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 MONTH ENDED 30 SEPTEMBER 2010

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 2010, 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 STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*3*	**34,725**	37,407
Cost of sales		**(28,833)**	(35,079)
Gross profit		**5,892**	2,328
Other income and gains		**3,968**	2,105
Selling and distribution costs		**(1,557)**	(1,595)
Administrative expenses		**(12,956)**	(8,724)
Other expenses		**(614)**	(1,049)
Finance costs		**(1,065)**	(1,747)

* *For identification purposes only*

		Six months ended 30 September	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
LOSS BEFORE TAX	*4*	**(6,332)**	(8,682)
Tax	*5*	**–**	(2)
LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**(6,332)**	(8,684)
INTERIM DIVIDEND	*6*	**–**	–
LOSS PER SHARE	*7*		
Basic		**HK(1.0497) cents**	HK(2.0753) cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 September 2010 HK$'000 (Unaudited)	31 March 2010 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**69,775**	67,199
Investment properties		**6,960**	6,960
Prepaid land lease payments		**15,155**	14,800
Total non-current assets		**91,890**	88,959
CURRENT ASSETS			
Inventories		**10,801**	14,722
Trade and bills receivables	*8*	**10,935**	11,721
Other receivables, prepayments and deposits paid		**75,708**	49,070
Held for trading investments		**–**	47
Tax recoverable		**234**	–
Pledged fixed deposits		**2,025**	12,041
Cash and bank balances		**633**	5,618
Total current assets		**100,336**	93,219
CURRENT LIABILITIES			
Trade and bills payables	*9*	**15,810**	21,917
Other payables and accruals		**12,486**	17,071
Bank and other borrowings		**75,847**	77,838
Obligations under finance leases		**–**	65
Tax payables		**249**	904
Total current liabilities		**104,392**	117,795
NET CURRENT LIABILITIES		**(4,056)**	(24,576)
		87,834	64,383

	30 September 2010 HK$'000 (Unaudited)	31 March 2010 HK$'000 (Audited)
CAPITAL AND RESERVES		
Share capital	**60,322**	50,272
Reserves	**10,887**	(6,427)
	71,209	43,845
NON-CURRENT LIABILITIES		
Bank and other borrowings	**16,625**	20,538
	87,834	64,383

NOTES

1. Basis of presentation

The condensed consolidated interim financial statements for the six months ended 30 September 2010 have been prepared in accordance with Hong Kong Accounting Standard ("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 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2010.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 Amendments	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary
HK Interpretation 4 (Revised in December 2009)	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs

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

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 2009, is as follows:

	Six months ended 30 September 2010				
	Manufacture and sale of laminates	**Manufacture and sale of PCBs**	**Manufacture and sale of copper foils**	**Elimination**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Segment revenue:					
Sales to external customers	**3,695**	**28,748**	**2,282**	**–**	**34,725**
Intersegment sales	**10,852**	**–**	**1,429**	**(12,281)**	**–**
Other revenue	**4,427**	**139**	**–**	**–**	**4,566**
Total	**18,974**	**28,887**	**3,711**	**(12,281)**	**39,291**
Segment results	**2,914**	**1,197**	**(3,269)**		**842**
Interest income					**1**
Unallocated expenses					**(6,110)**
Finance costs					**(1,065)**
Loss before tax					**(6,332)**
Tax					**–**
Loss for the period					**(6,332)**

	Six months ended 30 September 2009				
	Manufacture and sale of laminates *HK$'000* (Unaudited)	Manufacture and sale of PCBs *HK$'000* (Unaudited)	Manufacture and sale of copper foils *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue:					
Sales to external customers	13,504	22,970	933	–	37,407
Intersegment sales	5,287	–	3,857	(9,144)	–
Other revenue	3,455	331	(1,061)	(620)	2,105
Total	22,246	23,301	3,729	(9,764)	39,512
Segment results	(1,523)	(649)	(4,095)		(6,267)
Interest income					29
Unallocated expenses					(697)
Finance costs					(1,747)
Loss before tax					(8,682)
Tax					(2)
Loss for the period					(8,684)

4. Loss before tax

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

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs		
– Salaries and wages	**7,338**	9,048
– Other staff costs	**65**	96
Depreciation and amortisation	**1,270**	2,525
Gain on disposal of investment property held for sale	**–**	(1,688)
Foreign exchange loss, net	**943**	72

5. Tax

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong profits tax	**–**	–
– Outside Hong Kong	**–**	2
Tax charge for the period	**–**	2

Hong Kong profits tax

Hong Kong profits tax for the six months ended 30 September 2010 was provided at the rate of 16.5% (2009: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong during the period. No provision for Hong Kong profits tax had been made in the consolidated financial statements as the Company and its subsidiaries which operate in Hong Kong had no assessable profits for the six months ended 30 September 2010 and 30 September 2009.

Overseas income tax

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

6. Interim dividend

The Board did not propose to declare an interim dividend for the six months ended 30 September 2010 (2009: Nil).

7. Loss per share

(a) Basic loss per share

The calculation of the basic loss per share for the six months ended 30 September 2010 is based on the loss for the period attributable to ordinary equity holders of the parent of HK$6,332,000 (2009: loss of HK$8,684,000) and the weighted average number of 603,223,800 (2009: 418,438,800) ordinary shares in issue during the period.

(b) ***Diluted loss per share***

No adjustment has been made to the basic loss per share for the period ended 30 September 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

Diluted loss per share is the same as the basic loss per share for the period ended 30 September 2009 as the effect of the Company's share options outstanding during the period would result in a decrease in basic loss per share.

8. Trade and bills receivables

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**12,184**	12,732
Less: impairment loss recognised	**(1,249)**	(1,249)
	–	11,483
Bills receivables	**–**	238
	10,935	11,721

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

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**10,109**	8,231
4 to 6 months	**414**	792
Over 6 months	**412**	2,698
	10,935	11,721

9. Trade and bills payables

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

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**7,384**	6,635
4 to 6 months	**1,766**	3,171
Over 6 months	**6,660**	12,111
	15,810	21,917

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The consolidated turnover of the Group for the six months ended 30 September 2010 was HK$34,725,000, representing a 7% decrease from HK$37,407,000 of the corresponding period last year. The loss of the Group decreased from HK$8,684,000 for the six months ended 30 September 2009 to HK$6,332,000 for the six months ended 30 September 2010.

The Group is still sustaining net loss as the economies of the industrial laminate and printed circuit board market are not recovering as expected. However, as a result of the Company gaining better control over its operating costs, the loss has decreased by 27% as compared with the corresponding period of the previous year.

The Group is exploring new investment opportunities in businesses other than its core industrial laminate and printed circuit board businesses. The Group's investment in a car battery business is about to be completed.

Industrial Laminate Division

During the six months ended 30 September 2010, the industrial laminate division achieved a turnover of HK$3,695,000 (2009: HK$13,504,000), which represented approximately 10% of the Group's turnover and a drastic decrease of 73% as compared with the corresponding period of the previous year. The Group has been switching its business focus to the printed circuit board business, leading to reduction in sales of industrial laminate products to customers outside the Group. In future, the division will concentrate on the supply of industrial laminate products to the PCB division within the Group.

The Group has the intention to dispose of certain loss-making subsidiaries, in particular, the subsidiaries holding the laminate factory plant in Zhongshan, the copper foil factory plant in Thailand, and the idle factory plant in Zuhai. The disposal will be detailed below.

The Group also has the intention to dispose of the production plant in Suzhou to the Suzhou Provincial Government. As stated in the announcement dated 4 November 2010, the Suzhou factory has already ceased production from 2009 and has remained idle as from that time. The Suzhou Provincial Government would like to reclaim the land for further city development. An agreement has been tentatively reached at a satisfactory consideration.

Printed Circuit Board (PCB) Division

For the six months ended 30 September 2010, the PCB division recorded a turnover of HK$28,748,000 (2009: HK$22,970,000), which accounted for approximately 82% of the Group's turnover and represented an increase of 25% as compared with the corresponding period of the previous year.

The Group has placed more focus on the PCB business in the period under review. Although the PCB market is not picking up generally, the Group has still achieved 25% increase in turnover. With attendance at trade shows and launch of more aggressive marketing and promotion campaigns, new customers have been attracted to the Group. It is expected that the PCB division will be the Group's main focus in the coming years.

The plant in Zuhai, Mainland China has not yet commenced operation as the management considers that the breakeven point will not be achieved at the current level of sales. The management intends to dispose of the plant as stated above.

Copper Foil Division

For the six months ended 30 September 2010, the copper foil plant in Thailand recorded a loss of HK$3,269,000 (2009: loss of HK$4,095,000) due to the sustained high prices of copper and other production materials.

As stated above with details given below, the Group intends to dispose of the Thailand subsidiary in order to minimize operating costs.

Proposed Disposal of Loss-making Subsidiaries

In view of continuing losses from certain manufacturing subsidiaries, particularly those holding the laminate production factory in Zhongshan, the idle factory in Zuhai and the copper foil production factory 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 Group 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 Group 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.

The transactions are major disposal and connected transaction and continuing connected transaction as defined in the Listing Rules and are therefore subject to independent shareholders' approval.

The Acquisition of Car Battery 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 of Hong Kong Limited considered this transaction constitutes a reverse takeover transaction according to 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.

The transaction is a major transaction as defined in the Listing Rules and is therefore subject to shareholders' approval in the forthcoming special general meeting to be held on 30 November 2010.

Conclusion

The Group has experienced high production costs and heavy margin squeezing in the past year. Weak operating results have also exerted considerable pressure on the Group's cashflow position. The Group will continue to implement a series of cost reduction measures to ease the situation and will also explore various opportunities to enhance the current business model.

On the other hand, the Group considers that introduction of new investments to diversify the business is favourable to the Group. Besides the car battery business, the Group will continue to look for new investment opportunities to further diversify its business portfolio.

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 2010, the Group's total cash and bank balances and pledged fixed deposits amounted to HK$2,658,000 (31 March 2010: HK$17,659,000). Total bank loans and other borrowings decreased from HK$98,376,000 as at 31 March 2010 to HK$92,472,000 as at 30 September 2010. Finance costs incurred decreased from HK$1,747,000 for the six months ended 30 September 2009 to HK$1,065,000 for the six months ended 30 September 2010. The Group's gearing ratio, being the net debt divided by total shareholders' equity plus net debt, also decreased to 0.59 as compared 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. The Group has a current ratio of 0.96 (31 March 2010: 0.79) and net current liabilities of HK$4,056,000 as at 30 September 2010 (31 March 2010: HK$24,576,000).

The overall financial position of the Group as at 30 September 2010 was more favourable as compared with that as at 30 September 2009 due to strict control of operating loss during the period. The management considers the current bank borrowing level and gearing ratio to be at a reasonable level but will put immediate efforts into restoring, through certain financing activities, the net current liability situation arising from the mismatch of short-term and long-term borrowings in previous years. During the period under review, the Company entered into a placing agreement with a placing agent in order to raise funds from placing of convertible bonds, the details of which were contained in the Company's announcement dated 2 July 2010. Subsequent to the reporting date, HK$20,000,000 were raised by the issuance of 77,220,077 shares upon conversion of the convertible bonds. Additional funds will be raised by issuing shares upon conversion of the remaining convertible bonds.

In addition, 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:

	30 September 2010	31 March 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Repayable within one year	**81,028**	77,838
Repayable in the second year	**4,224**	6,561
Repayable in the third to fifth years, inclusive	**5,554**	10,001
Repayable beyond five years	**1,666**	3,976
	92,472	98,376

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

Pledge of Assets

As at 30 September 2010, the Group's assets pledged as security for banking facilities amounted to approximately HK$62,367,000 (31 March 2010: HK$81,324,000).

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 approximately 425 employees as at 30 September 2010 (31 March 2010: 431). 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 six months ended 30 September 2010.

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 six months ended 30 September 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. Currently, Mr. Lau Chung Yim 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

In accordance with the Company's Bye-laws (the "Bye-laws"), all the directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. In addition, code provision A.4.2 of the CG Code also 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 provision of the Bye-laws and the CG Code, Mr. Lau Chung Yim and Mr. Pravith Vaewhongs retired by rotation and were re-elected by rotation at the annual general meeting of the Company held on 19 November 2010 (the "2010 AGM"). Besides, Ms. Deng Hong Mei, Ms. Chan Ching Ho, Kitty, Mr. Xiang Liang and Mr. Tse Yuk Kong, who were appointed by the Board as directors of the Company during the year ended 31 March 2010, also retired and were re-elected at the 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 was made as the Board considered that the retirement and re-election of these four directors, together with the above-mentioned two directors retiring by rotation, at one general meeting, i.e. at the 2010 AGM, provided a clearer picture to the Company's shareholders.

Code provision E.1.2

This code provision stipulates that the chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. At the Company's special general meeting held on 28 May 2010 for approving the refreshment of share issuance mandate (details of such transaction was set out in the Company's circular dated 12 May 2010), the independent board committee members were not present as they had other business engagements on that date. To cope with this deviation of code provision, the chairman of the meeting has read the recommendation of independent board committee on the transaction for shareholders' consideration, and the Company Secretary was arranged to answer questions from the independent shareholders at the meeting. No question was raised by any shareholders during such general meeting.

DIRECTORS OF THE COMPANY

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Lau Chung Yim, Ms. Lau May Wah, Ms. Deng Hong Mei, Ms. Chan Ching Ho, Kitty and Mr. Xiang Liang; and three independent non-executive directors, namely Mr. Yau Kwan Shan, Mr. Pravith Vaewhongs and Mr. Tse Yuk Kong.

On behalf of the Board
Lau Chung Yim
Chairman

Hong Kong
25 November 2010