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 2007

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 2007 together with the comparative figures for the year ended 31 March 2006 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2007

		2007	2006
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**328,085**	281,128
Cost of sales		**(310,322)**	(251,705)
Gross profit		**17,763**	29,423
Other income and gains	*4*	**3,781**	4,722
Selling and distribution costs		**(7,324)**	(5,782)
Administrative expenses		**(30,268)**	(29,108)
Other expenses		**(11,504)**	(1,304)
Finance costs	*5*	**(8,543)**	(4,939)
LOSS BEFORE TAX	*6*	**(36,095)**	(6,988)
Tax	*7*	**(29)**	(159)

* *for identification purposes only*

	Notes	**2007**	2006
		HK$'000	*HK$'000*
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(36,124)**	(7,147)
DIVIDENDS	*8*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic		**HK(8.9897) cents**	HK(1.7786) cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**188,127**	172,968
Investment properties		**21,400**	20,980
Prepaid land lease payments		**14,528**	14,080
Trademark		**2,329**	2,226
Total non-current assets		**226,384**	210,254
CURRENT ASSETS			
Trade debtors	*10*	**109,215**	95,266
Other debtors, prepayments and deposits		**7,291**	4,282
Inventories		**61,760**	51,494
Investments at fair value through profit or loss		**3,339**	3,220
Tax recoverable		**160**	432
Pledged fixed deposits		**9,535**	8,229
Cash and bank balances		**3,944**	6,534
Total current assets		**195,244**	169,457
CURRENT LIABILITIES			
Trade creditors	*11*	**70,932**	47,165
Bills payable		**1,481**	1,994
Other creditors and accruals		**19,303**	11,908
Bank and other borrowings		**138,272**	114,867
Total current liabilities		**229,988**	175,934

	2007	2006
	HK$'000	*HK$'000*
NET CURRENT LIABILITIES	**(34,744)**	(6,477)
TOTAL ASSETS LESS CURRENT LIABILITIES	**191,640**	203,777
NON-CURRENT LIABILITIES		
Bank and other borrowings	**7,648**	8,853
Net assets	**183,992**	194,924
EQUITY		
Issued capital	**40,184**	40,184
Reserves	**143,808**	154,740
Total equity	**183,992**	194,924

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 21 *The Effects of Changes in Foreign Exchange Rates*

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31 March 2007 or 31 March 2006.

(b) **HKAS 39** ***Financial Instruments: Recognition and Measurement***

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(c) **HK(IFRIC)-Int 4** ***Determining whether an Arrangement contains a Lease***

The Group has adopted this interpretation as of 1 April 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the manufacture and sale of laminates segment is a supplier of industrial laminates mainly for use in the manufacture of telecommunications, computer-related products, audio and visual household products;

(b) the manufacture and sale of printed circuit boards ("PCBs") segment is a supplier of PCBs mainly for use in the manufacture of audio and visual household products; and

(c) the manufacture and sale of copper foil segment is a supplier of copper foil mainly for use in the manufacture of industrial laminates and PCBs.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006.

Group

	Manufacture and sale of laminates		Manufacture and sale of PCBs		Manufacture and sale of copper foils		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	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	**229,702**	193,099	**96,631**	86,615	**1,752**	1,414	**–**	–	**328,085**	281,128
Intersegment sales	**42,731**	36,599	**–**	–	**89,010**	58,878	**(131,741)**	(95,477)	**–**	–
Other revenue	**1,128**	2,913	**101**	229	**2,211**	1,711	**(26)**	(309)	**3,414**	4,544
Total	**273,561**	232,611	**96,732**	86,844	**92,973**	62,003	**(131,767)**	(95,786)	**331,499**	285,672
Segment results	**(28,897)**	(1,232)	**1,122**	406	**740**	(794)			**(27,035)**	(1,620)
Bank interest income, other income and gains									**787**	658
Unallocated expenses									**(1,304)**	(1,087)
Finance costs									**(8,543)**	(4,939)
Loss before tax									**(36,095)**	(6,988)
Tax									**(29)**	(159)
Loss for the year									**(36,124)**	(7,147)
Assets and liabilities:										
Segment assets	**295,487**	285,796	**70,116**	56,733	**51,305**	43,281	**(33,834)**	(45,688)	**383,074**	340,122
Unallocated assets									**25,721**	26,313
Bank overdrafts included in unallocated segment assets									**12,833**	13,276
Total assets									**421,628**	379,711
Segment liabilities	**59,367**	40,901	**51,901**	34,212	**14,088**	8,064	**(33,834)**	(22,291)	**91,522**	60,886
Unallocated liabilities									**133,281**	110,625
Bank overdrafts included in unallocated segment assets									**12,833**	13,276
Total liabilities									**237,636**	184,787
Other segment information:										
Depreciation	**6,254**	3,630	**3,503**	3,752	**7,449**	6,902	**–**	–	**17,206**	14,284
Amortisation on prepaid land lease payments	**340**	322	**46**	45	**–**	–	**–**	–	**386**	367
Changes in fair value of investment properties									**(420)**	(480)
Impairment of trade debtors	**39**	301	**226**	65	**–**	–	**–**	–	**265**	366
Capital expenditure	**5,474**	8,799	**11,310**	3,177	**1,136**	407	**–**	–	**17,920**	12,383

(b) ***Geographical segments***

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2007 and 2006.

Group	People's Republic of China Hong Kong		People's Republic of China Mainland China		Overseas		Eliminations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	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	**238,387**	221,905	**34,668**	30,547	**55,030**	28,676	**–**	–	**328,085**	281,128
Other segment information:										
Segment assets	**166,754**	170,292	**224,450**	199,390	**51,425**	42,441	**(33,834)**	(45,688)	**408,795**	366,435
Bank overdrafts included in segment assets	**12,475**	12,411	**–**	–	**358**	865	**–**	–	**12,833**	13,276
									421,628	379,711
Capital expenditure	**17**	487	**16,767**	11,489	**1,136**	407	**–**	–	**17,920**	12,383

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	2007	2006
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**328,085**	281,128
Other income and gains		
Sale of scrap materials	**2,973**	1,777
Bank interest income	**367**	178
Rental income	**216**	156
Exchange gains, net	**–**	1,962
Gain on disposal of items of property, plant and equipment	**–**	245
Fair value change in investments at fair value through profit or loss	**86**	69
Others	**139**	335
	3,781	4,722
	331,866	285,850

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest expense on:		
Bank loans and other borrowings wholly repayable within five years	**5,704**	3,800
Factoring arrangements	**3,788**	3,058
Finance leases	**89**	157
Total interest	**9,581**	7,015
Less: Interest capitalised in construction in progress	**(1,038)**	(2,076)
	8,543	4,939

6. LOSS BEFORE TAX

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

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**234,034**	188,028
Auditors' remuneration	**1,215**	1,186
Depreciation	**17,206**	14,284
Amortisation on prepaid land lease payments	**386**	367
Impairment of trade debtors	**265**	366
Provision against inventories	**1,215**	466
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**43**	54
Changes in fair value of investment properties	**(420)**	(480)
Employee benefits expense (including directors' remuneration):		
Pension scheme contributions	**357**	354
Less: Forfeited contributions	**–**	(36)
Net pension scheme contributions*	**357**	318
Salaries and wages	**32,603**	29,140
	32,960	29,458
Exchange losses/(gains), net**	**9,907**	(1,962)
Fair value change in investments at fair value through profit or loss	**(86)**	(69)
Loss/(gain) on disposal of items of property, plant and equipment	**308**	(245)

* *At 31 March 2007, there were no forfeited contributions available to the Group to reduce its contributions to the pension schemes in future years (2006: Nil).*

** *The exchange losses/(gains), net is included in "Other expenses"/"Other income and gains" on the face of the consolidated income statement.*

7. TAX

	2007	2006
	HK$'000	*HK$'000*
Current – Hong Kong:		
Underprovision in the prior year	**–**	9
Current – Mainland China:		
Charge for the year	**–**	375
Underprovision/(overprovision) in the prior year	**29**	(225)
Tax charge for the year	**29**	159

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from the prior years to offset the assessable profits generated during the year. In prior year, Hong Kong profits tax had been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong in that year. Taxes on profits assessable in Mainland China have been calculated at the applicable rates of tax prevailing in the regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations in Mainland China, certain of the Group's subsidiaries in Mainland China enjoy income tax reductions.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Corporate Income Tax Law to the Group cannot be reasonably estimated at this stage.

The corporate income tax ("CIT") payable by a subsidiary operating in Thailand is charged at 30% (2006: 30%) on the income earned from non-promoted activities as defined by the Board of Investment in Thailand (the "Board of Investment"). The subsidiary received promotional privileges from the Board of Investment under promotion certificates issued for the manufacture of copper foil. Under these privileges, this subsidiary was exempt from certain taxes and duties as detailed in the certificates, including exemption from CIT for a period of seven years from the date of commencement of the promoted business of this subsidiary. As a promoted industry, the subsidiary is required to comply with the terms and conditions as specified in the promotion certificates. The exemption expired in December 2006. No provision for CIT in Thailand has been made as the subsidiaries in Thailand have available tax losses brought forward from the prior years to offset the assessable profits generated during the year. In prior year, no provision for CIT in Thailand had been made as the subsidiaries in Thailand incurred a loss for that year.

8. Dividends

The Board did not recommend the payment of a final dividend by the Company in respect of the year ended 31 March 2007 (2006: Nil). In addition, the Company has not paid any interim dividend for the year ended 31 March 2007 (2006: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the year, as used in the basic loss per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted loss per share are based on:

	2007	2006
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(36,124)**	(7,147)

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**401,838,800**	401,838,800
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	76,387
Weighted average number of ordinary shares in issue during the year used in the diluted loss per share calculation	**401,838,800**	401,915,187

A diluted loss per share amount for the year ended 31 March 2007 has not been disclosed as no diluting effect existed during the year. The diluted loss per share amount for the year ended 31 March 2006 has not been disclosed as the share options outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

10. TRADE DEBTORS

An aged analysis of the trade debtors at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 3 months	**72,111**	66,652
4 to 6 months	**33,272**	27,041
Over 6 months	**3,832**	1,573
	109,215	95,266

The Group's credit terms given to its customers vary, which generally range from current to 120 days, and are granted based on the financial status of the individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically by management. Trade debtors are non-interest-bearing.

At 31 March 2007, the Group's trade debtors of approximately HK$65,148,408 (2006: HK$56,379,000) were factored to certain banks under certain receivable purchase agreements (the "Factored Receivables"). The Group continued to recognise the Factored Receivables in the balance sheet because, in the opinion of the directors, the Group has retained substantially all the risks and rewards of ownership of the Factored Receivables, either the risks in respect of default payments or the time value of money, as at the balance sheet date.

Accordingly, the advances from the relevant banks of approximately HK$49,257,000 (2006: HK$47,157,000) received by the Group as consideration for the Factored Receivables at the balance sheet date were recognised as liabilities and included in "Bank and other borrowings".

11. TRADE CREDITORS

An aged analysis of the trade creditors at the balance sheet date, based on the invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 3 months	**51,123**	36,045
4 to 6 months	**15,367**	8,777
Over 6 months	**4,442**	2,343
	70,932	47,165

The trade creditors are non-interest-bearing and are normally settled on terms varying from current to 90 days.

SUMMARY OF THE INDEPENDENT AUDITORS' REPORT ON THE GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

The Company's auditors, Messrs Ernst & Young (the "Auditors"), without qualifying the auditors' report, have considered the adequacy of the disclosures made in the financial statements concerning the carrying values of certain property, plant and equipment and the trademark of the Group and the carrying value of the Company's interest in a subsidiary, and the adoption of the going concern basis on which the financial statements have been prepared, as at 31 March 2007.

(a) The carrying values of the Group's trademark and property, plant and equipment situated in Suzhou, the People's Republic of China as at 31 March 2007 amounted to HK$2,329,000 and HK$71,742,000, respectively. The recoverability of the carrying values of these assets as at 31 March 2007 depends upon the ability of the Group to obtain additional financial resources and sufficient sales orders to establish and attain profitable and positive cash flow operations in its factory in Suzhou, which commenced operations during the year ended 31 March 2007. As set out in the financial statements, the recoverability of the above assets of the Group has a direct impact on the carrying value of the Company's interest in Nam Hing (B.V.I.) Limited in relation to the factory in Suzhou that amounted to HK$100,760,000 as at 31 March 2007. The financial statements do not include any adjustments that may be necessary should the Group fail to obtain additional financial resources and sufficient sales orders to establish and attain profitable and positive cash flow operations in its factory in Suzhou.

(b) The financial statements of the Group have been prepared on a going concern basis, notwithstanding that the Group incurred a loss attributable to the equity holders of the parent of HK$36,124,000 during the year ended 31 March 2007 and, as at that date, the Group reported consolidated net current liabilities of HK$34,744,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The consolidated turnover of the Group for the year ended 31 March 2007 was HK$328,085,000, representing a 16.7% increment as compared to HK$281,128,000 of the previous year. However, the loss of the Group increased from HK$7,147,000 to HK$36,124,000 despite the increase in turnover.

In summary, the loss, which arose mainly in the second half of the year, was attributed significantly to the following issues. Firstly, the Group has experienced higher pressure on squeezing of profit margin in the laminate division, especially the paper base products, since November 2006. This resulted in a drop of overall gross profit margin of the Group from 10.5% in the previous year to 5.4% in this year. Secondly, the new Suzhou laminate factory commenced operation in September 2006 and, due to its small initial production volume, it recorded a loss of HK$7,968,000 during the period since September 2006. Moreover, there is a significant exchange loss of HK$8,501,000 due to re-translation of inter-company balances of the Group's subsidiary as a result of the revaluation of Thai Baht. However, the revaluation of the overseas assets denominated in Renminbi ("RMB") and Thai Baht, which resulted in a gain in the reserve of HK$25,192,000, was not taken into account in the Income Statement.

Industrial Laminate Division

During the year under review, the industrial laminate business has still been the core business of the Group and the division's turnover accounted for approximately 70.0% of the Group's turnover. It achieved a turnover of HK$229,702,000 for the year (2006: HK$193,099,000), which is an increase of 19.0% compared to that of the previous year. However, as mentioned above, during the second half of the year, the Group faced profit margin squeeze because of increases in raw material costs and production costs. The increase in production costs was due to the revaluation of currencies (RMB and Thai Baht) in the countries where the Group's manufacturing bases are located. The pressure was more serious for paper base laminate because of the more competitive environment. For this reason, the Group started its expansion into new overseas markets such as South America and other Asian countries during the second half of the year. Certain market shares were captured during the period but the profit margin is still minimal during the initial stage of promotion.

The Group's Suzhou plant started commercial production in September 2006. Although loss was recorded, this new laminate plant is part of the Group's long term strategic plan to provide services to potential customers in the eastern part of Mainland China where large numbers of multi-national companies and sizeable electronic companies are situated. The management considers that the demand over that region will be great and has set up a new marketing team to explore new business opportunities there. Several customers were approached and sales orders are expected to increase gradually in the coming future.

As a whole, the Group will carefully monitor the operation of paper base laminate in view of its low profit margin and high competitive nature. On the other hand, continuous emphasis will be placed on marketing and manufacturing of glass laminate, which produces relatively higher profit margin.

Printed Circuit Board Division (PCB)

For the year ended 31 March 2007, the PCB division recorded a turnover of HK$96,631,000 (2006: HK$86,615,000) and achieved a gross profit margin of 18.0% (2006: 18.5%). During the year, the Group has successfully transformed its customer base to more high-end customers and overseas customers. The division has also successfully transferred the increases in production cost and raw material cost to its customers which can further enhance its sustainability and competitiveness. However, the Group's existing capacity in Dongguan has already reached its optimal level and therefore, there is not much room for increase in production capacity despite the demand is still strong. As a result, the turnover of the PCB division did not have significant growth and it only accounted for 29.5% of the Group's turnover.

Seeing the better competitive edge of the PCB division, the management planned to re-allocate more of the Group's resources into it in the future. The construction of new production facility for double-sized and multilayer PCBs in Zhuhai, China will be completed by end of this year and is expected to start production in early 2008.

Moreover, the Group will continue to focus on research and development of multilayer products in PCB as the market demand for these products, especially export market, is expected to be promising. Additional effort will also be made in exploring new customers and participating in more exhibitions and marketing activities overseas.

Copper Foil Division

For the year ended 31 March 2007, the copper foil plant in Thailand continued to play an important role in being an internal supplier of copper foil to the Group. The sustained high copper price and revaluation of Thai Baht exerted great pressure on the Group as copper is a major component of raw material of laminate. Additional effort has been made in streamlining the production process continuously. Furthermore, the senior management has been very cautious on the procurement of copper and will consider suitable alternative sources of supplies and hedging measure in order to minimize the adverse effect brought forth by the sustained high level of copper prices.

Conclusion

The financial year under review was a challenging and difficult year for the Group. The continuing revaluation of RMB and Thai Baht will definitely put pressure on the Group in its future operating costs as all the Group's manufacturing bases are in Mainland China and Thailand. However, the management considers the continuing blooming of the economy in Mainland China and Asian countries provides opportunities for the Group in exploring markets and customers. Therefore, the Group, being a committed and long-established player in the electronic industry, will re-position itself and will implement further process to enhance its competitiveness. A series of measures to improve the operating efficiencies and cashflow have been launched since the end of March 2007. More marketing efforts will also be placed to capture new markets in both China and overseas. The Group expects that the benefits of such measures will be crystallized in the upcoming financial years.

LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 March 2007, the Group's total cash and bank balances and pledged fixed deposits amounted to HK$13,479,000 (2006: HK$14,763,000). The total interest-bearing bank loans and other borrowings increased from HK$123,720,000 as at 31 March 2006 to HK$145,920,000 as at 31 March 2007. Finance costs incurred increased from HK$4,939,000 for the year ended 31 March 2006 to HK$8,543,000 for the year ended 31 March 2007. The Group's gearing ratio, being the ratio of bank and other borrowings plus finance lease payables to total shareholders' equity, also increased to 0.79 as compared to 0.63 as at 31 March 2006. Moreover, the Group has a current ratio of 0.85 (2006: 0.96) and net current liabilities of HK$34,744,000 as at 31 March 2007 (2006: HK$6,477,000).

The overall financial position of the Group as at 31 March 2007 is less favourable as compared with that of the last year because of the operating loss incurred during the second half of the year. The management considered the current bank borrowing level and gearing ratio at a reasonable level but will put immediate efforts to restore, through certain financing activities, the net current liability 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 operation.

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

	As at 31 March	
	2007	2006
	HK$000	*HK$000*
Repayable within one year	**138,272**	114,867
Repayable in the second year	**4,426**	1,985
Repayable in the third to fifth years, inclusive	**3,222**	6,868
	145,920	123,720

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 Thai Baht and RMB, the Group is expected to experience pressures on its operating costs. Therefore, subsequent to year end date, the Group has started carrying out hedging activity to reduce certain of its foreign currency exposure in RMB through the execution of forward contracts products offered by its existing bankers. The management will monitor from time to time the Group's exposure to fluctuations in foreign exchange rates and will consider other suitable hedging products that can help in reducing its foreign currency risk.

CONTINGENT LIABILITIES

At 31 March 2007, the Company had guarantees given to banks in connection with facilities granted to its subsidiaries to the extent of approximately HK$152,513,000 (2006: HK$141,138,000), of which HK$130,610,000 (2006: HK$111,253,000) had been utilised at the balance sheet date.

The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$319,000 (2006: HK$234,000). A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

PLEDGE OF ASSETS

As at 31 March 2007, the Group's assets pledged as security for banking facilities amounted to approximately HK$83,577,000 (2006: HK$50,736,000).

POST BALANCE SHEET EVENT

As detailed in the Company's announcement dated 16 July 2007, the Group entered into a sale and purchase agreement with certain directors of the Company on 16 July 2007 to dispose of its office premises situated in Hong Kong for a cash consideration of HK$5,980,000. This transaction is scheduled to be completed on or before 16 August 2007 and is expected to result in a gain on disposal before tax of approximately HK$5,242,000. The net proceeds from this transaction will be used as general working capital of the Group. Such transaction constituted a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company has complied/will comply with the requisite reporting and announcement requirements set out in the Listing Rules.

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 1,098 employees as at 31 March 2007 (2006: 1,109). Remunerations are commensurate with the nature of jobs, 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 24 September 2007 to Friday, 28 September 2007 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting of the Company to be held on Friday, 28 September 2007, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 September 2007.

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 2007 and discussed auditing, financial and internal control, and financial reporting matters of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining a good standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules in respect of the year ended 31 March 2007 save for a 3 months' non-compliance with the code provision B.1.1 which stipulates that a majority of the members of a listed issuer's remuneration committee should be independent non-executive directors.

As announced by the Company in its announcement dated 1 August 2006, the Company did not comply with the code provision B.1.1 of the CG Code due to the cessation of Mr KWOK Kwan Hung as a member of the Company's remuneration committee (the "Remuneration Committee") upon his re-designation from an independent non-executive director to an executive director of the Company on 1 August 2006. After such re-designation, the Remuneration Committee was left with two members, being one executive director (Mr LAU Chung Yim) and one independent non-executive director (Mr CHANG Tso Tung Stephen). The Company has subsequently complied with the said code provision B.1.1 by appointing Mr LEUNG Hon Ming, an independent non-executive director of the Company, as a member of the Remuneration Committee on 31 October 2006.

DIRECTORS OF THE COMPANY

As at the date of this announcement, Mr LAU Kwai, Mr LAU Chung Yim, Mr LAU Chung Hung, Mr LAU Hing Hai, Ms LAU May Wah and Mr Kwok Kwan Hung are the executive directors of the Company and Mr CHANG Tso Tung Stephen, Mr LEUNG Hon Ming and Mr Pravith VAEWHONGS are the independent non-executive directors of the Company.

On behalf of the Board
LAU Kwai
Chairman

Hong Kong, 23 July 2007