging costs of certain panels during the peak season period. Sales turnover for mobile division has grown satisfactorily to HK$579 million and accounted for to 19% of the Group's turnover.

During the year ended 31 March 2008, the United States remained the EMS Division's largest market, despite the percentage of sales to the United States as compared to the total sales of the Group decreased from approximately 79% for the preceding financial year to approximately 66% for the year ended 31 March 2008. The sales revenue as brought by the procurement agent of Wal-mart has declined substantially, accounted for less than 20% of the total sales for the year ended 31 March 2008. European sales increased from approximately HK$461 million for the preceding financial year to approximately HK$622 million for the year ended 31 March 2008, which accounted for approximately 20% of the total sales. The gross margin slightly improved for the financial year ended 31 March 2008 following the change in products mix notwithstanding the increase in raw material and labour costs and certain redundancy payments made to lay-off labours in the PRC.

As at 31 March 2008, the Group had in operation 14 production lines in Dongguan and 20 production lines in Qingyuan. The Group has continued to consolidate its manufacturing facilities to gain operating efficiency, with an objective to maintain Qingyuan Industrial Estate as the Group's major manufacturing arm in the PRC. The CAPEX for the year amounted to approximately HK$52 million, mainly for new moulding and additions in plant and equipment.

Properties Division

The Group's Properties Division comprises investment properties in land use rights and factory buildings in Fenggang, Dongguan, which help to earn recurring income and/or realise potential capital appreciation.

For the year ended 31 March 2008, the decrease in fair value loss on investment properties was approximately HK$124 million (2007: increase of approximately HK$58 million) mainly attributable to the deterioration of the market value of the properties. Prices of properties in Dongguan have been experiencing notable declines since the beginning of the year 2008, due to the austerity measures on property market imposed by the Chinese Government. The investment properties were reclassified following the change of use of certain plants in Dongguan to rental purpose and as a result of the Group's effort to consolidate its operation to Qingyuan.

PROSPECTS

EMS Division

Looking forward to the year of 2008, it is expected the US sub-prime crisis, record-high oil price and global inflation will adversely affect the consumer spending, particularly in the United States. Slowing export growth is being caused by both economic weakness in the US and the Chinese currency's appreciation against the dollar, which makes Chinese goods relatively more expensive.

With the drastic reduction in home audio business, the Group will aggressively launch new products for replacement and carry out cost reduction measures to reduce overheads. The Group has developed a new range of digital products which include digital photo frames, portable televisions, iPOD audio products, GPS devices and low-cost notebooks. The Group has striven to reduce the time-to-market of the new products under development.

Several new models of low-cost notebooks, of 8, 9 and 10 inches screen size will be launched in the second quarter of financial year 2009. Numerous features, like built in Wi-Fi, bluetooth and web camera, would also be added to this product line. New products of mobile internet devices and UMPCs are also under development. Convergence of the computer and electronics products is expected to be the continuing trend.

The Group is currently operating under a challenging environment as the price of raw materials including, metals and plastics, rose following the increase in oil price coupled with the rising operating costs in the PRC resulting from the continuing appreciation of the Renminbi ("RMB") currency and upward pressure on wages and employee benefits. In particular, the new PRC Labour Contract Law which came into effect in January 2008, has introduced numerous changes to the rights and obligations of employers and employees, resulting in drastic impact on human resources management and workforce cost control in the PRC.

Amid slowing demand due to the US slowdowns and high oil prices, prices for the LCD/TFT panels have fallen since the beginning of the year 2008. The average manufacture prices of the mainstream panels are expected to be stable in the second half of 2008. The Group will monitor the procurement of panels cautiously to reduce the carrying costs of such inventory.

The Group has vigorously downsized its operations in Dongguan and Qingyuan and has ceased certain component manufacturing operations that did not derive profit contribution to the Group. The Group will shift all operations of the Industrial City in Dongguan to Qingyuan. The Group will continue to streamline and rationalise its manufacturing operations with an aim to maintaining a lean and competitive production platform in the PRC. The Group has implemented a new ERP computer system of ERP in stages since the beginning of 2008. The first phase will be completed in the second quarter of financial year 2009, which mainly covers the customer relationship management (CRM). The main purpose of the CRM system is to enhance the marketing operations and to serve customers more effectively. We will commence the second phase of the ERP implementation with particular emphasis on business process improvement on the value chain management.

On the sales and marketing front, the Group has diversified its customer base and has reduced reliance on volume business with large-scale retailers that failed to yield reasonable contribution to the Group's revenue in the past. The mobile division is focusing on GPS devices and marine audio products. The division is providing a steady revenue stream to the Group and the Group will further strengthen its financing and funding structure with the aim to grooming it as an independent business unit. For the financial year ended 31 March 2008, the Group's net worth decreased, mainly as a results of the decrease in fair value of investment properties but the Group has maintained its liquidity by the drawdown of certain term loans from the Agricultural Bank of China in the PRC.

Properties Division

The Group will pursue initiatives to enhance the value of these properties and will consider different ways to provide best returns to the Group and maximise their potential value. One of the Group's strategic initiatives is to reduce the Group's financial gearing and the finance cost for the year under review increased further from HK$37 million to HK$46 million. In July 2008, the Group has entered into a sale and purchase agreement with an Independent Third Party for the sales of the industrial city in Dongguan for a cash consideration of approximately HK$230 million, subject to shareholders' approval. Details of the disposal was disclosed in the Announcement dated 9 July 2008. The remaining investment properties are or will be rented out to earn recurring income.

As mentioned in previous annual reports, the Group has changed the use of the production plants in Dongguan. Currently, the gross floor area ("GFA") of the investment properties totalled to approximately 350,000 sq.m. of which approximately 60% are attributable to the Dongguan Industrial City. In particular, the Group has significant reduced the production capacity of Dongguan Industrial City since 2007. Established in 1991, Dongguan Industrial City has been in operation for about two decades. The Group currently has 4 production lines therein and has rented out approximately 36,830 sq.m. of GFA to independent third parties.

Since the PRC labour contact law became effective in January 2008, numerous factories closed down in Dongguan and this factor adversely affected the demand of rental of industrial properties. As only a small percentage of the Industrial City is rented out, the Dongguan Industrial city is not optimally operated.

It has been our corporate strategy to realize the value of the non-core assets to strengthen the financial position of the Group. The Group expects considerable cost saving to be achieved through the disposal of the Dongguan Industrial City and consolidation of operations in Qingyuan.

Furthermore, the US sub-prime mortgage financial crisis is affecting the global economy and the risk of recession is apparently increasing. The operating environment for the consumer electronic industry will continue to be difficult and the Group will encounter challenges including the appreciation of RMB and increase in minimum wages. The Group has implemented measures, including the upgrade of product mix and consolidation of production operations, to maintain its long term competitiveness.

The Group will closely monitor the amount of funding available and future investment requirements for the coming year. The proposed disposal of the Dongguan Industrial City, if approved by the shareholders of the Company, will increase the available funding. Given the difficult business environment, the Group will adopt a prudent funding strategy and intends to close any funding gap, if any, by reducing the capital investment, mainly on fixed assets, or obtaining additional funds, by disposal of non-core assets or other appropriate means. The Group will also look into different business opportunities to further diversify its business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

The Group's turnover decreased to approximately HK$3,087 million for the year ended 31 March 2008, a reduction of approximately 16% as compared to the preceding financial year. The decrease was mainly attributable to the reduction in business of low-profitability products (mainly personal CD players and stand-alone DVD players).

Sales of digital products accounted for approximately 62% of the Group's turnover for the year ended 31 March 2008, representing an increase of approximately 67% over the preceding financial year, and became the Group's core product. Sales of home audio and conventional DVD players contributed to approximately 33% of the Group's turnover for the year ended 31 March 2008, a decrease of approximately 58% over the preceding financial year.

Gross Margin

The Group continued to upgrade its product mix and reduced the sales of CD audio products and stand-alone DVD players. The gross profit margin improved from 4.5% for the year ended 31 March 2007 to approximately 4.8% for the year ended 31 March 2008.

Expenses

The Group's administrative expenses for the year ended 31 March 2008 totalled to approximately HK$110 million, representing a reduction of approximately 10% as compared to the preceding financial year. The percentage of administrative expenses to total sales for the year ended 31 March 2008 was approximately 3.6%, representing a modest increase from approximately 3.3% for year ended 31 March 2007. The Group's selling and distribution expenses decreased to approximately HK$24 million. The Group's finance costs increased to approximately HK$46 million as a result of significantly higher average interest rates and increase in bank borrowings, particularly in borrowings denominated in RMB.

Property Investment

The decrease in fair value of investment properties, which was debited to current period's income statement, amounted to approximately HK$124 million. It was mainly attributable to the general decline of the prices of properties in Dongguan. The above decrease was approximate to the increase in fair value previously recognized in the income statement and credited to the property revaluation reserve respectively. The decrease in fair value involved no major cash outflow. The effect on exchange rate movement amounted to HK$46 million. As at 31 March 2008, the property revaluation reserve amounted to approximately HK$17 million. Impairment loss of property, plant and equipment mainly arose from the Dongguan Industrial City of which a sale and purchase agreement was entered into in early July 2008.

Other operating expenses

Included in other operating expenses was exchange loss for the year of HK$39 million. If adjusting the above effect on exchange rate movement for the year, the adjusted exchange gain would be HK$7 million.

Working Capital Management and Dividend Policy

As at 31 March 2008, the Group maintained bank balances and cash of approximately HK$159 million (31 March 2007: approximately HK$167 million). The Group's average inventory turnover was about 53 days (31 March 2007: 44 days). The increase of the inventory of the turnover period was partly due to the inventory held for OEM orders of plasma and LCD televisions to be fulfilled in the first of financial year 2009 and increase in stock of certain finished goods to be delivered to customers in the first quarter of the financial year 2009. The Group's average trade receivables turnover was about 20 days (31 March 2007: 16 days).

Dividend Policy

During the year, an interim dividend of HK1 cent per share was paid to shareholder of the Company. After careful deliberation, the Group considered that the existing dividend policy with a payout ratio of not more than 50% on net profits will be subject to the Group's overall funding requirement,

Financing and Capital Structure

For the year ended 31 March 2008, the Group's total debts stood at approximately HK$847 million (31 March 2007: approximately HK$714 million), of which approximately HK$308 million (31 March 2007: approximately HK$285 million) were not repayable within one year. The borrowings included outstanding balances of certain term loan facilities from several banks. During the year, the Agricultural Bank of China and Hongkong Bank have provided certain term loans to the Group respectively. Following the increasing sales of digital products, the Group also issued additional letters of credit to procure the supplies of critical components like the LCD TFT panel displays and integrated circuits, and certain raw materials. The increase in net debt was mainly due to increase in trust receipt loans of approximately HK$47 million and bills discounted of approximately HK$25 million and increase in bank loans of approximately HK$61 million. The new borrowings were used to finance working capital and capital expenditure during the financial year ended 31 March 2008. The Group's borrowings are primarily denominated in Hong Kong Dollars, US Dollars and RMB and the Group will hedge against currency exposure as well as interest rate expense, particularly for the borrowings in RMB, as appropriate. The Group entered into sale and purchase agreement for the disposal of the Donnguan Industrial City in July 2008, subject to the shareholders' approval the net proceeds will be mainly used to repay bank borrowings and mortgage loans attached thereto.

Capital Expenditure on Property, Plant and Equipment

Total capital expenditure for the year was approximately HK$52 million (31 March 2007: HK$100 million), out of which approximately HK$10 million was spent on the construction of production plants, approximately HK$18 million for the acquisition of plant and machinery and approximately HK$9 million for moulds investment.

Liquidity and Financial Resources

The net current liabilities of the Group as at 31 March 2008 was approximately HK$64 million (31 March 2007: HK$34 million) and the current ratio was approximately 0.93 (31 March 2007: approximately 0.96). Shareholders' funds were decreased to approximately HK$934 million (31 March 2007: approximately HK$1,077 million), mainly due to decrease in fair value of investment properties.

Pledge of Assets

As at 31 March 2008, certain of the Group's assets (including investment properties, property, plant and equipment and land use rights) with the carrying value of totalling approximately HK$454 million were pledged to secure certain banking facilities granted to the Group.

Capital Commitments

As at 31 March 2008, the Group had capital commitments contracted but not provided for of approximately HK$6 million.

Treasury Policy

The majority of the Group's sales and purchases are denominated in Hong Kong Dollars or US Dollars. As Hong Kong Dollars and US Dollars are pegged, the Group had minimum exposure to foreign exchange fluctuation in this respect. The labour costs and other overheads incurred in the PRC were denominated in RMB. The Group will closely monitor the overall currency and interest rate exposures particularly for the bank borrowings in RMB which was approximately HK$306 million as at 31 March 2008. When considered appropriate, the Group will hedge against currency exposure as well as interest rate exposure.

Employee Information

As at 31 March 2008, the Group had approximately 12,200 employees (2007: approximately 24,300). The remuneration packages are generally structured with reference to market conditions and the individual qualifications. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Bonuses are normally paid to the management, based on individual merits as well as the results from the respective companies for which the staff works. Benefit plans for its Hong Kong staff include a provident fund scheme and medical and life insurance. The Group also maintains a Share Option Scheme, under which options may be granted to employees to subscribe for shares in the Company. This Share Option Scheme is designed to give employees an incentive to perform.

CORPORATE GOVERNANCE

The Company has complied with the all the applicable code provisions set out in the Code on Corporate Governance Practices ("the Code") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Group's compliance with the provision of the Code together with reasons for any deviations will be set out in the corporate governance report to be contained in the Company's 2008 Annual Report, which will be dispatched to the Shareholders in late July 2008.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed with internal control and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 March 2008.

The Audit Committee comprises three independent non-executive directors, namely Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "Model Code"). Having made specific enquiry of all directors of the Company, the directors of the Company have complied with the required standard set out in the Model Code throughout the year ended 31 March 2008.

DEALING IN COMPANY'S LISTED SECURITIES

During the year, there were no purchases, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement of results is available for viewing on the website of Hong Kong Exchange and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of IR Asia Limited at www.irasia.com/listco/hk/ngailik/ The annual report of the Company contained all the information required by the Listing Rules will be published on the above websites in due course.

By order of the Board
Lam Man Chan
Chairman

Hong Kong, 22 July 2008

As at the date of this announcement, the executive directors of the Company are Dr. Lam Man Chan, Ms. Ting Lai Ling, Ms. Ting Lai Wah, Mr. Yeung Cheuk Kwong and Mr. Lam Shing Ngai and the independent non-executive directors of the Company are Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong.

* *For identification purpose only*