NAM HING HOLDINGS LIMITED
南興集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 986)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of Nam Hing Holdings Limited (the "Company") announces as follows the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008, together with the comparative figures for the corresponding previous period. These interim results have not been audited or reviewed by the Company's auditors, but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

		Six months ended 30 September	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**87,136**	186,643
Cost of sales		**(89,466)**	(177,598)
Gross (loss)/profit		**(2,330)**	9,045
Other income and gains		**14,230**	9,463
Selling and distribution costs		**(2,780)**	(4,675)
Administrative expenses		**(12,514)**	(14,628)
Other expenses		**(756)**	(1,319)
Finance costs		**(3,352)**	(5,621)

* *For identification purposes only*

	Notes	Six months ended 30 September **2008** ***HK$'000*** **(Unaudited)**	2007 *HK$'000* (Unaudited)
LOSS BEFORE TAX	*4*	**(7,502)**	(7,735)
Tax	*5*	**–**	17
LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**(7,502)**	(7,718)
INTERIM DIVIDEND	*6*	**–**	–
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic		**HK(1.8274) cents**	HK(1.9207) cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Notes	**30 September 2008** **HK$'000** **(Unaudited)**	31 March 2008 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**141,097**	145,800
Investment properties		**7,360**	7,360
Prepaid land lease payments		**15,689**	15,431
Total non-current assets		**164,146**	168,591
CURRENT ASSETS			
Trade debtors	*8*	**41,876**	67,294
Other debtors, prepayments and deposits		**3,751**	6,028
Inventories		**35,576**	44,412
Investment property held for sale		**2,603**	14,640
Investments at fair value through profit or loss		**320**	3,645
Tax recoverable		**809**	184
Pledged fixed deposits		**22,464**	12,579
Cash and bank balances		**970**	2,537
Total current assets		**108,369**	151,319
CURRENT LIABILITIES			
Trade creditors	*9*	**45,869**	61,157
Bills payable		**–**	447
Other creditors and accruals		**14,319**	20,284
Bank and other borrowings		**75,846**	101,096
Tax payable		**571**	–
Total current liabilities		**136,605**	182,984
NET CURRENT LIABILITIES		**(28,236)**	(31,665)
TOTAL ASSETS LESS CURRENT LIABILITIES		**135,910**	136,926
NON-CURRENT LIABILITIES			
Bank and other borrowings		**30,317**	22,547
Net assets		**105,593**	114,379
EQUITY			
Issued capital		**41,404**	40,984
Reserves		**64,189**	73,395
Total equity		**105,593**	114,379

NOTES

1. Basis of presentation

The condensed consolidated interim financial statements for the six months ended 30 September 2008 have been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2. Accounting policies

The condensed consolidated interim financial statements have been prepared on the historical cost convention as modified for the revaluation of certain financial assets and liabilities at fair value. The accounting policies used in these condensed consolidated interim financial statements are consistent with those used in the Group's annual audited financial statements for the year ended 31 March 2008.

In the current interim period, the Group has applied, for the first time, the following new interpretation ("new Interpretation") issued by the HKICPA, which is effective from 1 July 2008.

HK (IFRIC) – INT 13	Customer Loyalty Programmes

The adoption of this new Interpretation had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HK (IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK (IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation

The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the results and the financial positions of the Group.

3. Segment information

The Group's primary format for reporting segment information is business 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 foils segment is a supplier of copper foils 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.

An analysis of the Group's revenues and results for the current period by business segment, together with the comparative amounts for the corresponding period of 2007, is as follows:

	Six months ended 30 September 2008				
	Manufacture and sale of laminates	**Manufacture and sale of PCBs**	**Manufacture and sale of copper foils**	**Eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Segment revenue:					
Sales to external customers	**42,144**	**44,085**	**907**	**–**	**87,136**
Intersegment sales	**10,901**	**–**	**14,737**	**(25,638)**	**–**
Other revenue	**14,177**	**196**	**1,037**	**(1,180)**	**14,230**
Total	**67,222**	**44,281**	**16,681**	**(26,818)**	**101,366**
Segment results	**(1,608)**	**259**	**(1,737)**		**(3,086)**
Interest income					**130**
Unallocated expenses					**(1,194)**
Finance costs					**(3,352)**
Loss before tax					**(7,502)**
Tax					**–**
Loss for the period					**(7,502)**

	Six months ended 30 September 2007				
	Manufacture and sale of laminates	Manufacture and sale of PCBs	Manufacture and sale of copper foils	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:					
Sales to external customers	128,567	56,424	1,652	–	186,643
Intersegment sales	19,984	–	51,006	(70,990)	–
Other revenue	6,135	75	975	(17)	7,168
Total	154,686	56,499	53,633	(71,007)	193,811
Segment results	(7,011)	5,924	(144)		(1,231)
Interest income					179
Unallocated expenses					(1,062)
Finance costs					(5,621)
Loss before tax					(7,735)
Tax					17
Loss for the period					(7,718)

4. Loss before tax

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

	Six months ended 30 September 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Staff costs		
– Salaries and wages	**14,323**	17,648
– Share-based payment expenses	**127**	723
Depreciation and amortisation	**7,867**	9,527
Gain on disposal of investment property held for sale	**(10,267)**	(5,251)
Foreign exchange loss/(gain), net	**1,695**	(2,116)

5. Tax

	Six months ended 30 September 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Current – Hong Kong:		
Charge for the period	**–**	–
Current – Mainland China:		
Charge for the period	**–**	–
Underprovision/(overprovision) in the prior period	**–**	(17)
Tax charge for the year	**–**	(17)

Hong Kong profits tax for the six months ended 30 September 2008 was provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong during the period. No provision for Hong Kong profits tax has been made for the six months ended 30 September 2008 and 30 September 2007 as the Group does not have assessable profits generated during the periods.

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.

The corporate income tax ("CIT") payable by a subsidiary operating in Thailand is charged at 30% (2007: 30%) on the income earned from non-promoted activities as defined by the Board of Investment in Thailand. No provision for CIT in Thailand has been made for the six months ended 30 September 2008 and 30 September 2007 as the subsidiary in Thailand has available tax losses brought forward from the prior years to offset the assessable profits generated during the periods.

6. Interim dividend

The Board did not propose to declare an interim dividend for the six months ended 30 September 2008 (2007: Nil).

7. Loss per share attributable to ordinary equity holders of the parent

(a) Basic loss per share

The calculation of the basic loss per share for the six months ended 30 September 2008 is based on the loss for the period attributable to ordinary equity holders of the parent of HK$7,502,000 (2007: loss of HK$7,718,000) and the weighted average of 410,524,000 (2007: 401,838,000) ordinary shares in issue during the period.

(b) Diluted loss per share

The calculation of the diluted loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period 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.

No disclosure of diluted loss per share for the six months ended 30 September 2008 and 30 September 2007 are presented as the exercise of share options would decrease the loss per share.

8. Trade debtors

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

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**28,074**	42,792
4 to 6 months	**9,161**	19,476
Over 6 months	**4,641**	5,026
	41,876	67,294

The Group's credit terms given to its customers generally vary and are normally around three months, and are granted based on the financial strengths 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.

9. Trade creditors

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

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**16,385**	27,748
4 to 6 months	**13,891**	17,647
Over 6 months	**15,593**	15,762
	45,869	61,157

These amounts are non-interest-bearing and are normally settled on terms varying from 30 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The consolidated turnover of the Group for the six months ended 30 September 2008 was HK$87,136,000, representing a 53% decrease as compared with HK$186,643,000 of the previous period. However, the loss of the Group decreased slightly from HK$7,718,000 to HK$7,502,000.

Operating loss arose mainly from the unfavourable operating environment for the whole Group, particularly the industrial laminate division. In addition, the global economic downturn arisen from the financial tsunami, the decrease in market demand and the increase in raw material costs adversely affected the Group's business operation.

The Group has disposed of a property in Fung Kat Heung with a gain on disposal of approximately HK$10,000,000. The property was the main plant of the Group prior to the setting up of the production facilities in Mainland China in the 1990's and the property has been idle for a number of years.

Industrial Laminate Division

During the six months ended 30 September 2008, the industrial laminate division, the core business of the Group, achieved a turnover of HK$42,144,000 (2007: HK$128,567,000), which represented approximately 49% of the Group's turnover and a decrease of 67% as compared with the same period of the previous year. The business continued to sustain loss due to the unfavourable economic conditions arisen from the recent financial tsunami, together with the increase in raw material costs globally. Sales orders for the period decreased owing to the decrease in market demand.

On the other hand, the laminate division has been trying to dispose of the excess stock in hand in order to maintain a healthy inventory level and improve the Group's cashflow position. As at 30 September 2008, stock in hand held by the laminate division amounted to HK$20,113,000 as compared with HK$24,804,000 as at 31 March 2008, which represented approximately a 19% decrease.

The laminate division has introduced measures to deal with the unfavourable economic situation. Measures such as reduction in general administration cost, stringent control on collectability of trade debts of existing and potential customers and careful sourcing of raw materials have been implemented.

The laminate division is focusing more on the overseas market, the collectability of debt of which is considered to be more favourable.

The operation in Suzhou has also not been as promising as expected. The management team is seriously considering whether to reposition the role of the Suzhou factory.

Printed Circuit Board (PCB) Division

For the six months ended 30 September 2008, the PCB division recorded a turnover of HK$44,085,000 (2007: HK$56,424,000), which accounted for approximately 51% of the Group's turnover and represented a decrease of 22% as compared with the same period of the previous year. Although the PCB division is a stable operation with a favourable profit margin, the global economic downturn in 2008 has inevitably affected the market demand of the PCB division in general.

The Group considers the PCB business to be its main focus in the coming years. The Group will put emphasis on exploring more customers, in particular overseas, in order to maintain the business level in times of economic recession.

The plant in Zuhai has not yet commenced operations as the management considers this is still not the appropriate time to put it into production.

Copper Foil Division

For the six months ended 30 September 2008, the copper foil plant in Thailand recorded a loss of HK$2,015,000 due to the sustained high prices of copper and other production materials. As copper price has been unsteadily fluctuating in recent months, the management has been very cautious in the procurement of copper to minimize the adverse effect of the price fluctuation.

Conclusion

The continuing unfavourable operating environment, especially the adverse effect of the recent financial tsunami, places very great pressure on the operation of industrial businesses. The Group has experienced heavy margin squeezing in the past year in the laminate division. Weak operating results have also exerted considerable pressure on the Group's cashflow position. In the coming years, the management will be more conservative in the procurement of resources in order to reduce operating costs and improve cashflow positions and will dispose of some non-production facilities, properties and assets.

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 30 September 2008, the Group's total cash and bank balances and pledged fixed deposits amounted to HK$23,434,000 (31 March 2008: HK$15,116,000). Total interest-bearing bank loans and other borrowings decreased from HK$123,643,000 as at 31 March 2008 to HK$106,163,000 as at 30 September 2008. Finance costs incurred decreased from HK$5,621,000 for the six months ended 30 September 2007 to HK$3,352,000 for the six months ended 30 September 2008. The Group's gearing ratio, which is the net debt divided by the total shareholders' equity plus net debt, also decreased to 0.61 as compared to 0.64 as at 31 March 2008. Net debt included bank and other borrowings, trade bills and other payables and accruals, less cash and bank balances. Moreover, the Group has a current ratio of 0.79 (31 March 2008: 0.83) and net current liabilities of HK$28,236,000 as at 30 September 2008 (31 March 2008: HK$31,665,000).

The overall financial position of the Group as at 30 September 2008 is slightly improved as compared with that as at 30 September 2007 although there is still operating loss incurred during the period. The management considers the current bank borrowing level and gearing ratio to be at a reasonable level but will put in immediate efforts to restore, through certain financing activities, the net current liability position 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 analyzed as follows:

	30 September 2008	31 March 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Repayable within one year	**75,846**	101,096
Repayable in the second year	**6,187**	6,501
Repayable in the third to fifth years, inclusive	**14,182**	11,743
Repayable beyond five years	**9,948**	4,303
	106,163	123,643

The Group's borrowings and cash and bank balances are primarily denominated in Hong Kong dollars, Thai Baht and RMB. Given the continuous fluctuation of the exchange rates of the Thai Baht and RMB, the Group expects to experience pressure on its operating costs. During the period, the Group has started carrying out hedging activity to reduce certain of its foreign currency exposure to RMB through execution of forward contract 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

As at 30 September 2008, the Company had guarantees given to banks in connection with facilities granted to its subsidiaries to the extent of approximately HK$137,014,000 (31 March 2008: HK$130,278,000), of which HK$67,469,000 (31 March 2008: HK$93,144,000) have been utilized at the balance sheet date.

Pledge of Assets

As at 30 September 2008, the Group's assets pledged as security for banking facilities amounting to approximately HK$73,021,000 (31 March 2008: HK$87,661,000).

Employment, Training and Remuneration Policy

During the period 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 736 employees as at 30 September 2008 (31 March 2008: 915). 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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 unaudited consolidated interim financial statements for the six months ended 30 September 2008 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 contained in Appendix 14 to the Listing Rules during the six months ended 30 September 2008.

DIRECTORS OF THE COMPANY

As at the date of this announcement, the Board comprises five executive directors, namely Mr LAU Kwai, Mr LAU Chung Yim, Mr LAU Chung Hung, Mr LAU Hing Hai and Ms LAU May Wah, and three independent non-executive directors, namely Mr LEUNG Hon Ming, Mr Pravith VAEWHONGS and Mr YAU Kwan Shan.

On behalf of the Board
LAU Kwai
Chairman

Hong Kong
18 December 2008