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 2008

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 2008 together with the comparative figures for the year ended 31 March 2007 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	6	**302,813**	328,085
Cost of sales		**(298,953)**	(310,322)
Gross profit		**3,860**	17,763
Other income and gains	6	**14,849**	4,201
Selling and distribution costs		**(8,150)**	(7,324)
Administrative expenses		**(32,373)**	(30,268)
Impairment of items of property, plant and equipment and trademark		**(49,771)**	–
Other expenses		**(9,448)**	(11,924)
Finance costs	7	**(10,004)**	(8,543)

* *for identification purposes only*

	Notes	**2008** **_HK$'000_**	2007 _HK$'000_
LOSS BEFORE TAX	_8_	**(91,037)**	(36,095)
Tax	_9_	**(528)**	(29)
LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**(91,565)**	(36,124)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	_11_		
Basic		**HK(22.6242) cents**	HK(8.9897) cents
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**145,800**	188,127
Investment properties		**7,360**	21,400
Prepaid land lease payments		**15,431**	14,528
Trademark		**–**	2,329
Total non-current assets		**168,591**	226,384
CURRENT ASSETS			
Trade debtors	*12*	**67,294**	109,215
Other debtors, prepayments and deposits		**6,028**	7,291
Inventories		**44,412**	61,760
Investment property held for sale		**14,640**	–
Investments at fair value through profit or loss		**3,645**	3,339
Tax recoverable		**184**	160
Pledged fixed deposits		**12,579**	9,535
Cash and bank balances		**2,537**	3,944
Total current assets		**151,319**	195,244
CURRENT LIABILITIES			
Trade creditors	*13*	**61,157**	70,932
Bills payable		**447**	1,481
Other creditors and accruals		**20,284**	19,303
Bank and other borrowings		**101,096**	138,272
Total current liabilities		**182,984**	229,988
NET CURRENT LIABILITIES		**(31,665)**	(34,744)
TOTAL ASSETS LESS CURRENT LIABILITIES		**136,926**	191,640

	2008	2007
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Bank and other borrowings	**22,547**	7,648
Net assets	**114,379**	183,992
EQUITY		
Issued capital	**40,984**	40,184
Reserves	**73,395**	143,808
Total equity	**114,379**	183,992

NOTES:

1. BASIS OF PRESENTATION

At 31 March 2008, the Group had net current liabilities of HK$31,665,000 and had outstanding bank and other borrowings of HK$123,643,000, out of which HK$101,096,000 is due for repayment and renewal within the next 12 months. The Group incurred a loss attributable to equity holders of the parent of HK$91,565,000 for the year ended 31 March 2008.

In order to strengthen the capital base of the Group and to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have taken the following measures:

(a) Four directors of the Company, who are also the substantial shareholders of the Company, provided financial support to the Group in the form of directors' loans amounting to approximately HK$26,579,000 as at 31 March 2008 (2007: HK$14,702,000). The directors have expressed their willingness to provide adequate funds for the Group to meet its liabilities as and when they fall due.

(b) The Group continues to scale down the production of non-profitable products.

(c) The Group is planning to dispose of certain of its operations and properties.

(d) The Group continues to implement certain measures to tighten cost controls over various general and administrative expenses.

(e) The directors of the Company are considering various alternatives to strengthen the capital base of the Company through fund raising exercises.

On the basis that all existing banking facilities will be continuously available for the Group's use and that certain directors would provide additional funding to the Group, the directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the 12 months from 31 March 2008. The directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, 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 and equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. 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 interpretations has had no material effect on these financial statements.

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

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7: Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1: Presentation of Financial Statements – Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8: Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees for identified services provided in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9: Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10: Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC)-Int 11: HKFRS 2 – Group and Treasury Share Transactions

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. As the Group had no instruments acquired from another party or provided by shareholders, the interpretation has had no impact on these financial statements.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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

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

HKFRS 2 Amendment restrict the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

HKFRS 3 has been revised to introduce a number of changes in the accounting for business combinations that will have impact on the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKFRS 8, which will replace HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 April 2009.

HKAS 1 has been revised to separate owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owner, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it represents all items of income and expense, either in one single statement, or in two linked statements. The Group is still evaluating which option should it adopt.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HKAS 27 has been revised to require a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes introduced by HKFRS 3 and HKAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKAS 32 and HKAS 1 Amendments require puttable financial instruments and instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro rata rate of the share of the net assets of the entity only on liquidation to be classified as equity. The Group expects to adopt HKAS 32 and HKAS 1 Amendments from 1 April 2009.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

5. SEGMENT INFORMATION

(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 2008 and 2007.

	Manufacture and sale of laminates		Manufacture and sale of PCBs		Manufacture and sale of copper foils		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**198,273**	229,702	**101,854**	96,631	**2,686**	1,752	**–**	–	**302,813**	328,085
Intersegment sales	**36,185**	42,731	**–**	–	**77,554**	89,010	**(113,739)**	(131,741)	**–**	–
Other revenue	**15,770**	1,128	**(2,581)**	101	**566**	2,211	**–**	(26)	**13,755**	3,414
Total	**250,228**	273,561	**99,273**	96,732	**80,806**	92,973	**(113,739)**	(131,767)	**316,568**	331,499
Segment results	**(78,835)**	(28,897)	**273**	1,122	**(2,419)**	740			**(80,981)**	(27,035)
Bank interest income and changes in fair value of investment properties									**1,094**	787
Unallocated expenses									**(1,146)**	(1,304)
Finance costs									**(10,004)**	(8,543)
Loss before tax									**(91,037)**	(36,095)
Tax									**(528)**	(29)
Loss for the year									**(91,565)**	(36,124)
Assets and liabilities:										
Segment assets	**181,037**	295,487	**73,827**	70,116	**42,895**	51,305	**(18,971)**	(33,834)	**278,788**	383,074
Unallocated assets									**37,313**	25,721
Bank overdrafts included in unallocated assets									**3,809**	12,833
Total assets									**319,910**	421,628
Segment liabilities	**52,121**	59,367	**34,868**	51,901	**13,670**	14,088	**(18,971)**	(33,834)	**81,688**	91,522
Unallocated liabilities									**120,034**	133,281
Bank overdrafts included in unallocated assets									**3,809**	12,833
Total liabilities									**205,531**	237,636
Other segment information:										
Depreciation	**8,170**	6,254	**3,690**	3,503	**7,434**	7,449	**–**	–	**19,294**	17,206
Amortisation on prepaid land lease payments	**336**	340	**48**	46	**–**	–	**–**	–	**384**	386
Changes in fair value of investment properties									**(600)**	(420)
Impairment of trade debtors	**6,134**	39	**1,128**	226	**–**	–	**–**	–	**7,262**	265
Impairment of items of property, plant and equipment	**47,442**	–	**–**	–	**–**	–	**–**	–	**47,442**	–
Impairment of trademark	**2,329**	–	**–**	–	**–**	–	**–**	–	**2,329**	–
Provision against inventories	**2,046**	1,215	**–**	–	**–**	–	**–**	–	**2,046**	1,215
Capital expenditure	**1,212**	5,474	**5,961**	11,310	**1,527**	1,136	**–**	–	**8,700**	17,920

(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 2008 and 2007.

	People's Republic of China									
	Hong Kong		Mainland China		Overseas		Eliminations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	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	**173,900**	238,387	**42,836**	34,668	**86,077**	55,030	**–**	–	**302,813**	328,085
Other segment information:										
Segment assets	**117,957**	166,754	**175,233**	224,450	**41,882**	51,425	**(18,971)**	(33,834)	**316,101**	408,795
Bank overdrafts included in segment assets	**2,721**	12,475	**–**	–	**1,088**	358	**–**	–	**3,809**	12,833
									319,910	421,628
Capital expenditure	**–**	17	**7,173**	16,767	**1,527**	1,136	**–**	–	**8,700**	17,920

6. 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:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**302,813**	328,085
Other income and gains		
Sale of scrap materials	**2,521**	2,973
Bank interest income	**494**	367
Rental income	**297**	216
Foreign exchange gains, net	**4,999**	–
Gain on disposal of items of property, plant and equipment	**4,284**	–
Gain on disposal of prepaid land lease payments	**967**	–
Changes in fair value of investment properties	**600**	420
Fair value change in investments at fair value through profit or loss	**–**	86
Others	**687**	139
	14,849	4,201
	317,662	332,286

7. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest expense on:		
Bank loans and other borrowings	**6,490**	5,704
Factoring arrangements	**3,337**	3,788
Finance leases	**177**	89
Total interest	**10,004**	9,581
Less: Interest capitalised in construction in progress	**–**	(1,038)
	10,004	8,543

8. LOSS BEFORE TAX

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

	2008	2007
	HK$'000	*HK$'000*
Cost of inventories sold	**215,884**	234,034
Auditors' remuneration	**1,393**	1,215
Depreciation	**19,294**	17,206
Amortisation on prepaid land lease payments	**384**	386
Impairment of items of property, plant and equipment	**47,442**	–
Impairment of trade debtors	**7,262**	265
Impairment of trademark	**2,329**	–
Provision against inventories	**2,046**	1,215
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**19**	43
Changes in fair value of investment properties	**(600)**	(420)
Employee benefits expense (including directors' remuneration):		
Pension scheme contributions	**431**	357
Less: Forfeited contributions	**–**	–
Net pension scheme contributions*	**431**	357
Salaries and wages	**36,291**	32,749
Equity settled share option expenses	**1,163**	–
	37,885	33,106
Foreign exchange loss/(gain), net	**(4,999)**	9,907
Fair value change in investments at fair value through profit or loss	**69**	(86)
Loss/(gain) on disposal of items of property, plant and equipment	**(4,284)**	308
Gain on disposal of prepaid land lease payments	**(967)**	–

* *At 31 March 2008, there were no forfeited contributions available to the Group to reduce its contributions to the pension schemes in future years (2007: Nil).*

9. TAX

	2008	2007
	HK$'000	*HK$'000*
Current – Hong Kong:		
Charge for the year	**–**	–
Current – Mainland China:		
Charge for the year	**528**	–
Underprovision in the prior year	**–**	29
Tax charge for the year	**528**	29

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year. In prior year, no provision for Hong Kong profits tax had been made as the Group had available tax losses brought forward from the prior years to offset the assessable profits generated in that year. Taxes on profits assessable elsewhere 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 (the "Board of Investment"). No provision for CIT in Thailand has been made as the subsidiaries in Thailand have no assessable profits generated during the year. In prior year, no provision for CIT in Thailand had been made as the subsidiaries in Thailand had available tax losses brought forward from the prior years to offset the assessable profits generated in that year.

10. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year (2007: Nil).

11. 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 number of 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:

	2008	2007
	HK$'000	*HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent	**(91,565)**	(36,124)

	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**404,721,313**	401,838,800
Effect of dilution – weighted average number of ordinary shares:		
Share options	**252,811**	–
Weighted average number of ordinary shares in issue during the year used in the diluted loss per share calculation	**404,974,124**	401,838,800

A diluted loss per share amount for the year ended 31 March 2008 has not been disclosed as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the year. A diluted loss per share amount for the year ended 31 March 2007 has not been disclosed as no diluting effect existed during that year.

12. 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:

	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**42,792**	72,111
4 to 6 months	**19,476**	33,272
Over 6 months	**5,026**	3,832
	67,294	109,215

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit terms given to its customers vary, which generally range from 30 to 120 days, and are granted based on the financial status of the individual customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade debtors are non-interest-bearing.

At 31 March 2008, the Group's trade debtors of approximately HK$40,031,000 (2007: HK$65,148,000) 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$27,134,000 (2007: HK$49,257,000) 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".

13. TRADE CREDITORS

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

	2008	2007
	HK$'000	*HK$'000*
Within 3 months	**27,748**	51,123
4 to 6 months	**17,647**	15,367
Over 6 months	**15,762**	4,442
	61,157	70,932

The trade creditors are non-interest-bearing and are normally settled on terms varying from 30 to 90 days.

EXTRACT OF INDEPENDENT AUDITORS' REPORT ON THE GROUP'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

Basis for disclaimer of opinion: fundamental uncertainty relating to the going concern basis

The Group incurred a loss attributable to the equity holders of the parent of HK$91,565,000 during the year ended 31 March 2008 and, as at that date, the Group reported consolidated net current liabilities of HK$31,665,000. In forming their opinion, the auditors have considered the adequacy of the disclosures made in note 2.1 to the financial statements concerning the adoption of the going concern basis on which the financial statements have been prepared. As detailed in note 2.1 to the financial statements, the Group is currently undertaking a number of measures to improve its financial and current liquidity position. The financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support from the Company's substantial shareholders, 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 financial statements do not include any adjustments that may be necessary should the implementation of such measures be unsuccessful. The auditors consider that appropriate disclosures have been made in the financial statements concerning this situation, but the auditors consider that this fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme that they have disclaimed their opinion.

Disclaimer of opinion

Because of the significance of the fundamental uncertainty relating to the going concern basis, the auditors do not express an opinion on the financial statements as to whether the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in their opinion, 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

The consolidated turnover of the Group for the year ended 31 March 2008 was HK$302,813,000, representing a 7.7% decrease as compared with HK$328,085,000 of the previous year. The loss of the Group increased from HK$36,124,000 in the previous year to HK$91,565,000 in the current year, mainly because of an exceptional item in the year: the impairment of items of property, plant and equipment and trademark amounting to approximately HK$50 million.

Operating loss arose mainly from the adverse operating environment for the whole Group, particularly the industrial laminate division, and the continuing increase in operating costs in Mainland China. Accordingly, the Group's profit margin further decreased from 5.4% in the previous year to 1.3% this year.

Industrial Laminate Division

During the year under review, the industrial laminate business, the core business of the Group, achieved a turnover of HK$198,273,000 (2007: HK$229,702,000), representing approximately 65.5% of the Group's turnover and a decrease of 13.7% as compared with turnover of the previous year. The business sustained a heavy loss for the year because of substantial increases in costs which significantly squeezed the profit margin. These included steep increases in raw material costs globally, in particular with regard to petroleum related products, fuel and labour costs as well as the appreciation of Renminbi ("RMB") in Mainland China where the Group's manufacturing bases are located.

The industrial laminate operations in Suzhou also suffered losses of HK$16,365,000 (before impairment of items of property, plant and equipment and trademark) mainly due to a competitive market in paper laminate products. Moreover, the impairment of machineries and trademark in the Suzhou factory due to poor operating conditions also rendered the necessity of an impairment loss amounting to approximately HK$47 million. Although the business continued to attract new customers, sales volume was not as favourable as had been expected and receivables were not as readily collectible as had hoped for. Provision for doubtful debts of HK$3 million on certain long outstanding collectibles was made during the year.

The Group is now reviewing the existing operation of the industrial laminate division in view of continued losses and the declining operating environment, and is considering the restructuring and streamlining of the operation in the best interests of the Group. Measures such as scale-down of loss making plants or production line will be implemented and the management would like to focus the Group's resources on products and customers with better margin and prospects.

Printed Circuit Board (PCB) Division

For the year ended 31 March 2008, the PCB division recorded a turnover of HK$101,854,000 (2007: HK$96,631,000), which accounted for approximately 33.6% of the Group's turnover and represented a slight increase of 5.4% as compared with turnover of the previous year. The increase in turnover was attributable to increase in turnover from overseas markets. Although business growth has remained steady, it is the directors' view that the future prospects for this business are uncertain as the global economy has been experiencing recession recently. The Group will put the commencement of operation of its new plant in Zhuhai on hold as it will require additional capital commitment and working capital.

Copper Foil Division

For the year ended 31 March 2008, the copper foil plant in Thailand recorded a loss of HK$2,419,000 due to the sustained high prices of copper and high production costs. As copper is a major material of industrial laminate, continually rising prices exerted great pressure on the Group. The senior management has been very cautious in the procurement of copper to minimize the adverse effects of high prices. The Group will also explore the opportunities of outside sourcing of copper foil to reduce cost if possible.

Outlook

The continuing unfavourable operating environment, especially the surge of raw material costs, appreciation of RMB and tightening of administrative controls in Mainland China has cast significant doubts on the future operation of the manufacturing industry in Mainland China. The Group has experienced heavy margin squeezing in the past year in the laminate division. Weak operating results also exerted considerable pressure on the Group's cashflow position. The Group will implement a series of measures to ease the cashflow. Such measures may include the restructuring of certain business units and disposal of non-core loss making business or assets in order to secure sufficient resources for the Group's future operation, particularly in the core business and products with better prospects.

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 2008, the Group's total cash and bank balances and pledged fixed deposits amounted to HK$15,116,000 (2007: HK$13,479,000). The total interest-bearing bank loans and other borrowings decreased from HK$136,723,000 as at 31 March 2007 to HK$114,380,000 as at 31 March 2008. The Group's gearing ratio, which is net debt divided by the total shareholders' equity plus net debt, increased from 0.56 as at 31 March 2007 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. As at 31 March 2008, the Group had a current ratio of 0.83 (2007: 0.85) and net current liabilities of HK$31,665,000 (2007: HK$34,744,000).

The overall financial position of the Group as at 31 March 2008 was less favourable as compared with that of the last year because of operating losses incurred during the year. Although concerted efforts were made by the management to reduce the bank borrowing level, the management considered the current ratio and gearing ratio to be unsatisfactory and will put in further efforts to rectify, 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	
	2008	2007
	HK$'000	*HK$'000*
Repayable within one year or on demand	**101,096**	138,272
Repayable in the second year	**6,501**	4,426
Repayable in the third to fifth years, inclusive	**11,743**	3,222
Beyond five years	**4,303**	–
	123,643	145,920

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 RMB, the Group is expected to experience pressure on its operating costs. 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 to reduce exposure to foreign exchange risks.

CONTINGENT LIABILITIES

As at 31 March 2008, the Company had guarantees given to banks in connection with facilities granted to its subsidiaries to the extent of approximately HK$130,278,000 (2007: HK$152,513,000), of which HK$93,144,000 (2007: HK$130,610,000) have been utilised as at the balance sheet date.

PLEDGE OF ASSETS

As at 31 March 2008, the Group's assets pledged as security for banking facilities amounted to approximately HK$87,661,000 (2007: HK$83,577,000).

EMPLOYMENT, TRAINING AND REMUNERATION POLICIES

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 915 employees as at 31 March 2008 (2007: 1,098). 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.

POST BALANCE SHEET EVENTS

(a) Subsequent to the balance sheet date, on 27 May 2008, the Company announced that the controlling shareholders of the Company were conducting a preliminary negotiation regarding disposal of their shares to an independent third party. The possible disposal of their shares, if materialised, may constitute a possible change of control of the Company. For details, please refer to the announcements issued by the Company dated 27 May 2008, 10 June 2008 and 15 July 2008, respectively.

(b) On 24 July 2008, the Group entered into a provisional sale and purchase agreement with a third party to dispose of an investment property situated in Hong Kong for a cash consideration of HK$23,854,000. This transaction is scheduled to be completed on or before 10 September 2008 and is expected to result in a gain on disposal before taxation of HK$9,214,000.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 22 September 2008 to Thursday, 25 September 2008 (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 Thursday, 25 September 2008, 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 Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Friday, 19 September 2008.

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 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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2008.

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 and Ms. Lau May Wah 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, 25 July 2008