NAM HING HOLDINGS LIMITED
南興集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010 AND RESUMPTION OF TRADING

ANNUAL RESULTS

The Board of Directors (the "Board") of Nam Hing Holdings Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2010 together with the comparative figures for the year ended 31 March 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Turnover	*4*	**69,042**	129,394
Cost of sales		**(79,530)**	(127,683)
Gross (loss) profit		**(10,488)**	1,711
Other income	*6*	**2,598**	6,425
Gain on disposal of investment properties held for sale		**1,688**	10,187
Selling and distribution expenses		**(2,978)**	(4,569)
Administrative expenses		**(26,014)**	(34,875)
Fair value changes in held for trading investments		**19**	(1,735)
Increase (decrease) in fair value of investment properties		**1,090**	(1,490)
Impairment loss recognised in respect of property, plant and equipment		**(2,090)**	(52,438)
Finance costs	*7*	**(3,416)**	(5,354)

* *For identification purposes only*

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Loss before taxation	*8*	**(39,591)**	(82,138)
Taxation	*9*	**(372)**	(267)
Loss for the year attributable to owners of the Company		**(39,963)**	(82,405)
Exchange difference arising on translation of foreign operations and other comprehensive income (expenses) for the year		**1,142**	(2,568)
Total comprehensive expenses for the year attributable to owners of the Company		**(38,821)**	(84,973)
Loss per share	*11*		
Basic and diluted		**(9.11) HK cents**	(19.99) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**67,199**	79,315
Investment properties		**6,960**	5,870
Prepaid lease payments		**14,800**	14,926
		88,959	100,111
CURRENT ASSETS			
Inventories		**14,722**	27,397
Trade and bills receivables	*12*	**11,721**	13,624
Other receivables, prepayments and deposits paid	*13*	**49,070**	4,359
Investment property held for sale		**–**	2,603
Held for trading investments		**47**	28
Tax recoverable		**–**	70
Pledged fixed deposits		**12,041**	18,641
Bank balances and cash		**5,618**	1,635
		93,219	68,357
CURRENT LIABILITIES			
Trade and bills payables	*14*	**21,917**	43,175
Other payables and accruals		**17,071**	12,411
Bank and other borrowings		**77,838**	59,000
Obligations under finance leases		**65**	832
Tax payables		**904**	–
		117,795	115,418
NET CURRENT LIABILITIES		**(24,576)**	(47,061)
		64,383	53,050

	2010	2009
	HK$'000	*HK$'000*
CAPITAL AND RESERVES		
Share capital	**50,272**	41,404
Reserves	**(6,427)**	(11,041)
	43,845	30,363
NON-CURRENT LIABILITIES		
Bank and other borrowings	**20,538**	22,622
Obligations under finance leases	**–**	65
	20,538	22,687
	64,383	53,050

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Other than those operating subsidiaries established in the People's Republic of China (the "PRC") and Thailand are engaged in trading and manufacture of printed circuit boards, laminates and copper foils, whose functional currencies are Renminbi ("RMB") and Thailand Baht ("Baht") respectively, the functional currency of the Company and its subsidiaries is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in HK$.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately HK$24,576,000 as at 31 March 2010.

In the opinion of the directors of the Company, the Group is able to maintain itself as a going concern in the coming year by taking into consideration the arrangements which include, but are not limited to, the followings:

1. The directors of the Company continue to implement measures to tighten cost controls over various operating costs and expenses of the Group;

2. The directors of the Company continue to scale down the non-profitable operations. Subsequent to the end of the reporting date, the directors of the Company had entered into a sale and purchase agreement to dispose of the non-profitable operations. Relevant details are set out in Note 15;

3. The directors of the Company are planning to dispose of non-core assets;

4. The continuous provision of funds from its major bankers by renewal of bank loans upon their maturities. Subsequent to 31 March 2010, the banking facilities of approximately HK$44,151,000 have been already renewed; and

5. Subsequent to the end of the reporting period, the Company entered into a placing agreement for the issue of up to 100,500,000 new shares at a price of HK$0.29 per share and a placing agreement for the issue of convertible bonds of up to an aggregate principal amount of HK$200,000,000. Relevant details are set out in Note 15.

Based on the aforesaid measures, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In current year, the Group has applied a number of new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Hong Kong Accounting Standards ("HKAS") 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard. The adoption of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments nor changes in basis of measurement of segment profit or loss, segment assets and segment liabilities.

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosure required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[7]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]

HK (IFRIC) – Interpretation ("INT") 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[7]

[1] *Effective for annual periods beginning on or after 1 July 2009.*

[2] *Amendments that are effective for annual periods beginning on or after 1 July 2009 and January 2010, as appropriate.*

[3] *Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*

[4] *Effective for annual periods beginning on or after 1 January 2010.*

[5] *Effective for annual periods beginning on or after 1 February 2010.*

[6] *Effective for annual periods beginning on or after 1 January 2011.*

[7] *Effective for annual periods beginning on or after 1 July 2010.*

[8] *Effective for annual periods beginning on or after 1 January 2013.*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs issued in 2009*, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. TURNOVER

The Group's turnover represents the net invoiced value of goods sold, after allowances and trade discounts.

5. SEGMENT INFORMATION

(a) *Business segments*

The following is an analysis of the Group's revenue and results by reportable segments:

	Manufacture and sale of laminates		Manufacture and sale of PCBs		Manufacture and sale of copper foils		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**21,914**	55,031	**44,844**	72,899	**2,284**	1,464	**–**	–	**69,042**	129,394
Intersegment sales	**10,694**	22,716	**–**	–	**6,539**	17,858	**(17,233)**	(40,574)	**–**	–
Total	**32,608**	77,747	**44,844**	72,899	**8,823**	19,322	**(17,233)**	(40,574)	**69,042**	129,394
Segment results	**(27,747)**	(64,928)	**2,577**	3,461	**(11,681)**	(25,117)			**(36,851)**	(86,584)
Bank interest income									**47**	278
Gain on disposal of investment properties held for sale									**1,688**	10,187
Fair value changes in held for trading investments									**19**	(1,735)
Increase (decrease) in fair value of investment properties									**1,090**	(1,490)
Unallocated income									**1,600**	5,652
Unallocated expenses									**(3,768)**	(3,092)
Finance costs									**(3,416)**	(5,354)
Loss before taxation									**(39,591)**	(82,138)

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

	Manufacture and sale of laminates		Manufacture and sale of PCBs		Manufacture and sale of copper foils		Eliminations		Consolidated	
Assets and liabilities:										
Segment assets	**49,378**	61,441	**48,865**	54,682	**13,884**	25,084			**112,127**	141,207
Unallocated assets									**70,051**	27,261
Consolidated total assets									**182,178**	168,468
Segment liabilities	**21,414**	13,283	**11,332**	25,731	**3,513**	5,172			**36,259**	44,186
Unallocated liabilities									**102,074**	93,919
Consolidated total liabilities									**138,333**	138,105

(b) Geographical information

The Group's operations are located in Hong Kong (country of domicile), the PRC, Europe and Thailand.

The following table provides an analysis of the Group's revenue by geographic market, irrespective of the origin of customers:

	Hong Kong		PRC		Europe		Others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**24,724**	109,675	**5,738**	6,376	**32,167**	8,129	**6,413**	5,214	**69,042**	129,394

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

	Hong Kong		PRC		Others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Non-current assets	**28**	169	**77,356**	83,755	**11,575**	16,187	**88,959**	100,111

6. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Sale of scrap materials	**950**	398
Bank interest income	**48**	313
Rental income *(note)*	**129**	251
Foreign exchange gains, net	**1,254**	4,897
Gain on disposal of items of property, plant and equipment	**–**	62
Others	**217**	504
	2,598	6,425

Note: During the year ended 31 March 2010, the direct operating expenses from investment property that generated rental income were approximately HK$16,000 (2009: HK$24,000).

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest expenses on:		
Bank and other borrowings wholly repayable within five years	**3,123**	4,385
Bank and other borrowings wholly repayable over five years	**221**	125
Factoring arrangements	**45**	765
Obligations under finance leases wholly repayable within five years	**27**	79
	3,416	5,354

8. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging (crediting):

	2010	2009
	HK$'000	*HK$'000*
Auditors' remuneration	**854**	908
Amortisation of prepaid lease payments	**427**	431
Cost of inventories recognised as an expense	**81,753**	96,333
Depreciation of property, plant and equipment	**13,607**	15,539
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**16**	24
Impairment loss recognised in respect of trade receivables	**981**	5,325
Impairment loss recognised in respect of other receivables	**30**	–
Write down of inventories (included in cost of sales)	**1,001**	–
Reversal of allowance on inventories (included in cost of sales)	**(3,224)**	–
Operating lease rentals paid in respect of rented premise	**360**	360
Loss on disposal of property, plant and equipment	**618**	–
Staff costs		
– Directors' remuneration	**2,124**	4,368
– Equity-settled share-based payments	**–**	33
– Staff costs	**13,565**	19,768
– Retirement benefits contribution (excluding directors)	**197**	367
Total staff costs	**15,886**	24,536

9. TAXATION

	2010	2009
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Underprovision in previous year	**74**	–
Outside Hong Kong		
Current year	**298**	267
Tax charge for the year	**372**	267

Hong Kong Profits Tax

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries which operate in Hong Kong had no assessable profits for both years.

Overseas income tax

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

PRC Tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the "EIT Law", the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

10. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2010, nor has any dividend been proposed since the end of reporting period (2009: Nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	**(39,963)**	(82,405)

Number of shares	**2010**	2009
Issued ordinary shares at 1 April	**414,038,800**	409,838,000
Effect of exercise of share options	**3,640,548**	2,346,301
Effect of placing of shares	**21,093,205**	–
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**438,772,553**	412,184,301

	2010	2009
Basic and diluted loss per share *(in HK cents)*	**(9.11)**	(19.99)

Diluted loss per share for both years are the same as the basic loss per share as the effect of the Company's share options outstanding during the year would result in a decrease in basic loss per share.

12. TRADE AND BILLS RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**12,732**	18,949
Less: impairment loss recognised	**(1,249)**	(5,325)
	11,483	13,624
Bills receivables	**238**	–
	11,721	13,624

Bills receivables are aged with 90 days from the invoice date.

The Group has a policy of allowing credit period ranging from 3 to 6 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

An aged analysis of trade and bills receivables net of impairment loss recognised at the end of reporting period, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**8,231**	10,938
4 to 6 months	**792**	2,686
Over 6 months	**2,698**	–
	11,721	13,624

13. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

Included in other receivables, prepayments and deposits paid as at 31 March 2010 are refundable deposits paid for a potential investment of HK$46,000,000.

On 23 November 2009, the Company entered into a memorandum of understanding (the "MOU") with Nurture Power Limited (the "Vendor"), in relation to the intention of the proposed acquisition (the "Proposed Acquisition") of the entire issued share capital (the "Sale Shares") in Swift Profit International Limited ("Swift Profit"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor.

On 9 December 2009, the Company further entered into a supplement to the MOU (the "Supplement") with the Vendor in which additional terms were added to the MOU, for the payment of a refundable deposit and the execution of a share charge over the Sale Shares of Swift Profit in favour of the Company. During the year ended 31 March 2010, a refundable deposit of HK$46,000,000 had been paid upon execution of the Supplement. Relevant details are set out in the Company's announcements dated 23 November 2009 and 9 December 2009.

Subsequent to the end of the reporting date, on 15 April 2010, the Company entered into a formal sales and purchase agreement (the "Agreement") with the Vendor. Under the Agreement, the Company conditionally agreed to acquire from the Vendor the Sales Shares of Swift Profit at a consideration of HK$3,000,000,000. The consideration will be settled partly by cash of HK$46,000,000 and partly by the convertible notes of HK$2,954,000,000 issued by the Company.

On 18 May 2010, the Company entered into a termination agreement (the "Termination Agreement"), and a supplemental MOU (the "Supplemental MOU") concurrently. The Agreement had been finally and irrevocably terminated by the Termination Agreement. Under the Supplemental MOU, the Company and the Vendor agreed to use best effort to provide supplemental information to the Stock Exchange for further assessment. Relevant details are set out in the Company's announcement dated 18 May 2010 and in Note 15.

On 10 June 2010, the Company and the Vendor entered into a second supplement to the MOU (the "Second Supplement") in which the Vendor had given the Company an exclusive right to 31 December 2010 (the "Exclusivity Period") to continue the due diligence review and during such period, the Vendor shall not enter into any binding commitment, negotiation or agreement with other parties. In consideration for the granting of such exclusive right, a further refundable deposit of HK$25,000,000 had been paid to the Vendor upon execution of the Second Supplement, and a further deposit will be paid by the Company to the Vendor with reference to the progress of the Proposed Acquisition during the Exclusivity Period. Relevant details are set out in the Company's announcement dated 10 June 2010 and in Note 15.

On 16 July 2010, the Company entered into a new sales and purchase agreement (the "New Agreement") with the Vendor, pursuant to which the Vendor would sell and the Company would acquire 9.9% of the issued share capital in Swift Profit at a consideration of HK$170,000,000.

The consideration shall be satisfied in the following manner:

(1) HK$46,000,000 paid by the Group during the year ended 31 March 2010 and which was included in other debtors, deposits and prepayments;

(2) HK$25,000,000 cash deposit paid by the Group subsequent to the year ended 31 March 2010;

(3) HK$99,000,000 shall be paid through the issuance of convertible notes with initial conversion price of HK$0.28 per share.

Relevant details are set out in the Company's announcement dated 16 July 2010 and in Note 15.

The Proposed Acquisition had not yet been completed at the date of this announcement.

14. TRADE AND BILLS PAYABLES

An aged analysis of the trade creditors at the end of reporting period, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**6,635**	5,994
4 to 6 months	**3,171**	7,653
Over 6 months	**12,111**	29,528
	21,917	43,175

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 31 May 2010, the Company entered into a placing agreement with a financial institution to place 100,500,000 new shares of the Company at HK$0.29 per share. The placing was completed on 7 June 2010 and a net proceed of approximately HK$28,000,000 was received by the Company. The new shares rank pari passu with the existing shares in all respect. Details are set out in the Company's announcement dated 31 May 2010.

(b) On 18 May 2010, the Company and the Vendor entered into the Termination Agreement and the Supplemental MOU concurrently. Details are set out in the Company's announcement dated 18 May 2010 and in Note 13.

On 10 June 2010, the Company and the Vendor entered into the Second Supplement, pursuant to which the Vendor had given the Company an Exclusivity Period till 31 December 2010. The Company had paid a further refundable deposit of HK$25,000,000 upon execution of the Second Supplement and a further deposit of HK$79,000,000 will be paid by the Company to the Vendor with reference to the progress of the Proposed Acquisition during the Exclusivity Period. Details are set out in the Company's announcement dated 10 June 2010 and in Note 13.

On 16 July 2010, the Company entered into the New Agreement with the Vendor pursuant to which the Vendor would sell and the Company would acquire 9.9% of the issued share capital in Swift Profit at the total consideration of HK$170,000,000. The consideration shall be satisfied partly by the refundable deposits paid by the Company totalling HK$71,000,000 and issuance of convertible notes ("Convertible Notes") with principal amount of HK$99,000,000. The Convertible Notes shall bear interest at 3% per annum, with maturity falling on the 3rd anniversary of the date of issue at an initial conversion price of HK$0.28 per share. The note holder may convert at any time from the date of issue of the Convertible Notes and ending on the business day immediately preceding the maturity date into new ordinary shares of the Company. The conversion shares shall rank pari passu with the existing shares.

Details of the above is set out in the Company's announcement dated 16 July 2010 and in Note 13.

(c) On 28 June 2010, the Company entered into a sale and purchase agreement with Nature Ample Limited, a company which is wholly and beneficially owned by Mr Lau Chung Yim, an executive director of the Company, to dispose of the entire issued share capital and sale loans of Cosmo Terrace Corporation, Fittingco Inc., Majestic Mountain Limited and Ottawa Enterprises Limited (collectively referred to as the "Disposal Group") at a consideration of approximately HK$28,000,000. Upon completion of the disposal, the Disposal Group will cease to be subsidiaries of the Company.

On 28 June 2010, Nam Hing Circuit Board Company Limited ("Nam Hing HK") and Nam Hing Circuit Board (Dongguan) Co., Limited ("Nam Hing DG"), subsidiaries of the Company, entered into a master supply agreement with Zhongshan Chung Yuen Electronic Applied Materials Company Limited ("Zhongshan Chung Yuen"), a member of the Disposal Group, pursuant to which Zhongshan Chung Yuen agrees to provide and Nam Hing HK and Nam Hing DG agree to purchase the industrial laminates for a term commencing from the completion of the disposal to 31 March 2012, with an annual cap of HK$10,000,000 and HK$15,000,000 for the period ending 31 March 2011 and the year ending 31 March 2012 respectively.

Details are set out in the Company's announcement dated 28 June 2010.

(d) On 2 July 2010, the Company entered into a placing agreement with a financial institution to issue a zero coupon convertible bonds (the "Convertible Bonds") up to a principal amount of HK$200,000,000 at an initial conversion price which shall be the higher of (i) the average closing price per share as quoted on the Stock Exchange for the last 5 full trading days of the shares immediately before the date of conversion and (ii) the nominal value of the shares of the Company. The Convertible Bonds will be matured on the date falling on the second anniversary of the date of issue of the Convertible Bonds. The bondholder may convert at any time from the date of issue of the Convertible Bonds and up to the due date into new ordinary shares of the Company in multiples of HK$20,000,000. The conversion shares shall rank pari passu with the existing shares.

The placing of shares was not yet completed at the announcement date. Details of the above are set out in the Company's announcement dated 2 July 2010 and the circular dated 30 July 2010.

(e) On 16 July 2010, the Company proposed that the authorised share capital of the Company be increased from HK$100,000,000 divided into 1,000,000,000 shares of HK$0.10 each to HK$1,000,000,000 divided into 10,000,000,000 shares of HK$0.10 each by creation of an additional HK$900,000,000 divided into 9,000,000,000 shares of HK$0.10 each.

Details of the above are set out in the Company's announcement dated 16 July 2010 and the circular dated 30 July 2010.

SUMMARY OF INDEPENDENT AUDITORS' REPORT ON THE GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

BASIS FOR DISCLAIMER OF OPINION

1. Fundamental uncertainty relating to the going concern basis

The Group incurred a loss for the year ended 31 March 2010 of approximately HK$39,963,000 and, as at 31 March 2010, the Group reported consolidated net current liabilities of approximately HK$24,576,000. In forming our opinion, we have considered the adequacy of the disclosures made in Note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As detailed in Note 2 to the consolidated financial statements, the Group is currently undertaking a number of measures to improve its financial and current liquidity position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continuous support from the Group's existing bankers and the ability to realise the assets to meet the Group's future working capital and financial requirements. The consolidated financial statements do not include any adjustments that may be necessary should the implementation of such measures be unsuccessful. We consider that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but we consider that this fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme that we have disclaimed our opinion.

2. Limitation of scope

For the year ended 31 March 2010, due to the lack of certain accounting books and records of one of the Company's subsidiary, Bangkok Industrial Laminate Company Limited ("BIL"), located in Thailand, as a consequence of the resignation and non-replacement of key accounting staff during the year, we were unable to carry out audit procedures to satisfy ourselves as to whether the income, expenses, assets, liabilities and related disclosures relating to BIL which have been included in the consolidated financial statements of the Group as stated below, have been accurately recorded and properly accounted for in the consolidated financial statements.

Income and expenses of BIL for the year ended 31 March 2010:

	HK$'000
Turnover	3,488,000
Cost of sales	18,468,000
Other income	127,000
Selling and distribution expenses	223,000
Administrative expenses	1,606,000
Finance costs	778,000

Assets and liabilities of BIL as at 31 March 2010:

	HK$'000
Property, plant and equipment	19,383,000
Inventories	945,000
Trade and bills receivables	1,084,000
Other receivables, prepayments and deposits paid	257,000
Bank balances and cash	48,000
Trade and bills payables	2,581,000
Other payables and accruals	927,000
Bank and other borrowings	6,910,000

There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the above-mentioned matters. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Any adjustment to these figures may have consequential significant effect on the net assets at 31 March 2010 and the loss for the year then ended of the Group.

3. Recoverability of deposit paid for acquisition of investment

As stated in note 13 in this announcement, deposit paid for acquisition of an investment amounted to HK$46,000,000 as at 31 March 2010. The directors considered that the Group is able to recover the deposit paid either in the way of refund or as part of the consideration for the acquisition of the investment. However, we were unable to obtain sufficient documentation to evaluate the recoverability of the deposit paid. Accordingly, we were unable to satisfy ourselves that the above-mentioned deposit was fairly stated as at 31 March 2010. Any adjustments to the above as at 31 March 2010 found to be necessary would affect the Group's net assets as at 31 March 2010 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion section, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 March 2010 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Consolidated turnover of the Group for the year ended 31 March 2010 was HK$69,042,000, representing a 46.6% decline as compared with HK$129,394,000 of the previous year. Operating loss of the Group decreased from HK$82,405,000 to HK$39,963,000 in which HK$2,090,000 incurred from the impairment loss on property, plant and equipment (2009: HK$52,438,000).

As reflected in the trends and results of the previous year, operating loss arose from the unfavourable operating environment for the whole Group, in particular for the laminate division. Decrease in market demand and increase in raw material costs during the year imposed great pressure on the Group's operations. The Group has introduced a number of measures to minimize operating costs while maintaining an adequate production level, and at the same time, looking for further business opportunities to diversify the business of the Group.

Industrial Laminate Division

During the year under review, the industrial laminate business achieved a turnover of HK$21,914,000 (2009: HK$55,031,000), representing approximately 32% of the Group's total turnover and a decrease of 60% as compared with the turnover of the previous year.

The industrial laminate division continued to sustain loss due to the substantial impairment of plant and machinery and the unfavourable economic conditions arising from the recent global financial tsunami. Sales orders for the year significantly decreased owing to the decrease in overall market demand and the careful selection of sales orders to minimize the possibility of doubtful debts.

The industrial laminate operation in Suzhou, Mainland China in the year under review has remained idle as the management considers it unprofitable to re-start the production plant at this point in time. Maintenance cost incurred in the Suzhou plant has been reduced to the minimum. The management team is actively looking for opportunities to dispose of the Suzhou section of the Group.

The laminate sector is considered to be in a downturn because of huge competition and higher material cost. The Group will focus on supply to the printed circuit board division rather than looking for outsider customers.

Printed Circuit Board (PCB) Division

For the year ended 31 March 2010, the PCB division recorded a turnover of HK$44,844,000 (2009: HK$72,899,000), which accounted for approximately 65% of the Group's total turnover and represented a decrease of 38% as compared with the turnover of the previous year. Decrease in turnover was attributable to decrease in market demand in the PCB market. This is a prevalent phenomenon in the global economy since the financial tsunami.

Nevertheless, business remained steady and the Group considers the PCB business, together with the development of car battery business, to be its main focus in the coming years. The Group will put more emphasis on exploring more customers, in particular those overseas, in order to maintain the business level.

The plant in Zuhai, Mainland China has not yet commenced operation as the management considers it unprofitable to put the plant into operation at this point in time given the limited financial resources available to the Group.

Copper Foil Division

For the year ended 31 March 2010, the copper foil plant in Thailand recorded an operating loss of approximately HK$11,681,000 due to the sustained high prices of copper and other production materials. As copper prices have been unsteadily fluctuating in the current year, the management has been very cautious in the procurement of copper to minimize the adverse effect.

Proposed Disposal of Loss-making Subsidiaries

In view of continuing losses from certain manufacturing subsidiaries, particularly the laminate production factory in Zhongshan and copper foil production subsidiary in Thailand, the Board has made the decision, after careful consideration, to dispose of these subsidiaries in order to improve the Group's overall performance.

On 28 June 2010, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with a company, which is wholly owned by one of the directors of the Company (the "Purchaser"), pursuant to which the Purchaser agreed to acquire and the Company agreed to sell certain subsidiaries of the Group at a consideration of HK$28 million. After the disposal, however, the disposed subsidiaries will continue to be the Group's manufacturing suppliers under a master supply agreement between the Company and the disposed subsidiaries for a term up to 31 March 2012.

The directors consider the disposal to be in the best interest of the Group as a whole as the disposed subsidiaries have been making huge losses for a number of years.

As at the date of this results announcement, the transaction is still under vetting by the Stock Exchange.

Proposed Acquisition of an Electric Car Battery Related Business

As noted in a series of announcements from December 2009, the Group is entering into a number of memoranda of understanding regarding a possibly very substantial acquisition of an electric car battery related business (the "Target Company").

On 15 April 2010, the Company entered into an agreement with a car battery company (the "Vendor") in respect of a proposed acquisition, which was subsequently terminated as the Stock Exchange considered this transaction constitutes a reverse takeover transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

On 16 July 2010, the Company entered into an agreement with the Vendor, pursuant to which the Company conditionally agreed to acquire from the Vendor 9.9% of the issued share capital of the Target Company at a consideration of HK$170,000,000, to be paid to the Vendor partly by cash and partly by the Company's issue of convertible notes. The Target Company is exclusively licensed to apply the technology of electric car battery for the manufacturing of electric cars.

As at the date of this results announcement, the transaction is still under vetting by the Stock Exchange.

Outlook

The continuing unfavourable operating environment arising from the recent financial tsunami has exerted great pressure on the operation of industrial businesses. Recovery of the economy is not expected in a short period of time. The Group has experienced a tight profit margin in the past year in the laminate division and considers the unfavourable operating environment will continue for a period of time.

Unfavourable operating results in turn exerted significant pressure on the Group's cashflow position. In the coming years, the Group will implement a series of measures to improve the situation. Such measures include a more conservative approach in the procurement of resources to reduce operating costs and the disposal of certain non-productive facilities, properties and assets.

The Group is optimistic about the abovementioned proposed acquisition and disposal as they will bring business opportunities with attractive profit margins to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

It is the Group's policy to rely on internally generated funds and bank borrowings to finance its operations.

As at 31 March 2010, the Group's total cash and bank balances and pledged fixed deposits amounted to HK$17,659,000 (2009: HK$20,276,000). Total bank loans and other borrowings increased from HK$81,622,000 as at 31 March 2009 to HK$98,376,000 as at 31 March 2010. The Group's gearing ratio, which is net debt divided by total shareholders' equity plus net debt, increased from 0.82 as at 31 March 2009 to 0.75 as at 31 March 2010. Net debt included bank and other borrowings, trade, bills and other payables and accruals, less cash and bank balances. As at 31 March 2010, the Group had a current ratio of 0.79 (2009: 0.59) and net current liabilities of HK$24,576,000 (2009: HK$47,061,000).

The overall financial position of the Group as at 31 March 2010 was less favourable as compared with that of the last year. Although concerted efforts have been made to reduce the bank borrowing level, the management considers the current ratio and gearing ratio to be unsatisfactory and will put in further efforts to rectify, through certain financing activities, the net current liabilities situation arising from the mismatch of short-term and long-term borrowings in previous years. Furthermore, the management has already implemented plans to dispose of certain non-operating properties and assets to provide additional working capital for the Group's operations.

The debt maturity profile of the Group is analysed as follows:

	As at 31 March	
	2010	2009
	HK$'000	*HK$'000*
Repayable within one year	**77,838**	59,000
Repayable in the second year	**6,561**	5,401
Repayable in the third to fifth years, inclusive	**10,001**	13,201
Repayable beyond five years	**3,976**	4,020
	98,376	81,622

The Group's borrowings and cash and bank balances are primarily denominated in Hong Kong dollars, Thai Baht and RMB. Given the continuous revaluation of the Thai Baht and RMB, the Group is expected to experience pressure on its operating costs.

PLEDGE OF ASSETS

As at 31 March 2010, the Group's assets pledged as security for banking facilities amounted to approximately HK$81,324,000 (2009: HK$93,401,000).

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the year under review, the Group continued to reduce the size of its workforce and strengthen staff quality through staff development and training programmes. The Group had approximately 431 employees as at 31 March 2010 (2009: 519). Remunerations are commensurate with the nature of job, experience and market conditions. Eligible employees are offered discretionary bonuses and share options depending on the Group's performance and individual effort. The principle is reward for performance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, being the three independent non-executive directors of the Company. The Audit Committee has reviewed the Company's consolidated financial statements for the year ended 31 March 2010 and discussed auditing, financial and internal control, and financial reporting matters of the Company.

CORPORATE GOVERNANCE

The Board is of the view that, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 March 2010, except for the following deviations:

Code provision A.2.1

This code provision stipulates that the roles of chairman and chief executive officer of a listed issuer should be separate and should not be performed by the same individual. Mr Lau Chung Yim, the Chief Executive Officer of the Company, has taken up the office of Chairman upon the resignation of Mr Lau Kwai, the then Chairman of the Board, with effect from 1 November 2009. Accordingly, Mr Lau Chung Yim currently holds the offices of Chairman and Chief Executive Officer of the Company, which constitutes a deviation from the abovementioned code provision of the CG Code. Mr Lau Chung Yim has over 30 years' experience in the production of laminates and printed circuit boards. The Board believes that it is in the best interests of the Group to have an executive Chairman with in-depth knowledge of the Group's businesses to guide discussion among Board members on the Group development and planning, as well as to execute business strategies of the Group.

Code provision A.4.2

This code provision stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the aforesaid provisions of the CG Code and the Bye-laws of the Company ("Bye-laws"), Ms Deng Hong Mei, Ms Chan Ching Ho, Kitty, Mr Xiang Liang and Mr Tse Yuk Kong, who have been appointed by the Board as directors of the Company during the year ended 31 March 2010, will also submit themselves for re-election at the forthcoming annual general meeting of the Company ("2010 AGM"). Such arrangement on shareholders' election of Ms Deng Hong Mei, Ms Chan Ching Ho, Kitty, Mr Xiang Liang and Mr Tse Yuk Kong at the 2010 AGM instead of the first general meeting of the Company after their appointment held on 28 May 2010 deviates from the code provision A.4.2 of the CG Code and the provision of the Bye-laws. This arrangement is made as the directors consider that the retirement and re-election of these directors at one general meeting, i.e. at the 2010 AGM, will provide a clearer picture to the Company's shareholders.

Code provision B.1.1

This code provision stipulates that a majority of the members of a listed issuer's remuneration committee should be independent non-executive directors. The Company has not complied with the foregoing requirement for a period of approximately 3 months from 19 November 2009 to 17 February 2010 due to the resignation of Mr Leung Hon Ming, the then independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company, with effect from 19 November 2009. After the resignation of Mr Leung Hon Ming, there were left with two members in the Remuneration Committee of the Company, namely Mr Lau Chung Yim (executive director of the Company) and Mr Pravith Vaewhongs (independent non-executive director of the Company). The Company has subsequently fully complied with the aforesaid code provision of the CG Code upon its appointment of Mr Tse Yuk Kong as an independent non-executive director and a member of both the Audit Committee and Remuneration Committee of the Company on 18 February 2010. Details of the abovementioned changes are set out in the Company's announcements dated 20 November 2009 and 19 February 2010.

Code provision E.1.3

This code provision stipulates that every listed issuer should send notice of annual general meeting to its shareholders at least 20 clear business days before the meeting. Since additional time was required for the completion of audit work on the Company's operating subsidiary in Thailand, the Company's board meeting for, among other matters, approving the annual results of the Group for the year ended 31 March 2009 was delayed. As such, the despatch of the Company's annual report for the year ended 31 March 2009 was also delayed and that the notice of 2009 annual general meeting of the Company held on 30 September 2009 ("2009 AGM") was given to the Company's shareholders on 7 September 2009. Though the Company had deviated from the abovementioned code provision of the CG Code, it fulfilled the requirement under its Bye-laws for giving notice to its shareholders for not less than 21 clear days before the convening of the 2009 AGM. Such arrangement also ensured the Company's compliance with Rule 13.46(2)(b) of the Listing Rules which provides that a listed issuer should make up its annual accounts to a date falling not more than 6 months before the date of its annual general meeting.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company has been suspended with effect from 9:30 a.m. on 2 August 2010 pending the issue of this annual results announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 4 October 2010.

On behalf of the Board
Lau Chung Yim
Chairman

Hong Kong, 30 September 2010

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr Lau Chung Yim *(Chairman, Chief Executive Officer and Managing Director)*
Ms Chan Ching Ho, Kitty
Ms Deng Hong Mei
Ms Lau May Wah
Mr Xiang Liang

Independent Non-executive Directors:
Mr Pravith Vaewhongs
Mr Tse Yuk Kong
Mr Yau Kwan Shan