NAM HING HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(stock code: 986)

Annual Report 2010

Contents

Corporate Information

Directors

Mr. Lau Chung Yim *(Chairman, Managing Director and Chief Executive Officer)*
Ms. Lau May Wah
Ms. Deng Hong Mei
Ms. Chan Ching Ho, Kitty
Mr. Xiang Liang
Mr. Pravith Vaewhongs*
Mr. Yau Kwan Shan*
Mr. Tse Yuk Kong*

* *Independent Non-executive Directors*

Company Secretary and Qualified Accountant

Mr. Chan Kwok Choi, Stanley

Audit Committee

Mr. Yau Kwan Shan *(Chairman)*
Mr. Pravith Vaewhongs
Mr. Tse Yuk Kong

Remuneration Committee

Mr. Lau Chung Yim *(Chairman)*
Mr. Pravith Vaewhongs
Mr. Tse Yuk Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
43rd Floor
The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

27th Floor
Yuen Long Trade Centre
99-109 Castle Peak Road
Yuen Long
New Territories
Hong Kong

Principal Bankers

DBS Bank (Hong Kong) Limited
DBS Bank Limited, Shanghai Branch
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Shanghai Commercial Bank Limited
Industrial and Commercial Bank of China Limited

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

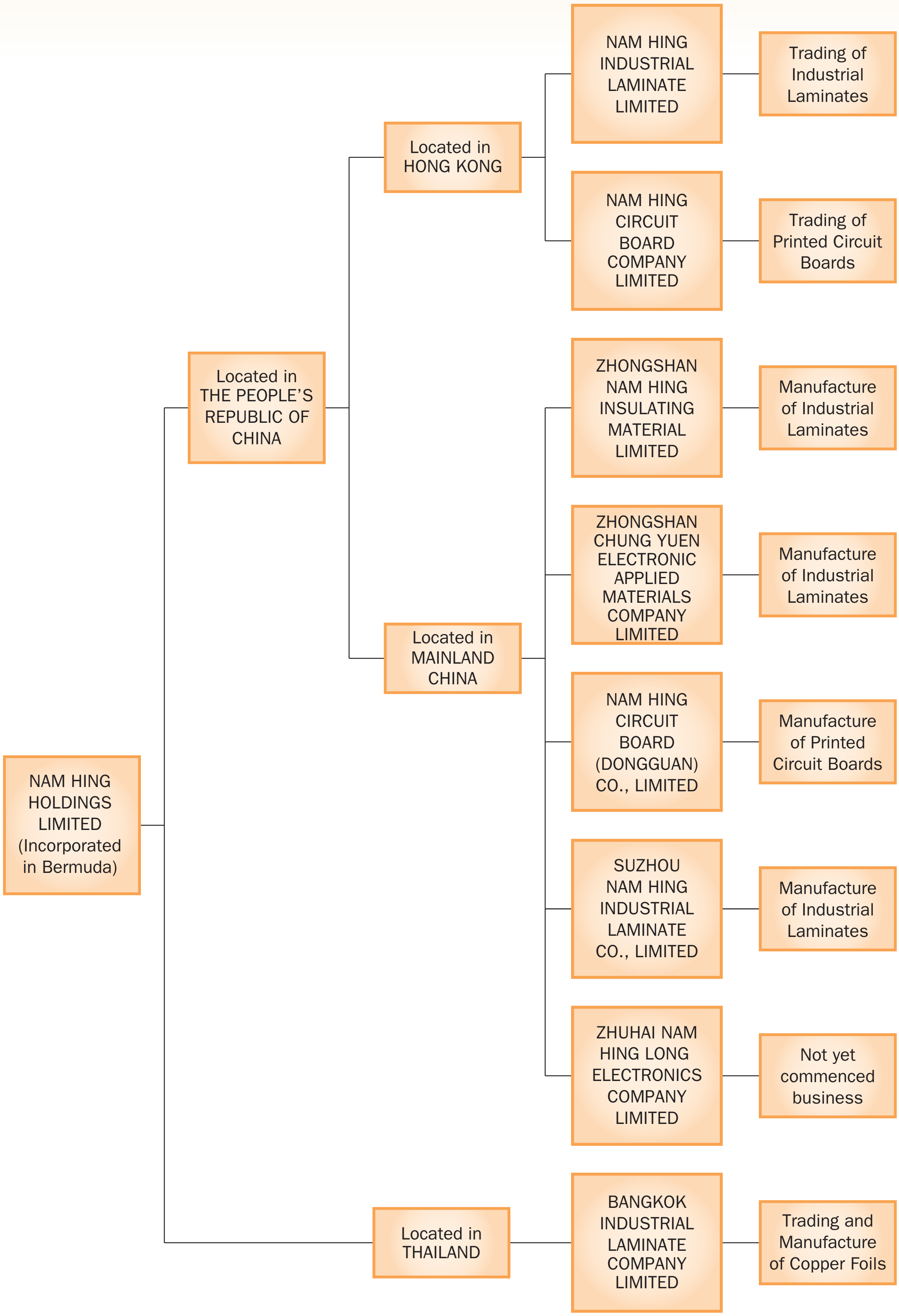
Website

http://www.namhingholdings.com

Stock Code

986

Corporate Structure



Chairman's Statement and Management Discussion & Analysis

Industrial Laminate Plant in Suzhou, the PRC

I would like to report to the shareholders the annual report of Nam Hing Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2010.

BUSINESS REVIEW AND PROSPECTS

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

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

Industrial Laminate Division

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

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

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

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

Printed Circuit Board (PCB) Division

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

Copper Foil Manufacturing Plant in Thailand

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

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


One of the Drilling Machine in Dongguan Plant

Copper Foil Division

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

Proposed Disposal of Loss-making Subsidiaries

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


Front View of the Industrial Laminate Plant in Zhongshan, the PRC

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

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

As at the date of this report, the transaction is still under vetting by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Proposed Acquisition of an Electric Car Battery Related Business

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

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

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

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

Outlook

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

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

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

PLEDGE OF ASSETS

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

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

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

APPRECIATION

On behalf of the board of directors of the Company (the "Board"), I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

Lau Chung Yim
Chairman

Hong Kong, 30 September 2010

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2010.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognizes the importance of maintaining sound corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The Company has applied the principles set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules.

Throughout the year under review, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.2.1, A.4.2, B.1.1 and E.1.3. Key corporate governance principles and practices of the Company as well as details of the foregoing deviations of the code provisions are summarized below.

A. THE BOARD

A.1 Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances. All the directors carry out their duties in good faith and in compliance with applicable laws and regulations, acting in the interests of the Group.

All directors have access to all relevant information as well as the advice and services of the Company Secretary and senior management. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the senior management to discharge its responsibilities.

A. THE BOARD (continued)

A.2 Board Composition

The Board comprises the following directors:

Executive directors:

Mr. Lau Chung Yim *(Chairman of the Board, Chief Executive Officer, Managing Director and Chairman of both the Executive Committee and the Remuneration Committee)*
Ms. Lau May Wah *(Member of the Executive Committee)*
Ms. Deng Hong Mei *(Member of the Executive Committee)*
Ms. Chan Ching Ho, Kitty *(Member of the Executive Committee)*
Mr. Xiang Liang *(Member of the Executive Committee)*

Independent non-executive directors:

Mr. Pravith Vaewhongs *(Member of both the Audit Committee and the Remuneration Committee)*
Mr. Yau Kwan Shan *(Chairman of the Audit Committee)*
Mr. Tse Yuk Kong *(Member of both the Audit Committee and the Remuneration Committee)*

The list of all directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

The relationships among the members of the Board are disclosed under the section headed "Brief biographical details in respect of directors and senior management staff" in the "Report of the Directors" of this annual report.

Rule 3.10(1) of the Listing Rules requires that every listed issuer must have a minimum of three independent non-executive directors. Rule 3.21 of the Listing Rules requires that the audit committee of every listed issuer must comprise a minimum of three members who should all be non-executive directors with a majority thereof being independent non-executive directors. The code provision B.1.1 of the CG Code prescribes that a majority of the members of a listed issuer's remuneration committee should be independent non-executive directors.

A. THE BOARD (continued)

A.2 Board Composition (continued)

The Company has not complied with the foregoing requirements for a period of approximately 3 months from 19 November 2009 to 17 February 2010 due to the resignation of Mr. Leung Hon Ming as an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company with effect from 19 November 2009. After the resignation of Mr. Leung Hon Ming, there were left with two independent non-executive directors and two members in the Audit Committee of the Company, namely Mr. Yau Kwan Shan and Mr. Pravith Vaewhongs; and two members in the Remuneration Committee of the Company, namely Mr. Lau Chung Yim (an executive director of the Company) and Mr. Pravith Vaewhongs. The Company has subsequently fully complied with the aforesaid Listing Rules 3.10(1) and 3.21 and code provision B.1.1 of the CG Code upon its appointment of Mr. Tse Yuk Kong as an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company on 18 February 2010. Details of the abovementioned changes are set out in the Company's announcements dated 20 November 2009 and 19 February 2010.

The Board has maintained the necessary balance of skills and experience. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. The independent non-executive directors contributed to the Group through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and serving on Board committees.

The Company has received annual written confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

A. THE BOARD (continued)

A.3 Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Lau Chung Yim, the Chief Executive Officer of the Company, has taken up the office of Chairman upon the resignation of Mr. Lau Kwai, the ex-Chairman of the Board, with effect from 1 November 2009. Accordingly, Mr. Lau Chung Yim currently holds the offices of Chairman and Chief Executive Officer of the Company, which constitutes a deviation from the abovementioned code provision of the CG Code. Mr. Lau Chung Yim has over 30 years' experience in the production of laminates and printed circuit boards. The Board believes that it is in the best interests of the Group to have an executive Chairman with in-depth knowledge of the Group's businesses to guide discussion among Board members on the Group development and planning, as well as to execute business strategies of the Group.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

A.4 Appointment and Re-election of Directors

The term of office of an independent non-executive director, namely Mr. Pravith Vaewhongs, is 1 year while the term of office of the other two independent non-executive directors, namely Mr. Yau Kwan Shan and Mr. Tse Yuk Kong, is 2 years.

The Company has not set up a nomination committee and the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the succession planning of directors and assessing the independence of independent non-executive directors. The Company has adopted "Directors Nomination Procedures" as written guidelines in providing formal, considered and transparent procedures to the Board for evaluating and selecting candidates for directorships. Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

A. THE BOARD (continued)

A.4 Appointment and Re-election of Directors (continued)

Besides, the procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). In accordance with 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 provisions of the Bye-laws and the CG Code, Mr. Lau Chung Yim and Mr. Pravith Vaewhongs shall retire by rotation at the forthcoming annual general meeting of the Company (the "2010 AGM"). Besides, Ms. Deng Hong Mei, Ms. Chan Ching Ho, Kitty, Mr. Xiang Liang and Mr. Tse Yuk Kong, who have been appointed by the Board as directors of the Company during the year ended 31 March 2010, will also submit themselves for re-election at the 2010 AGM. Such arrangement on shareholders' election of Ms. Deng Hong Mei, Ms. Chan Ching Ho, Kitty, Mr. Xiang Liang and Mr. Tse Yuk Kong at the 2010 AGM instead of the first general meeting of the Company after their appointment held on 28 May 2010 deviates from the code provision A.4.2 of the CG Code and the provision of the Bye-laws. This arrangement is made as the directors consider that the retirement and re-election of these directors at one general meeting, i.e. at the 2010 AGM, will provide a clearer picture to the Company's shareholders. All the above six retiring directors, being eligible, will offer themselves for re-election at the 2010 AGM. The Board recommended their re-appointment. The Company's circular, sent together with this annual report, contains detailed information of the above six directors as required by the Listing Rules.

A. THE BOARD (continued)

A.4 Appointment and Re-election of Directors (continued)

During the year ended 31 March 2010, the Board, through its meeting held on 26 August 2009 (with all the then directors of the Company present at such meeting) and written resolutions passed on 1 November 2009, 19 November 2009, 16 December 2009, 18 February 2010 and 24 March 2010, performed the following works regarding matters relating to nomination of directors:-

1. review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; recommendation of the re-election of the retiring directors standing for re-election at the 2009 annual general meeting of the Company; and assessment of the independence of all the Company's then independent non-executive directors;

2. (i) acceptance of the resignation of Mr. Lau Kwai as an executive director of the Company and the Chairman of the Board; (ii) appointment of Mr. Lau Chung Yim as the Chairman of the Board; and (iii) appointment of Ms. Deng Hong Mei as an executive director of the Company;

3. acceptance of the resignation of Mr. Leung Hon Ming as an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company;

4. acceptance of the resignation of Mr. Lau Chung Hung and Mr. Lau Hing Hai as executive directors of the Company;

5. appointment of Mr. Tse Yuk Kong as an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company; and

6. appointment of Ms. Chan Ching Ho, Kitty and Mr. Xiang Liang as executive directors of the Company.

A. THE BOARD (continued)

A.5 Induction and Continuing Development for Directors

Each newly appointed director of the Company receives an induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors of the Company are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with appropriate information are usually sent to the directors at least 3 days before each Board meeting to keep the directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Financial Controller, Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for directors' inspection.

A. THE BOARD (continued)

A.6 Board Meetings (continued)

A.6.1 Board Practices and Conduct of Meetings (continued)

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records in Board Meetings

The Board has held 6 meetings in total during the year under review, with 4 regular meetings held at approximately quarterly intervals for reviewing and discussing on the financial and operating performance of the Group. The attendance records of each director at these Board meetings are set out below:

Name of Director	Attendance/Number of Board Meetings
Executive directors	
Mr. Lau Chung Yim	6/6
Ms. Lau May Wah	6/6
Ms. Deng Hong Mei (Note 1)	4/4
Ms. Chan Ching Ho, Kitty (Note 2)	0/1
Mr. Xiang Liang (Note 2)	0/1
Mr. Lau Kwai (Note 3)	1/2
Mr. Lau Chung Hung (Note 4)	1/3
Mr. Lau Hing Hai (Note 4)	2/3
Independent non-executive directors	
Mr. Pravith Vaewhongs	4/6
Mr. Yau Kwan Shan	4/6
Mr. Tse Yuk Kong (Note 5)	0/1
Mr. Leung Hon Ming (Note 6)	1/2

A. THE BOARD (continued)

A.6 Board Meetings (continued)

A.6.2 Directors' Attendance Records in Board Meetings (continued)

Notes:

1. Ms. Deng Hong Mei was appointed as an executive director of the Company on 1 November 2009. Subsequent to her appointment, there were a total of 4 Board meetings held during the year under review.

2. Ms. Chan Ching Ho, Kitty and Mr. Xiang Liang were appointed as executive directors of the Company on 24 March 2010. Subsequent to their appointment, there was a total of 1 Board meeting held during the year under review.

3. Mr. Lau Kwai resigned as an executive director of the Company and the Chairman of the Board on 1 November 2009. Before his resignation, there were a total of 2 Board meetings held during the year under review.

4. Mr. Lau Chung Hung and Mr. Lau Hing Hai resigned as executive directors of the Company on 16 December 2009. Before their resignation, there were a total of 3 Board meetings held during the year under review.

5. Mr. Tse Yuk Kong was appointed as an independent non-executive director of the Company on 18 February 2010. Subsequent to his appointment, there was a total of 1 Board meeting held during the year under review.

6. Mr. Leung Hon Ming resigned as an independent non-executive director of the Company on 19 November 2009. Before his resignation, there were a total of 2 Board meetings held during the year under review.

A.7 Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Each director has been given a copy of the Own Code. Specific enquiry has been made of all the Company's directors and they have confirmed their compliance with the Own Code and the Model Code in respect of the year ended 31 March 2010.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

B. BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Audit Committee and the Executive Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.namhingholdings.com" and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in section A.6.1 above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B.1 Remuneration Committee

The Remuneration Committee currently comprises a total of three members, being one executive director, namely Mr. Lau Chung Yim, and two independent non-executive directors, namely Mr. Pravith Vaewhongs and Mr. Tse Yuk Kong. Accordingly, a majority of the members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Lau Chung Yim.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year ended 31 March 2010, no meeting was held among the members of the Remuneration Committee. The Remuneration Committee has generally reviewed the remuneration packages of the directors and senior management of the Group and made recommendations to the Board in respect of the remuneration packages of the directors appointed during the year ended 31 March 2010.

Details of the remuneration of each director of the Company for the year ended 31 March 2010 are set out in note 13 to the financial statements contained in this annual report.

B. BOARD COMMITTEES (continued)

B.2 Audit Committee

The Audit Committee currently comprises a total of three members, being the three independent non-executive directors, namely Mr. Yau Kwan Shan, Mr. Pravith Vaewhongs and Mr. Tse Yuk Kong. The chairman of the Audit Committee is Mr. Yau Kwan Shan who possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 March 2010, the Audit Committee has met twice and performed the following major works:

– Review and discussion of the annual financial statements, results announcement and report for the year ended 31 March 2009, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the internal control system of the Group;

– Discussion and recommendation of the re-appointment of the external auditor; and

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 September 2009 and the related accounting principles and practices adopted by the Group.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B. BOARD COMMITTEES (continued)

B.2 Audit Committee (continued)

The attendance records of the foregoing 2 Audit Committee meetings are set out as follows:

Name of Audit Committee Member	Attendance/Number of Audit Committee Meetings
Mr. Yau Kwan Shan *(Chairman)*	2/2
Mr. Pravith Vaewhongs	2/2
Mr. Tse Yuk Kong (Note 1)	N/A
Mr. Leung Hon Ming (Note 2)	1/1

Notes:

1. Mr. Tse Yuk Kong was appointed as an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company on 18 February 2010. Subsequent to his appointment, there was no Audit Committee meeting held during the year ended 31 March 2010.

2. Mr. Leung Hon Ming resigned as an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company on 19 November 2009. Before his resignation, there was 1 Audit Committee meeting held during the year ended 31 March 2010.

B.3 Executive Committee

The Executive Committee comprises all the executive directors of the Company with Mr. Lau Chung Yim acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Group.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2010. The management has provided such explanation and information to the Board as necessary to enable the Board to assess the financial information and position of the Group.

As set out in the "Consolidated Statement of Comprehensive Income" and the "Consolidated Statement of Financial Position" respectively in this annual report, the Group incurred a loss attributable to the Company's shareholders of HK$39,963,000 during the year ended 31 March 2010 and reported consolidated net current liabilities of HK$24,576,000 as at 31 March 2010. As explained in the Independent Auditor's Report and note 2 to the consolidated financial statements contained in this annual report, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continuous financial support from the Group's existing bankers and the ability to realize the Group's assets to meet its future working capital and financial requirements. The Company's auditor considers that appropriate disclosures have been made in the consolidated financial statements concerning this situation, but the auditor considers that this fundamental uncertainty relating to whether the going concern basis is appropriate is so extreme that it has disclaimed its opinion.

In addition, there is a lack of certain accounting books and records of one of the Company's subsidiary in Thailand, Bangkok Industrial Laminate Company Limited, as a consequence of the resignation and non-replacement of key accounting staff during the year ended 31 March 2010. The auditor was unable to carry out audit procedures to satisfy itself as to whether the income, expenses, assets, liabilities and related disclosures relating to the said subsidiary, which have been included in the consolidated financial statements, have been accurately recorded and properly accounted for. As such, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The auditor was also unable to obtain sufficient documentation to evaluate the recoverability of the deposit paid by the Group for acquiring an investment amounted to HK$46,000,000 as at 31 March 2010 as set out in note 23 to the consolidated financial statements contained in this annual report. Though the directors considered that the Group is able to recover the deposit, the auditor is unable to satisfy itself that such deposit was fairly stated as at 31 March 2010. Any adjustments to the aforesaid will have consequential effect on the net assets as at 31 March 2010 and the loss for the year then ended of the Group.

Due to the significance of the matters described above and in the Independent Auditor's Report in this annual report, the auditor does not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 March 2010 and of the Group's loss and cash flows for the year then ended and as to whether the financial statements have been properly prepared. In order to sustain the Group as a going concern, the Group, as detailed in note 2 to the financial statements, is currently undertaking a number of measures to improve its financial and current liquidity position.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system of the Group. The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 March 2010. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

E. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2010 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to SHINEWING (HK) CPA Limited, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 March 2010 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable
Audit services – audit fee for the year ended 31 March 2010	HK$600,000
Non-audit services	Nil
TOTAL:	HK$600,000

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that a transparent disclosure of the Group's information will enable shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies.

The Company maintains a website at "www.namhingholdings.com" as a communication platform with shareholders and investors, where information and updates on the Group's financial information and other information are available for public access. Shareholders and investors may write directly to the Company at its principal place of business for any inquiries.

The general meetings of the Company provide an opportunity for communication between the Board and the shareholders. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee and the Remuneration Committee are normally present at the annual general meetings and other shareholders' meetings of the Company to answer questions raised.

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (continued)

Code provision E.1.3 of the CG Code stipulates that every listed issuer should send notice of annual general meeting to its shareholders at least 20 clear business days before the meeting. Since additional time was required for completing the audit work on the Company's operating subsidiary in Thailand, the Company's board meeting for, among other matters, approving the annual results of the Group for the year ended 31 March 2009 was delayed. As such, the dispatch of the Company's annual report for the year ended 31 March 2009 was also delayed and that the notice of 2009 annual general meeting of the Company held on 30 September 2009 ("2009 AGM") was given to the Company's shareholders on 7 September 2009. Though the Company had deviated from the abovementioned code provision of the CG Code, it fulfilled the requirement under its Bye-laws for giving notice to its shareholders for not less than 21 clear days before the convening of the 2009 AGM. Such arrangement also ensured the Company's compliance with Rule 13.46(2)(b) of the Listing Rules which provides that a listed issuer should make up its annual accounts to a date falling not more than 6 months before the date of its annual general meeting.

Code provision E.1.2 of the CG Code 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.

G. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, shareholders' rights for proposing resolutions are contained in the Bye-laws.

All resolutions put forward at shareholders' meetings of the Company shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.namhingholdings.com) after each shareholders' meeting.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 36 to the financial statements. There were no significant changes in the nature of the Company's and the Group's principal activities during the year.

RESULTS

The Group's loss for the year ended 31 March 2010 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 39 to 112.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**69,042**	129,394	302,813	328,085	281,128
Loss before tax	**(39,591)**	(82,138)	(91,037)	(36,095)	(6,988)
Tax	**(372)**	(267)	(528)	(29)	(159)
Loss for the year	**(39,963)**	(82,405)	(91,565)	(36,124)	(7,147)

SUMMARY OF FINANCIAL INFORMATION (continued)

	At 31 March				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**67,199**	79,315	145,800	188,127	172,968
Investment properties	**6,960**	5,870	7,360	21,400	20,980
Prepaid land lease payments	**14,800**	14,926	15,431	14,528	14,080
Trademark	**–**	–	–	2,329	2,226
Current assets	**93,219**	68,357	151,319	195,244	169,457
Current liabilities	**(117,795)**	(115,418)	(196,774)	(229,988)	(175,934)
Net current liabilities	**(24,576)**	(47,061)	(45,455)	(34,744)	(6,477)
Total assets less current liabilities	**64,383**	53,050	123,136	191,640	203,777
Long term portion of bank and other borrowings	**(20,538)**	(22,622)	(7,860)	(7,648)	(8,245)
Long term portion of finance lease payables	**–**	(65)	(897)	–	(608)
	43,845	30,363	114,379	183,992	194,924

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the Group's property, plant and equipment and investment properties during the year are set out in notes 18 and 19 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 32 and 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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 year.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 March 2010, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of HK$170,805,994 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the sales attributable to the Group's five largest customers accounted for less than 30% of the total sales for the year.

In the year under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 35% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 10%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Lau Kwai *(Chairman)*	(resigned on 1 November 2009)
Mr. Lau Chung Yim *(Chairman, Managing Director and Chief Executive Officer)*	
Mr. Lau Chung Hung	(resigned on 16 December 2009)
Mr. Lau Hing Hai	(resigned on 16 December 2009)
Ms. Lau May Wah	
Ms. Deng Hong Mei	(appointed on 1 November 2009)
Ms. Chan Ching Ho, Kitty	(appointed on 24 March 2010)
Mr. Xiang Liang	(appointed on 24 March 2010)

Independent non-executive directors:

Mr. Leung Hon Ming	(resigned on 19 November 2009)
Mr. Pravith Vaewhongs	
Mr. Yau Kwan Shan	
Mr. Tse Yuk Kong	(appointed on 18 February 2010)

In accordance with the Company's bye-laws and the agreement among the directors, Mr. Lau Chung Yim, Ms. Deng Hong Mei, Ms. Chan Ching Ho, Kitty, Mr. Xiang Liang, Mr. Pravith Vaewhongs and Mr. Tse Yuk Kong shall retire as directors of the Company at the forthcoming annual general meeting of the Company. The above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT STAFF

Executive directors:

Mr. Lau Chung Yim, aged 60, is the Chairman, the Managing Director, the Chief Executive Officer of the Group and the Chairman of both the Remuneration Committee and the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Lau is responsible for overseeing the strategic direction, corporate planning and overall operation of the Group. He holds a bachelor's degree in mechanical engineering from the University of Massachusetts at Lowell, the United States of America and is a registered professional engineer in the province of Ontario, Canada. He joined the Group in 1977 and has over 30 years' experience in the production of laminates and printed circuit boards. Mr. Lau is a younger brother of Ms. Lau May Wah (executive director of the Company) and the elder brother of Mr. Lau Chung Pun, Daniel (Assistant General Manager of the Company's subsidiary).

Ms. Lau May Wah, aged 63, is an executive director and a member of the Executive Committee of the Company. She is also a director of certain subsidiaries of the Company. Ms. Lau is the general manager of Nam Hing Circuit Board (Dongguan) Co., Limited and is responsible for the printed circuit board operation of the Group. She joined the Group in 1977 and has over 30 years' experience in the printed circuit board industry. Ms. Lau is the elder sister of Mr. Lau Chung Yim (executive director of the Company) and Mr. Lau Chung Pun, Daniel (Assistant General Manager of the Company's subsidiary).

Ms. Deng Hong Mei, aged 39, is an executive director and a member of the Executive Committee of the Company. She joined the Group in November 2009. Ms. Deng has served as a project manager in a private company in Hong Kong for about 9 years. She has extensive experience in the field of business and project management.

Ms. Chan Ching Ho, Kitty, aged 54, is an executive director and a member of the Executive Committee of the Company. She joined the Group in March 2010. Ms. Chan holds (i) a certificate in real estate agency practice from School of Professional and Continuing Education, the University of Hong Kong; (ii) a professional diploma in estate and facilities management from the Hong Kong Productivity Council; and (iii) a certificate course for management and instructors in security and property management from Hong Kong Collage of Technology. Prior to joining the Board, Ms. Chan has around 30 years experience in sales and marketing and property management in Hong Kong.

Mr. Xiang Liang, aged 41, is an executive director and a member of the Executive Committee of the Company. He joined the Group in March 2010. Mr. Xiang holds a degree in accounting and finance from Shanghai TV University and is a banker of Hongkou Qu, Shanghai Branch, China Construction Bank for more than 20 years.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT STAFF (continued)

Independent non-executive directors:

Mr. Pravith Vaewhongs, aged 64, is an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company. He joined the Group in October 2006. He holds a bachelor's degree in chemistry from Chiang Mai University, Thailand and a master's degree in chemical engineering from University of Massachusetts at Lowell, the United States of America. Mr. Vaewhongs gained professional experience in design, construction and operation of natural gas processing plant owned by Petroleum Authority of Thailand ("PTT") and then, of High Density Polyethylene ("HDPE") plant owned by Bangkok Polyethylene Public Company Limited ("BPE"). During his employment in BPE, as a plant manager he took responsibility of plant management for cost control and revenue. After retirement in 2001 at the age of 55, he continued his service in BPE as a Corporate Advisor and was responsible for HDPE products development for domestic and export marketing. Until 2006, he was transferred to be a Corporate Advisor to PTT Chemical Public Company Limited, a company listed on The Stock Exchange of Thailand, which is a fully integrated petrochemical manufacturer with the output of 1.5 million tons per year, the Thailand largest producer of Olefins and its derivative downstream products.

Mr. Yau Kwan Shan, aged 47, was appointed as an independent non-executive director and the Chairman of the Audit Committee of the Company with effect from 30 November 2008. He is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has extensive experience in accounting and financial management. He had previously worked for an international accounting firm and a number of companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. He had been the financial controller and company secretary of the Group from September 1996 to February 2000.

Mr. Tse Yuk Kong, aged 54, is an independent non-executive director and a member of both the Audit Committee and the Remuneration Committee of the Company. He joined the Group in February 2010. Mr. Tse is an experienced TV production professional, expert in image building, product positioning and related production. Starting from 1984, he had worked for the Art Department of Television Broadcasts Limited, followed by the Art Department of Asia Television Limited ("ATV"). He then worked as ATV Production Service Assistant Controller from year 2002 to 2007, managing various aspects of ATV Production Services. Currently, Mr. Tse is the managing director of Wealthy Port Holdings Limited, which is engaged in properties investment in Hong Kong and Mainland China.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT STAFF (continued)

Senior management staff:

Mr. Lau Chung Pun, Daniel, aged 43, is a younger brother of Mr. Lau Chung Yim and Ms. Lau May Wah. Mr. Lau joined the Group in 1995 and is the Assistant General Manager of Zhongshan Nam Hing Insulating Material Limited. He holds a bachelor's degree and a master's degree in electrical engineering from the University of Southern California, the USA. He had extensive experience in computer software simulations before joining the Group.

Ms. Ip Sau Wah Katherine, aged 50, is the Administrative Manager of the Group. She joined the Group in 1997 and has extensive experience in office administration and the human resources field.

Mr. Vittaya Rugbumrung, aged 51, is the Maintenance and Project Manager and the Deputy to the Assistant General Manager of Bangkok Industrial Laminate Company Limited. He holds a diploma in Electrical Power Technology from South-East Asia College. Mr. Rugbumrung joined the Group in March 1994 and has 25 years' working experience in manufacturing industries.

Mr. Chan Kwok Choi, **Stanley**, aged 46, is the Financial Controller and Company Secretary of the Group. He joined the Group in April 2008 and has extensive working experience in accounting, finance and treasury. He obtained a bachelor's degree in Economics in Monash University, Australia and is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.

UPDATE ON DIRECTORS' INFORMATION

The following is an updated information of directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

– Each of Ms. Chan Ching Ho, Kitty and Mr. Xiang Liang is entitled to receive an annual director's fee of HK$195,000 (after tax), pursuant to the letters of appointment issued by the Company.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meeting every year. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2010, the interests of the directors of the Company in the shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of the Company

Name of director	Capacity	Number of ordinary shares of the Company interested	Percentage+ of the Company's issued share capital
Mr. Lau Chung Yim	Beneficial owner	546,000	0.10
Ms. Lau May Wah	Beneficial owner	219,200	0.04

+ The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2010.

In addition to the above, as at 31 March 2010, a director of the Company held shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the previous requirement of a minimum number of two shareholders.

Save as disclosed above and in the section headed "Share option scheme" below, as at 31 March 2010, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Directors' interests and short positions in shares and underlying shares" above and in the section "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, or their associates, to acquire such benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest. Further details of the Scheme are disclosed in note 33 to the financial statements.

The following table discloses movements in the Company's share options during the year:

	Number of share options								
Name or category of participant	Outstanding at 1 April 2009	Granted during the year	Exercised during the year*	Lapsed during the year	Cancelled during the year	Outstanding at 31 March 2010	Date of grant of share options	Exercise period of share options**	Exercise price of share options*** HK$ per share
Director									
Ms. Lau May Wah	4,000,000	–	(4,000,000)	–	–	–	20 Sep 2007	23 Oct 2007 to 22 Oct 2009	0.22
Other employees working under continuous employment contracts									
– In aggregate	1,000,000	–	(1,000,000)	–	–	–	20 Sep 2007	23 Aug 2008 to 22 Aug 2010	0.22
	5,000,000	–	(5,000,000)	–	–	–			

Notes to the table of movements in the Company's share options during the year:

* The weighted average closing price of shares immediately before the dates on which the options were exercised was HK$0.31.

** The vesting period of the share options is from the date of grant until the commencement of the exercise period.

*** The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, none of the directors is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the directors have been appointed or were appointed as directors to represent the interests of the Company and/or the Group, as defined in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2010, the following persons had interests of 5% or more in the issued share capital of the Company according to the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares of the Company interested	Percentage+ of the Company's issued share capital
Chen Zhong	Beneficial owner	110,000,000	21.88
Sun Tak Sing	Beneficial owner	39,132,000	7.78
Xu Dong	Beneficial owner	44,530,000	8.85

\+ The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2010.

Save as disclosed herein, as at 31 March 2010, no person, other than the directors of the Company whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is a sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group are set out in Note 37 to the financial statements.

AUDITOR

Ernst & Young had acted as the auditor of the Company for the years ended 31 March 2007 and 2008. SHINEWING (HK) CPA Limited has been appointed as the auditor of the Company since the financial year ended 31 March 2009.

SHINEWING (HK) CPA Limited will retire and a resolution for its reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Lau Chung Yim
Chairman

Hong Kong
30 September 2010

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF NAM HING HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Nam Hing Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 112, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except as described in the basis for disclaimer opinion paragraph, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

1. FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

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

2. LIMITATION OF SCOPE

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

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

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

Assets and liabilities of BIL as at 31 March 2010:

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

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

3. RECOVERABILITY OF DEPOSIT PAID FOR ACQUISITION OF INVESTMENT

As stated in Note 23 to the consolidated financial statements, deposit paid for acquisition of an investment amounted to HK$46,000,000 as at 31 March 2010. The directors considered that the Group is able to recover the deposit paid either in the way of refund or as part of the consideration for the acquisition of the investment. However, we were unable to obtain sufficient documentation to evaluate the recoverability of the deposit paid. Accordingly, we were unable to satisfy ourselves that the above-mentioned deposit was fairly stated as at 31 March 2010. Any adjustments to the above as at 31 March 2010 found to be necessary would affect the Group's net assets as at 31 March 2010 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the consolidated financial statements.

DISCLAIMER OF OPINION

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

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chong Kwok Shing
Practising Certificate Number: P05139

Hong Kong
30 September 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	8	**69,042**	129,394
Cost of sales		**(79,530)**	(127,683)
Gross (loss) profit		**(10,488)**	1,711
Other income	10	**2,598**	6,425
Gain on disposal of investment properties held for sale		**1,688**	10,187
Selling and distribution expenses		**(2,978)**	(4,569)
Administrative expenses		**(26,014)**	(34,875)
Fair value changes in held for trading investments		**19**	(1,735)
Increase (decrease) in fair value of investment properties	19	**1,090**	(1,490)
Impairment loss recognised in respect of property, plant and equipment	18	**(2,090)**	(52,438)
Finance costs	11	**(3,416)**	(5,354)
Loss before taxation	12	**(39,591)**	(82,138)
Taxation	15	**(372)**	(267)
Loss for the year attributable to owners of the Company		**(39,963)**	(82,405)
Exchange difference arising on translation of foreign operations and other comprehensive income (expenses) for the year		**1,142**	(2,568)
Total comprehensive expenses for the year attributable to owners of the Company		**(38,821)**	(84,973)
Loss per share	17		
Basic and diluted		**(9.11) HK cents**	(19.99) HK cents

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**67,199**	79,315
Investment properties	19	**6,960**	5,870
Prepaid lease payments	20	**14,800**	14,926
		88,959	100,111
CURRENT ASSETS			
Inventories	21	**14,722**	27,397
Trade and bills receivables	22	**11,721**	13,624
Other receivables, prepayments and deposits paid	23	**49,070**	4,359
Investment property held for sale	24	**–**	2,603
Held for trading investments	25	**47**	28
Tax recoverable		**–**	70
Pledged fixed deposits	26	**12,041**	18,641
Bank balances and cash	26	**5,618**	1,635
		93,219	68,357
CURRENT LIABILITIES			
Trade and bills payables	27	**21,917**	43,175
Other payables and accruals	28	**17,071**	12,411
Bank and other borrowings	29	**77,838**	59,000
Obligations under finance leases	30	**65**	832
Tax payables		**904**	–
		117,795	115,418
NET CURRENT LIABILITIES		**(24,576)**	(47,061)
		64,383	53,050
CAPITAL AND RESERVES			
Share capital	32	**50,272**	41,404
Reserves		**(6,427)**	(11,041)
		43,845	30,363
NON-CURRENT LIABILITIES			
Bank and other borrowings	29	**20,538**	22,622
Obligations under finance leases	30	**–**	65
		20,538	22,687
		64,383	53,050

The consolidated financial statements on pages 39 to 40 were approved and authorised for issue by the board of directors on 30 September 2010 and are signed on its behalf by:

Lau May Wah	**Lau Chung Yim**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Share capital	Share premium	Share options reserve	Contributed surplus (note)	Exchange reserve	Capital redemption reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	40,984	126,227	607	2,031	25,668	464	(81,602)	114,379
Loss for the year	–	–	–	–	–	–	(82,405)	(82,405)
Other comprehensive expenses for the year	–	–	–	–	(2,568)	–	–	(2,568)
Total comprehensive expenses for the year	–	–	–	–	(2,568)	–	(82,405)	(84,973)
Issuance of shares upon exercise of share options (Note 32)	420	781	(277)	–	–	–	–	924
Recognition of equity-settled share-based payments	–	–	33	–	–	–	–	33
At 31 March 2009	41,404	127,008	363	2,031	23,100	464	(164,007)	30,363
At 1 April 2009	41,404	127,008	363	2,031	23,100	464	(164,007)	30,363
Loss for the year	–	–	–	–	–	–	(39,963)	(39,963)
Other comprehensive income for the year	–	–	–	–	1,142	–	–	1,142
Total comprehensive income and expenses for the year	–	–	–	–	1,142	–	(39,963)	(38,821)
Issuance of shares upon placing of shares (Note 32)	8,368	44,353	–	–	–	–	–	52,721
Issuance of shares upon exercise of share options (Note 32)	500	963	(363)	–	–	–	–	1,100
Share issuance expenses	–	(1,518)	–	–	–	–	–	(1,518)
At 31 March 2010	**50,272**	**170,806**	**–**	**2,031**	**24,242**	**464**	**(203,970)**	**43,845**

Note: The contributed surplus of Nam Hing Holdings Limited (the "Company") and its subsidiaries (together with the Company referred to as the "Group") represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1994, over the nominal value of the Company's shares issued in exchange therefor.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Operating activities		
Loss before taxation	**(39,591)**	(82,138)
Adjustments for:		
Amortisation of prepaid lease payments	**427**	431
Bank interest income	**(48)**	(313)
Depreciation of property, plant and equipment	**13,607**	15,539
Equity-settled share-based payments	**–**	33
Fair value changes in investment properties	**(1,090)**	1,490
Fair value changes in held for trading investments	**(19)**	1,735
Finance costs	**3,416**	5,354
Gain on disposal of investment property held for sale	**(1,688)**	(10,187)
Impairment loss recognised in respect of trade receivables	**981**	5,325
Impairment loss recognised in respect of other receivables	**30**	–
Loss (gain) on disposal of property, plant and equipment	**618**	(62)
Impairment loss recognised in respect of property, plant and equipment	**2,090**	52,438
Reversal of allowance on inventories	**(3,224)**	–
Write down of inventories	**1,001**	–
Operating cash flows before movement in working capital	**(23,490)**	(10,355)
Decrease in inventories	**15,130**	17,015
Decrease in trade and bills receivables	**978**	48,345
Decrease in other receivables, prepayments and deposits paid	**1,160**	1,836
Decrease in trade and bills payables	**(20,691)**	(18,429)
Increase (decrease) in other payables and accruals	**4,805**	(7,873)
Cash (used in) from operations	**(22,108)**	30,539
Income tax refunded (paid)	**602**	(153)
Net cash (used in) from operating activities	**(21,506)**	30,386

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Investing activities		
Deposit paid for a potential investment	**(46,000)**	–
Purchases of property, plant and equipment	**(1,702)**	(2,478)
Decrease (increase) in pledged fixed deposits	**6,600**	(6,062)
Proceeds from disposal of investment property held for sale	**4,291**	22,224
Proceeds from disposal of property, plant and equipment	**288**	1,335
Bank interest received	**48**	313
Proceeds from disposal of held for trading investments	**–**	1,882
Net cash (used in) from investing activities	**(36,475)**	17,214
Financing activities		
Proceeds from placing of new shares	**53,821**	924
New bank and other borrowings raised	**72,137**	43,304
Repayments of bank and other borrowings	**(42,737)**	(51,999)
Decrease in trust receipt loans	**(7,133)**	(10,774)
Interest paid	**(3,389)**	(5,275)
Share issuance expenses for placing of shares	**(1,518)**	–
Repayments of obligations under finance leases	**(832)**	(823)
Decrease in advances from banks as consideration for the factored receivables	**(271)**	(25,876)
Interest paid on finance leases	**(27)**	(79)
Net cash from (used in) financing activities	**70,051**	(50,598)
Net increase (decrease) in cash and cash equivalents	**12,070**	(2,998)
Cash and cash equivalents at the beginning of the year	**(7,218)**	(1,272)
Effect of foreign currency rate changes	**(3,723)**	(2,948)
Cash and cash equivalents at the end of the year	**1,129**	(7,218)
Cash and cash equivalents at the end of the year, represented by:		
Bank balances and cash (Note 26)	**5,618**	1,635
Bank overdraft (Note 29)	**(4,489)**	(8,853)
	1,129	(7,218)

Notes to Consolidated Financial Statements

For the year ended 31 March 2010

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" of the Annual Report.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in Note 36. The Company together with its subsidiaries are referred to as the Group.

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

2. BASIS OF PREPARATION

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

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

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

2. The directors of the Company continue to scale down the non-profitable operations. Subsequent to the end of the reporting date, the directors of the Company had entered into a sale and purchase agreement to dispose of the non-profitable operations. Relevant details are set out in Note 37;

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

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

5. Subsequent to the end of the reporting period, the Company entered into a placing agreement for the issue of up to 100,500,000 new shares at a price of HK$0.29 per share and a placing agreement for the issue of convertible bonds of up to an aggregate principal amount of HK$200,000,000. Relevant details are set out in Note 37.

2. BASIS OF PREPARATION (continued)

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

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

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

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

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

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

HKFRS 8 Operating Segments

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

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

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

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

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[7]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK (IFRIC) – Interpretation ("INT") 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[7]

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received and receivable for goods sold provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income is recognised with the Group's accounting policy for operating lease (see the accounting policy below).

Deposits and instalments received from customers prior to meeting the above criteria on revenue recognition are included in the statement of financial position under current liabilities.

Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Freehold land is stated at cost less any recognised impairment loss, and is not amortised.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties is stated at its fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Investment property held for sale

Investment property is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the investment property is available for immediate sale in its present condition.

Investment property classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Prepaid lease payments

Prepaid lease payments are stated at cost less subsequent accumulated amortisation and any accumulated impairment losses. The costs of prepaid lease payments are amortised on a straight-line basis over the relevant lease terms.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidation statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets comprise of financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial assets** (continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables and deposits paid, pledged fixed deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial assets** (continued)*

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and bills receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and bills receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial assets** (continued)*

Impairment loss on financial assets (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, the shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables and accruals, bank and other borrowings and obligations under finance leases) are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments *(continued)*

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payments transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimations, that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern and liquidity

As explained in Note 2, the financial position of the Group indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors are taking active steps to improve the liquidity position of the Group and details are set out in Note 2. Should the Group be unable to raise new financing or other measures fail to improve the liquidity of the Group and the Group is unable to continue in business as a going concern, adjustments would be needed to reduce the carrying amounts of the assets of the Group to their recoverable amounts and, to provide for further liabilities which might arise.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deposit paid for acquisition of investment

The Group entered into a memorandum of understanding for acquisition of an investment. A refundable deposit of approximately HK$46,000,000 was paid and was included in other receivables, prepayments and deposits paid as at 31 March 2010. The directors considered that there is a high possibility of completing the proposed acquisition and in the opinion of the directors, the deposit paid will either be recoverable through the completion of the acquisition in which case the deposit paid would become part of an investment; or be refunded if the transaction cannot be completed.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the deprecation charges and the amounts of assets written down for future periods.

Impairment loss recognised in respect of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. The fair value less costs to sell of items of property, plant and equipment was determined by valuation performed by LCH (Asia-Pacific) Surveyors Limited (the "Valuer"), an independent qualified professional valuer not connected with the Group. The Valuer is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar property, plant and equipment in the relevant locations. The value-in-use calculation requires the directors of the Company to estimate the future cash flows expected to arise from the relevant cash generating unit and a suitable discount rate is used in order to calculate the present value. During the year ended 31 March 2009, the Group recognised an impairment loss of approximately HK$52,438,000 in respect of property, plant and equipment (Note 18).

During the year ended 31 March 2010, the construction of the construction in progress had ceased and the directors considered that the construction will not be continued in the foreseeable future. The Group had recognised an impairment loss of approximately HK$2,090,000 in respect of the construction in progress (Note 18).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Factored receivables

Part of trade receivables were factored with recourse to certain banks under certain receivable purchase agreements (the "Factored Receivables"). Based on the risks and rewards of ownership of the Factored Receivables included the risks in respect of default payments, the Group continued to recognise the Factored Receivables in the consolidated statement of financial position at the end of the reporting period. As at 31 March 2010, the Group's Factored Receivables amounted to approximately HK$1,049,000 (2009: HK$1,398,000).

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at their fair value. The fair value was based on a valuation on these properties conducted by the Valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the gain or loss recognised in the consolidated statement of comprehensive income. During the year ended 31 March 2010, the Group recognised an increase in fair value of investment properties of approximately HK$1,090,000 (2009: a decrease of approximately HK$1,490,000).

Estimated impairment loss on trade and other receivables

The Group maintains an allowance for estimated loss arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, debtors' creditworthiness, and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 March 2010, the carrying amount of trade and other debtors is approximately HK$60,791,000 (net of accumulated impairment loss of approximately HK$1,279,000) (31 March 2009: carrying amount of approximately HK$17,983,000 (net of accumulated impairment loss of approximately HK$5,325,000)).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated allowance for inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have impact on the carrying value of inventories and write-down of inventories in the period in which such estimate is changed. As at 31 March 2010, the carrying amount of inventories is approximately HK$14,722,000 (net of accumulated allowance of approximately HK$3,637,000) (31 March 2009: carrying amount of approximately HK$27,397,000 (net of accumulated allowance of approximately HK$5,662,000)).

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank and other borrowings, obligations under finance leases, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group reviews the capital structure on a regular basis and manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

6. CAPITAL RISK MANAGEMENT (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Based on the recommendation of the directors of the Company, the Group's policy is to maintain the gearing ratio not exceeding 85% (2009: 85%). Net debt includes obligation under finance leases, bank and other borrowings, trade and bills payables, other payables and accruals, less bank balances and cash. Capital includes equity attributable to the Group.

	2010 HK$'000	2009 HK$'000
Obligations under finance leases	**65**	897
Bank and other borrowings	**98,376**	81,622
Trade and bills payables	**21,917**	43,175
Other payable and accruals	**17,071**	12,411
Less: bank balances and cash	**(5,618)**	(1,635)
Net debt	**131,811**	136,470
Equity attributable to the Group	**43,845**	30,363
Capital and net debt	**175,656**	166,833
Gearing ratio	**75%**	82%

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets		
Held for trading investments	**47**	28
Loan and receivables		
– Trade and bills receivables	**11,721**	13,624
– Other receivables and deposits paid	**47,798**	1,278
– Pledged fixed deposits	**12,041**	18,641
– Bank balances and cash	**5,618**	1,635
	77,225	35,206
Financial liabilities		
Other financial liabilities at amortised cost		
– Trade and bills payables	**21,917**	43,175
– Other payables and accruals	**17,071**	12,411
– Bank and other borrowings	**98,376**	81,622
– Obligations under finance leases	**65**	897
	137,429	138,105

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include held for trading investments, trade and bills receivables, other receivables and deposits paid, pledged fixed deposits, bank balances and cash, trade and bills payables, other payables and accruals, bank and other borrowings and obligations under finance leases. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 52% (2009: 49%) of the Group's sales are denominated in currencies other than the functional currencies of the group entity making the sales, whilst almost 87% (2009: 73%) of costs are denominated in the Group's functional currencies. The Group also has bank balances, trade receivables, other receivables and deposits paid, trade payables, other payables and accruals and bank and other borrowings denominated in foreign currency, which is United States Dollars ("US$").

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
United Stated Dollar ("US$")	**7,308**	6,072	**17,081**	33,605

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk *(continued)*

Currency risk (continued)

The following table details the Group's sensitivity at the end of the reporting period to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's loss before taxation. The percentage in the table are the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for the relevant change in foreign currency rates.

	Increase (decrease) in foreign exchange rate	**Increase (decrease) in post-tax loss**
	%	HK$'000
2010		
If HK$ weakens against US$	**1**	**98**
If HK$ strengthens against US$	**(1)**	**(98)**
2009		
If HK$ weakens against US$	1	275
If HK$ strengthens against US$	(1)	(275)

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Market risk** (continued)*

Fair value and cash flow interest rate risk

The Group has significant pledged fixed deposits, bank balances and bank and other borrowings which bear interest rate risk. Pledged fixed deposits, bank balances and bank and other borrowings at variable rates expose the Group to cash flow interest-rate risk. Bank and other borrowings at fixed rates expose the Group to fair value interest-rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk.

At the end of the reporting period, assuming the variable rate pledged fixed deposits, bank balances and bank and other borrowings had been outstanding for the whole year, if interest rates had increased by 100 basis points (2009: 25 to 200 basis points) and all other variables held constant, there was an increase in post-tax loss by approximately HK$765,000 (2009: HK$419,000). If interest rates had decreased by 100 basis points (2009: 25 to 200 basis points), there would be an equal but opposite impact on the loss for the year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

As a result of the stabilisation of financial market, the management adjusted the sensitivity rate from 25 to 200 basis points to 100 basis points in the current year for the purpose of analysing interest rate risk.

Credit risk

The carrying amount of the trade and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk. The Group manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, it is the Group's policy to review regularly the recoverable amount of trade debtors to ensure that adequate impairment provisions are made against the irrecoverable amounts. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

***Credit risk** (continued)*

As at 31 March 2010, the Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 75% (2009: 85%) of the total trade and bills receivables.

As at 31 March 2010, the Group has certain concentration of credit risk as 7% (2009: 8%) and 44% (2009: 20%) of the total trade and bills receivables were due from the Group's largest and the five largest customers respectively.

As at 31 March 2010, the Group has significant concentration of credit risk arising from deposit paid for the acquisition of investment from an independent third party.

However, the directors of the Company consider the credit risk is under control since the management exercise due care in entering in new business opportunities by carrying out due diligence procedures on the target investment.

The credit risk on liquid funds is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group is exposed to liquidity risk as at 31 March 2010 as the Group had net current liabilities of approximately HK$24,576,000 (2009: HK$47,061,000). The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and long term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of an adequate amount of committed credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities in accordance with the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk *(continued)*

	Within 1 year or on demand HK$'000	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Undiscounted cash flows HK$'000**	**Carrying amounts HK$'000**
As at 31 March 2010					
Trade and bills payables	**21,917**	**–**	**–**	**21,917**	**21,917**
Other payables and accruals	**17,071**	**–**	**–**	**17,071**	**17,071**
Bank and other borrowings	**80,902**	**19,870**	**5,380**	**106,152**	**98,376**
Obligations under finance leases	**66**	**–**	**–**	**66**	**65**
	119,956	**19,870**	**5,380**	**145,206**	**137,429**

	Within 1 year or on demand HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2009					
Trade and bills payables	43,175	–	–	43,175	43,175
Other payables and accruals	12,411	–	–	12,411	12,411
Bank and other borrowings	62,174	19,603	4,236	86,013	81,622
Obligations under finance leases	859	66	–	925	897
	118,619	19,669	4,236	142,524	138,105

7. FINANCIAL INSTRUMENTS (continued)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market bid prices and ask prices, respectively; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate to their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are based on observable market data (unobservable inputs).

7. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

	31 March 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVTPL				
– Held for trading investments	**47**	**–**	**–**	**47**

8. TURNOVER

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

9. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating and reportable segments under HKFRS 8 which are based on the types of products manufactured are as follows:

Laminates: the manufacture and sale of industrial laminates mainly for use in the manufacture of telecommunications, computer-related products, audio and visual household products;

Printed circuit boards ("PCBs"): the manufacture and sale of PCBs mainly for use in the manufacture of audio and visual household products; and

Copper foils: the manufacture and sale of copper foils mainly for use in the manufacture of industrial laminates and PCBs.

9. SEGMENT INFORMATION (continued)

Information regarding the above segment is reported below.

Segment revenue and results

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

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

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of certain other income, central administration costs, directors' salaries and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

9. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

	Manufacture and sale of laminates		Manufacture and sale of PCBs		Manufacture and sale of copper foils		Eliminations		Consolidated	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Assets and liabilities:										
Segment assets	**49,378**	61,441	**48,865**	54,682	**13,884**	25,084	**–**	–	**112,127**	141,207
Unallocated assets									**70,051**	27,261
Consolidated total assets									**182,178**	168,468
Segment liabilities	**21,414**	13,283	**11,332**	25,731	**3,513**	5,172	**–**	–	**36,259**	44,186
Unallocated liabilities									**102,074**	93,919
Consolidated total liabilities									**138,333**	138,105

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than certain pledged fixed deposits, bank balances and cash, investment properties, investment property held for sale, held for trading investments, deposits paid for acquisition of an investment, tax recoverable and assets used jointly by reportable segments.

- all liabilities are allocated to reportable segments other than certain bank and other borrowings, obligations under finance leases, taxation payable and liabilities for which reportable segments are jointly liable.

9. SEGMENT INFORMATION (continued)

	Manufacture and sale of laminates		Manufacture and sale of PCBs		Manufacture and sale of copper foils		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information for the year ended 31 March								
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation of property, plant and equipment	**3,561**	4,401	**3,764**	4,314	**6,282**	6,824	**13,607**	15,539
Amortisation of prepaid lease payment	**374**	379	**53**	52	**–**	–	**427**	431
Impairment loss recognised in respect of trade receivables	**386**	3,999	**595**	1,326	**–**	–	**981**	5,325
Impairment loss recognised in respect of other receivables	**30**	–	**–**	–	**–**	–	**30**	–
Impairment loss recognised in respect of property, plant and equipment	**2,090**	43,438	**–**	–	**–**	9,000	**2,090**	52,438
Bank interest income	**(1)**	(32)	**–**	(3)	**–**	–	**(1)**	(35)
Loss (gain) on disposal of property, plant and equipment	**581**	180	**37**	–	**–**	(242)	**618**	(62)
Addition to non-current assets	**–**	–	**1,702**	1,301	**–**	1,177	**1,702**	2,478
Amounts regularly provided to the chief operating decision maker but not included: in the measure of segment profit or loss or segment assets:								
Bank interest income							**(47)**	(278)
(Increase) decrease in fair value changes in investment properties							**(1,090)**	1,490
Finance costs							**3,416**	5,354

9. SEGMENT INFORMATION (continued)

Revenue from major product

The following is an analysis of the Group's revenue from its major products:

	2010 HK$'000	2009 HK$'000
Laminates	**21,914**	55,031
PCBs	**44,844**	72,899
Copper foils	**2,284**	1,464
	69,042	129,394

Geographical information

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

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

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

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

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

Information about major customers

During the two years ended 31 March 2010 and 2009, no revenues from transactions with any single external customer amounted to 10% or more of the Group's revenues.

10. OTHER INCOME

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

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

11. FINANCE COSTS

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

12. LOSS BEFORE TAXATION

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

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

13. DIRECTORS' REMUNERATION

The emoluments for executive and independent non-executive directors paid or payable to each of the twelve (2009: ten) directors were as follows:

	2010 HK$'000	2009 HK$'000
Fees	**197**	450
Other emoluments:		
Salaries, allowances and benefits in kind	**1,870**	3,804
Retirement benefits contribution	**57**	114
	1,927	3,918
	2,124	4,368

(a) Executive directors

2010	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses (Note) HK$'000	Equity-settled share-based payments HK$'000	Retirement benefits contribution HK$'000	Total HK$'000
Executive directors:					
Lau Kwai[1]	947	–	–	–	947
Lau Chung Yim	294	–	–	18	312
Lau Chung Hung[2]	60	–	–	7	67
Lau Hing Hai[2]	210	–	–	18	228
Lau May Wah	271	–	–	10	281
Chan Ching Ho, Kitty[3]	4	–	–	–	4
Xiang Liang[3]	4	–	–	–	4
Deng Hong Mei[4]	77	3	–	4	84
	1,867	3	–	57	1,927

Note: The discretionary bonuses were determined based on a pro-rata basis for service renders.

13. DIRECTORS' REMUNERATION (continued)

(a) Executive directors (continued)

2009	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Equity-settled share-based payments HK$'000	Retirement benefits contribution HK$'000	Total HK$'000
Executive directors:					
Lau Kwai	1,004	–	–	–	1,004
Lau Chung Yim	700	–	–	38	738
Lau Chung Hung	700	–	–	12	712
Lau Hing Hai	700	–	–	52	752
Lau May Wah	700	–	–	12	712
Kwok Kwan Hung[7]	–	–	–	–	–
	3,804	–	–	114	3,918

(b) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

2010	**Fees HK$'000**	**Retirement benefits contribution HK$'000**	**Total HK$'000**
Tse Yuk Kong[5]	**–**	**–**	**–**
Leung Hon Ming[6]	**21**	**–**	**21**
Yau Kwan Shan	**80**	**–**	**80**
Pravith Vaewhongs	**96**	**–**	**96**
	197	**–**	**197**

13. DIRECTORS' REMUNERATION (continued)

(b) Independent non-executive directors (continued)

2009	Fees HK$'000	Retirement benefits contribution HK$'000	Total HK$'000
Leung Hon Ming	150	–	150
Yau Kwan Shan[8]	50	–	50
Chang Tso Tung, Stephen[9]	100	–	100
Pravith Vaewhongs	150	–	150
	450	–	450

Notes:

1. Resigned on 1 November 2009
2. Resigned on 16 December 2009
3. Appointed on 24 March 2010
4. Appointed on 1 November 2009
5. Appointed on 18 February 2010
6. Resigned on 19 November 2009
7. Resigned on 17 April 2008
8. Appointed on 30 November 2008
9. Resigned on 31 August 2008

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the two years ended 31 March 2010 and 2009.

14. EMPLOYEE'S EMOLUMENTS

All the five highest paid employees during both years were directors, details of whose remuneration are set out in Note 13 above.

15. TAXATION

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

Hong Kong Profits Tax

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

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

Overseas income tax

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

15. TAXATION (continued)

PRC Tax

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

The tax charge for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$'000	HK$'000
Loss before taxation	**(39,591)**	(82,138)
Tax at the domestic income rate of 16.5% (2009:16.5%)	**(6,533)**	(13,553)
Tax effect of income not taxable for tax purposes	**(611)**	(3,525)
Tax effect of expenses not deductible for tax purposes	**1,261**	9,607
Tax effect of tax losses not recognised	**6,056**	7,160
Underprovision in previous year	**74**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**125**	578
Tax charge for the year	**372**	267

Details of deferred tax are set out in Note 31.

16. DIVIDENDS

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

17. LOSS PER SHARE

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

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

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

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

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

18. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture and office equipment	Motor vehicles	CIP	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST								
At 1 April 2008	3,222	94,099	4,939	296,095	17,599	3,767	39,472	459,193
Additions	–	693	–	1,692	93	–	–	2,478
Disposals	–	(1,039)	(4,939)	(1,505)	(3,729)	(433)	–	(11,645)
Transfer from CIP	–	12,547	–	1,290	–	–	(13,837)	–
Exchange realignment	(133)	1,797	–	11,120	357	78	1,040	14,259
At 31 March 2009 and 1 April 2009	3,089	108,097	–	308,692	14,320	3,412	26,675	464,285
Additions	–	–	–	622	1,080	–	–	1,702
Disposals	–	–	–	(1,457)	(20)	(803)	–	(2,280)
Exchange realignment	307	3,323	–	11,063	403	7	226	15,329
At 31 March 2010	3,396	111,420	–	318,920	15,783	2,616	26,901	479,036
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS								
At 1 April 2008	–	34,359	4,939	232,964	14,621	3,110	23,400	313,393
Exchange realignment	–	1,622	–	11,955	324	71	–	13,972
Disposals	–	–	(4,939)	(1,470)	(3,729)	(234)	–	(10,372)
Impairment loss recognised	–	3,909	–	47,043	311	–	1,175	52,438
Provided for the year	–	4,802	–	10,197	287	253	–	15,539
At 31 March 2009 and 1 April 2009	–	44,692	–	300,689	11,814	3,200	24,575	384,970
Exchange realignment	–	1,780	–	10,166	356	6	236	12,544
Disposals	–	–	–	(561)	(10)	(803)	–	(1,374)
Impairment loss recognised	–	–	–	–	–	–	2,090	2,090
Provided for the year	–	4,837	–	8,322	259	189	–	13,607
At 31 March 2010	–	51,309	–	318,616	12,419	2,592	26,901	411,837
CARRYING VALUES								
At 31 March 2010	3,396	60,111	–	304	3,364	24	–	67,199
At 31 March 2009	3,089	63,405	–	8,003	2,506	212	2,100	79,315

18. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 March 2010, the net carrying values of the Group's freehold land situated in Thailand were approximately HK$3,396,000 (2009: HK$3,089,000) and buildings situated in Thailand and the PRC were approximately HK$14,196,000 (2009: HK$21,255,000) and HK$45,915,000 (2009: HK$42,150,000) respectively.

The net carrying values of plant and machinery held under finance leases as at 31 March 2009 amounted to approximately HK$2,063,000 (2010: Nil).

As at 31 March 2010, the Group's freehold land and buildings with an aggregate net carrying value of HK$48,819,000 (2009: HK$54,615,000) were pledged for banking facilities granted to the Group (Note 29(a)(i)).

During the year ended 31 March 2010, the construction of the construction in progress was discontinued and directors considered that the construction will not be continued in the foreseeable future. In the opinion of the directors, the construction in progress is unrecoverable and an impairment loss of approximately HK$2,090,000 was made to the carrying amount.

During the year ended 31 March 2009, in light of the continuing loss-making of certain subsidiaries situated in the PRC, an impairment assessment has been performed by the directors of the Company to determine the recoverable amount either from utilisation of these property, plant and equipment or from their fair values less costs to sell. The directors of the Company engaged the Valuer, to perform a valuation on these property, plant and equipment in order to provide them with the assessment of the fair values less costs to sell of these property, plant and equipment. Having regard to future plan of the Group and the valuation performed by the Valuer, an impairment loss of approximately HK$52,438,000 was made to the caring amounts of the property, plant and equipment, which has been charged to the consolidated statement of comprehensive income for the year. The recoverable amounts of the impaired property, plant and equipment represented the higher of value-in-use and the fair values less costs to sell as determined by the valuation report performed by the Value.

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Freehold land	Not depreciated
Buildings	2% to 4.5%
Leasehold improvements	Over the shorter of the lease terms or 20%
Plant and machinery	9% to 10%
Furniture and office equipment	10% to 20%
Motor vehicles	18% to 20%

19. INVESTMENT PROPERTIES

	2010	2009
	HK$'000	HK$'000
FAIR VALUE		
At 1 April	**5,870**	7,360
Net increase (decrease) in fair value recognised in the consolidated statement of comprehensive income	**1,090**	(1,490)
At 31 March	**6,960**	5,870

The Group's investment properties as at 31 March 2010 and 2009 were situated in Hong Kong under medium-term leases and were held under operating lease to earn rental or for capital appreciation purpose. The Group's investment properties were measured using the fair value model and were classified and accounted for as investment properties.

The fair value has been arrived at based on a valuation carried out by the Valuer. The valuation was determined by reference to recent market prices for similar properties in the same locations and conditions.

As at 31 March 2010 and 31 March 2009, the Group's investment properties was pledged to a bank for banking facilities granted to the Group (Note 29(a)(ii)).

20. PREPAID LEASE PAYMENTS

	2010 HK$'000	2009 HK$'000
At 1 April	**15,517**	15,855
Amortised during the year	**(427)**	(431)
Exchange realignment	**137**	93
At 31 March	**15,227**	15,517
Analysed for reporting purposes as:		
Current asset included in other receivables, prepayment and deposits paid	**427**	591
Non-current asset	**14,800**	14,926
	15,227	15,517

At the end of the reporting period, the Group's leasehold land was situated in the PRC under medium-term leases.

As at 31 March 2010, the Group's leasehold land with an aggregate carrying amount of HK$8,609,000 (2009: HK$8,775,000) was pledged for banking facilities granted to the Group (Note 29(a)(iii)).

21. INVENTORIES

	2010 HK$'000	2009 HK$'000
Raw materials	**5,460**	6,462
Work in progress	**3,080**	6,884
Finished goods	**6,182**	14,051
	14,722	27,397

During the year ended 31 March 2010, a reversal of allowance on inventories of approximately HK$3,224,000 (2009: Nil) has been recognised and included in cost of sales in the current year as the corresponding inventories were either sold or used.

22. TRADE AND BILLS RECEIVABLES

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

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

22. TRADE AND BILLS RECEIVABLES (continued)

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

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

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

The movements in provision for impairment of trade and bills receivables are as follows:

	2010	2009
	HK$'000	HK$'000
At 1 April	**5,325**	30,255
Impairment losses recognised during the year	**981**	5,325
Bad debts written off	**(5,057)**	(30,255)
At 31 March	**1,249**	5,325

Included in provision for impairment of trade and bills receivables are individually impaired receivables with an aggregate balance of HK$872,000 (2009: HK$947,000). The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss is recognised. The Group does not hold any collateral over these receivables.

22. TRADE AND BILLS RECEIVABLES (continued)

The aged analysis of the trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2010 HK$'000	2009 HK$'000
Neither past due nor impaired	**8,231**	10,938
Less than 3 month past due	**792**	2,686
4 to 6 months past due	**2,698**	–
	11,721	13,624

The Group's neither past due nor impaired trade and bills receivables mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment is required for the past due balances based on the historical payment records.

At 31 March 2010, the Group's Factored Receivables amounted to approximately HK$1,049,000 (2009: HK$1,398,000). The Group continued to recognise the Factored Receivables in the consolidated statement of financial position because, in the opinion of the directors of the Company, the Group has retained substantially all the risks and rewards of ownership of the Factored Receivables included the risks in respect of default payments, as at the end of the reporting period.

Accordingly, the advances from the relevant banks of approximately HK$987,000 (2009: HK$1,258,000) received by the Group as consideration for the Factored Receivables at the end of the reporting period were recognised as liabilities and included in "Bank and other borrowings" (Note 29).

As at 31 March 2010, approximately HK$7,320,000 (2009: HK$5,218,000) of trade and bills receivables were denominated in US$ while the remaining were denominated in the functional currencies of the Group.

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	2010 HK$'000	2009 HK$'000
Other receivables	**1,121**	411
Prepaid lease payment	**427**	591
Prepayments	**1,272**	3,081
Deposits paid	**250**	276
Deposits paid for acquisition of an investment	**46,000**	–
	49,070	4,359

The movements in provision for impairment of other receivables are as follows:

	2010 HK$'000	2009 HK$'000
At 1 April	**–**	–
Impairment losses recognised during the year	**30**	–
At 31 March	**30**	–

At the end of the reporting period, the Group's other receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history, such as the financial difficulties or default in payments and current market conditions. Consequently, specific impairment loss was recognised. The Group do not hold any collateral over these balances.

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID (continued)

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

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

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

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

On 18 May 2010, the Company entered into a termination agreement (the "Termination Agreement"), and a supplemental MOU (the "Supplemental MOU") concurrently. The Agreement had been finally and irrevocably terminated by the Termination Agreement. Under the Supplemental MOU, the Company and the Vendor agreed to use best effort to provide supplemental information to the Stock Exchange for further assessment. Relevant details are set out in the Company's announcement dated 18 May 2010 and in Note 37.

On 10 June 2010, the Company and the Vendor entered into a second supplement to the MOU (the "Second Supplement") in which the Vendor had given the Company an exclusive right to 31 December 2010 (the "Exclusivity Period") to continue the due diligence review and during such period, the Vendor shall not enter into any binding commitment, negotiation or agreement with other parties. In consideration for the granting of such exclusive right, a further refundable deposit of HK$25,000,000 had been paid to the Vendor upon execution of the Second Supplement, and a further deposit will be paid by the Company to the Vendor with reference to the progress of the Proposed Acquisition during the Exclusivity Period. Relevant details are set out in the Company's announcement dated 10 June 2010 and in Note 37.

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID (continued)

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

The consideration shall be satisfied in the following manner:

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

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

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

Relevant details are set out in the Company's announcement dated 16 July 2010 and in Note 37.

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

24. INVESTMENT PROPERTY HELD FOR SALE

	2010	2009
	HK$'000	HK$'000
At 1 April	**2,603**	14,640
Disposal	**(2,603)**	(12,037)
At 31 March	**–**	2,603

The Group's investment property held for sale at 31 March 2009 was situated in Hong Kong and was held under a medium-term lease.

As at 31 March 2009, the Group's investment property was pledged to a bank for banking facilities granted to the Group (Note 29(a)(v)). The charge had been released upon the full repayment of the relevant bank loans during the year ended 31 March 2010.

25. HELD FOR TRADING INVESTMENTS

	2010 HK$'000	2009 HK$'000
Listed equity investments in Hong Kong, at fair value	**47**	28

As at 31 March 2010, the Group's held for trading investments of approximately HK$47,000 (2009: Nil) were pledged to banks for banking facilities granted to the Group (Note 29(a)(vi)).

26. PLEDGED FIXED DEPOSITS AND BANK BALANCES AND CASH

Pledged fixed deposits/bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of six months or less (2009: three months or less). The bank balances and deposits carry interest at market rate ranging from 0.03% to 0.14% (2009: 3.52% to 4.35%) per annum.

	2010 HK$'000	2009 HK$'000
Cash and cash equivalents for the purpose of the consolidated statement of financial position	**17,659**	20,276
Time deposits with an original maturity of more than three months when acquired, pledged	**(12,041)**	–
Time deposits with an original maturity of less than three months when acquired, pledged	**–**	(18,641)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	**5,618**	1,635

27. TRADE AND BILLS PAYABLES

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

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

The credit period on purchase of goods ranged from 60 to 90 days.

As at 31 March 2010, approximately HK$9,319,000 (2009: HK$21,838,000) of trade and bills payables were denominated in US$ while the remaining were denominated in the functional currencies of the Group.

28. OTHER PAYABLES AND ACCRUALS

	2010 HK$'000	2009 HK$'000
Other payables	**9,315**	7,267
Accruals	**7,756**	5,144
	17,071	12,411

As at 31 March 2010, approximately HK$873,000 (2009: HK$925,000) of other payables and accruals were denominated in US$ while the remaining were denominated in the functional currencies of the Group.

29. BANK AND OTHER BORROWINGS

	Effective interest rate			
	2010	2009	**2010**	2009
			HK$'000	HK$'000
Bank loans:				
Bank overdrafts	**5.25%**	5.25% – 7.5%	**4,489**	8,853
Trust receipt loans	**5.25%**	3.25% – 5.50%	**6,946**	14,079
Advances from banks on Factored Receivables	**5.25%**	5.25%	**987**	1,258
Other bank loans	**5.25% – 7.25%**	3.25% – 7.5%	**31,398**	26,951
			43,820	51,141
Loans from directors	**Nil – 5.50%**	Nil – 5.25%	**51,642**	29,481
Loans from a related company	**5.25% – 7.25%**	5.25% – 7.5%	**2,914**	1,000
			98,376	81,622
Analysed as:				
Secured			**43,820**	51,141
Unsecured			**54,556**	30,481
			98,376	81,622
Carrying amounts repayable:				
On demand or within one year			**77,838**	59,000
More than one year, but not exceeding two years			**6,561**	5,401
More than two years but not more than five years			**10,001**	13,201
More than five years			**3,976**	4,020
			98,376	81,622
Less: Amounts due within one year shown under current liabilities			**(77,838)**	(59,000)
			20,538	22,622

29. BANK AND OTHER BORROWINGS (continued)

(a) Certain bank borrowings are secured by:

(i) the Group's freehold land and buildings with an aggregate carrying value at the end of the reporting period of approximately HK$48,819,000 (2009: HK$54,615,000) (Note 18);

(ii) the Group's investment property of HK$6,960,000 (2009: HK$5,870,000) (Note 19);

(iii) the Group's prepaid lease payments with an aggregate carrying value at the end of the reporting period of approximately HK$8,609,000 (2009: HK$8,775,000) (Note 20);

(iv) the Group's Factored Receivables of HK$1,049,000 (2009: HK$1,398,000) (Note 22);

(v) the Group's investment property held for sale of HK$2,603,000 for the year ended 31 March 2009 (Note 24);

(vi) the Group's held for trading investments amounting HK$47,000 for the year ended 31 March 2010 (2009: Nil) (Note 25); and

(vii) the Group's pledged fixed deposits amounting to HK$12,041,000 (2009: HK$18,641,000) (Note 26).

(b) Except for borrowings aggregating to HK$6,884,000 (2009: HK$7,794,000), HK$16,108,000 (2009: HK$12,196,000) and HK$6,862,000 (2009: HK$13,014,000) which are denominated in Baht, RMB and US$, respectively, all borrowings are in HK$.

(c) Loans from directors of the Company of HK$6,562,000 (2009: HK$16,952,000) are unsecured, interest-free and repayable on demand. The remaining loans from directors of the Company of HK$45,080,000 (2009: HK$12,529,000) are unsecured, bear interest at rates ranging from 2.35% to 5.5% (2009: 2.37% to 5.25%) per annum and with original maturities ranging from repayable on demand to 14 years (2009: 6 months to 15 years) with the last instalments due in September 2010, November 2010, March 2018 and May 2020.

(d) The loans from a related company of HK$2,914,000 (2009: HK$1,000,000) are unsecured and repayable by 32 to 48 monthly instalments (2009: 32 monthly instalments) of HK$100,000 each which bears interest at the Hong Kong dollar prime rate.

30. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its plant and machinery for its manufacturing operations. These leases are classified as finance leases and have remaining lease terms ranging from one to two years.

At the end of the reporting period, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases:				
Within one year	**66**	859	**65**	832
In more than one year but not more than two years	**–**	66	**–**	65
	66	925	**65**	897
Less: Future finance charges	**(1)**	(28)	**N/A**	N/A
Present value of lease obligations	**65**	897	**65**	897
Less: Amount due for settlement with 12 months (shown under current liabilities)			**(65)**	(832)
Amount due for settlement after 12 months			**–**	65

It is the Group's policy to lease certain of its machineries under finance lease. The average lease term is one year (2009: two years). For the year ended 31 March 2010, the average effective borrowing rate was 9.75 % (2009: 7.9% – 9.75%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

All obligations under finance leases are denominated in HK$.

31. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

	Accelerated tax depreciation HK$'000	Tax losses recognised HK$'000	Total HK$'000
At 1 April 2008	463	(463)	–
Effect of change in tax rate	(26)	26	–
Charge (credit) to consolidated statement of comprehensive income for the year	45	(45)	–
At 31 March 2008 and 1 April 2009	482	(482)	–
(Credit) charge to consolidated statement of comprehensive income for the year	(482)	482	–
At 31 March 2010	–	–	–

At the end of the reporting period, the Group had unused tax losses of approximately HK$247,067,000 (2009: HK$213,285,000) available for offset against future profits. For the year ended 31 March 2009, a deferred tax asset had been recognised in respect of approximately HK$2,921,000 of such losses. No deferred tax asset has been recognised for the year ended 31 March 2010. No deferred tax asset has been recognised in respect of the remaining unused tax losses of approximately HK$247,067,000 (2009: HK$210,364,000) due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

32. SHARE CAPITAL

	Number of shares		Share capital	
	2010	2009	**2010**	2009
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.10 each				
Authorised:				
At 1 April	**500,000**	500,000	**50,000**	50,000
Increase in authorised share capital (Note (a))	**500,000**	–	**50,000**	–
At 31 March	**1,000,000**	500,000	**100,000**	50,000
Issued and fully paid:				
At the beginning of the year	**414,038**	409,838	**41,404**	40,984
Issue of shares upon exercise of share options (Note (b))	**5,000**	4,200	**500**	420
Issue of shares upon placing of shares (Note (c))	**83,685**	–	**8,368**	–
At 31 March	**502,723**	414,038	**50,272**	41,404

Note (a): An ordinary resolution was passed at the annual general meeting on 30 September 2009 for the increase in authorised share capital from 500,000,000 shares of HK$0.10 each to 1,000,000,000 shares of HK$0.10 each by creation of 500,000,000 new shares of par value HK$0.10 each amounting to HK$50,000,000. The new shares rank pari passu with the existing share in all respects. Relevant details are set out in the Company's circular dated 7 September 2009.

Note (b): During the year ended 31 March 2010, 5,000,000 (2009: 4,200,000) share options were exercised by a director and certain employees of the Company at a subscription price of HK$0.22 (2009: HK$0.22) per share for a total consideration of HK$1,100,000 (2009: HK$924,000), resulting in the issue of 5,000,000 (2009: 4,200,000) new ordinary shares of HK$0.10 each. The new shares rank pari passu with the existing shares in all respects.

Note (c): On 17 December 2009, the Company entered into a placing agreement with a financial institution to place 83,685,000 new ordinary shares of the Company at HK$0.63 per share. The placing was completed on 30 December 2009. The new shares rank pari passu with the existing shares in all respects.

33. SHARE OPTION SCHEME

On 23 August 2002, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

A summary of the Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").
Participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company, any of its subsidiaries or any Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the Scheme and the percentage of the issued share capital that it represents as at the date of the annual report	40,183,880 ordinary shares and approximately 8% of the issued share capital.

33. SHARE OPTION SCHEME (continued)

A summary of the Scheme of the Company is as follows: (continued)

Maximum entitlement of each participant	Where any grant or further grant of options to a participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting. Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such grant or further grant of options must be approved by the shareholders in a general meeting.

33. SHARE OPTION SCHEME (continued)

A summary of the Scheme of the Company is as follows: (continued)

Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheet on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of shares.
The remaining life of the Scheme	The Scheme remains in force until 27 August 2012.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

33. SHARE OPTION SCHEME (continued)

The following share options were outstanding under the Scheme during the year:

For the year ended 31 March 2010

	Date of grant	Exercise period	Exercise Price*	Number of share options: Balance at 1 April 2009	Granted	Exercised	Lapsed/ cancelled	Balance at 31 March 2010
Director	23/10/2007	23/10/2007 – 22/10/2009	HK$0.22	4,000,000	–	(4,000,000)	–	–
Employee	23/8/2008	23/8/2008 – 22/8/2010	HK$0.22	1,000,000	–	(1,000,000)	–	–
				5,000,000	–	(5,000,000)	–	–
Exercisable at the end of the year								–
Weighted average exercise price (HK$)				0.22	–	0.22	–	–

The share options are immediate vested at the date of grant.

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.31.

33. SHARE OPTION SCHEME (continued)

For the year ended 31 March 2009

	Date of grant	Exercise period	Exercise Price*	Number of share options: Balance at 1 April 2008	Granted	Exercised	Lapsed/ cancelled	Balance at 31 March 2009
Director	23/10/2007	23/10/2007 – 22/10/2009	HK$0.22	8,000,000	–	(4,000,000)	–	4,000,000
Employee	23/8/2008	23/8/2008 – 22/8/2010	HK$0.22	1,200,000	–	(200,000)	–	1,000,000
				9,200,000	–	(4,200,000)	–	5,000,000
Exercisable at the end of the year								5,000,000
Weighted average exercise price (HK$)				0.22	–	0.22	–	0.22

The share options are immediately vested at the date of grant.

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.43.

* The exercise price of the share options is subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

During the year ended 31 March 2009, the Group recognised a share option expense of HK$33,000. No share option expense was recognised during the year ended 31 March 2010.

The fair value of equity-settled share options granted during the year ended 31 March 2008 was estimated as at the date of grant, using the Black-Scholes pricing model, taking into accounts the terms and conditions upon which the options were granted.

33. SHARE OPTION SCHEME (continued)

No other feature of the options granted was incorporated into the measurement of fair value.

During the year ended 31 March 2010, the 5,000,000 (2009: 4,200,000) share options exercised resulted in the issue of 5,000,000 (2009: 4,200,000) ordinary shares of the Company and new share capital of HK$500,000 (2009: HK$420,000) and share premium of HK$600,000 (2009: HK$504,000).

At the date of approval of these consolidated financial statements, the Company had no share options outstanding under the Scheme. For the year ended 31 March 2009, the Company had 5,000,000 share options outstanding under the Scheme which represented approximately 1.2% of the Company's shares in issue as at that date.

34. OPERATING LEASE COMMITMENTS

The Group as lessor

The Group leases its investment property (Note 19) and certain of its office properties under operating lease arrangements, with the leases negotiated for terms ranging from one to two years (2009: two to three years). The terms of the leases also require the tenants to pay security deposits.

At the end of the reporting period, the Group had total future minimum lease receivables under the non-cancellable operating leases with its tenants falling due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**60**	–
In the second to fifth years, inclusive	**40**	–
	100	–

At the end of the reporting period, the rental yield for the year ended 31 March 2010 is approximately 2% (2009: 4%).

34. OPERATING LEASE COMMITMENTS (continued)

The Group as lessee

The Group leases certain of its office properties under an operating lease arrangement, with the lease negotiated for a term of one and a half years for both years.

At the end of the reporting period, the Group had total future minimum lease payments under the non-cancellable operating lease falling due as follows:

	2010	2009
	HK$'000	HK$'000
Within one year	**330**	360
In the second to fifth years inclusive	**–**	330
	330	690

35. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

		2010	2009
	Notes	**HK$'000**	HK$'000
Interest expenses paid to directors	(i)	**230**	310
Interest expenses paid to a related company	(ii)	**213**	182
Rental expense paid to directors		**360**	195
Rental income received from a related company		**60**	60

Notes:

(i) The interest expenses paid to directors of the Company arose from the loans advanced from the directors during the two years ended 31 March 2010 and 2009. Further details of the loans are disclosed in Note 29.

(ii) The interest expenses paid to a related company, in which a director of the Group has a beneficial interest, arose from the loan advanced from the related company during the two years ended 31 March 2010 and 2009. Further details of the loan are disclosed in Note 29.

35. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties:

(i) Details of the Group's loans from directors as at the end of the reporting period are disclosed in Note 29.

(ii) Details of the Group's loan from a related company, in which a director of the Group has beneficial interest, as at the end of the reporting period are disclosed in Note 29.

(c) Other transaction with related parties:

During the year ended 31 March 2009, the Group disposed of certain of its prepaid lease payment and buildings situated in Hong Kong at aggregate carrying values of HK$134,000 and HK$595,000, respectively, to certain directors of the Company for a cash consideration of HK$5,980,000.

(d) Compensation of key management personnel of the Group:

	2010	2009
	HK$'000	HK$'000
Short-term employee benefits	**2,067**	4,254
Post-employment benefits	**57**	114
Total compensation paid to key management personnel	**2,124**	4,368

The remuneration of directors and key executives is determined by the remuneration committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in Note 13.

36. PRINCIPAL SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 31 March 2010 and 2009 are as follows:

Name of company	Place of incorporation/ registration and Operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the Company		Principal activities
			2010	2009	
Nam Hing (B.V.I.) Limited	British Virgin Islands	US$50,000	**100**	100	Investment holding
Nam Hing Industrial Laminate Limited	Hong Kong	HK$200/ HK$2,000,000[1]	**100**	100	Trading of laminates
Nam Hing Circuit Board Company Limited	Hong Kong	HK$500,000	**100**	100	Trading of printed circuit boards
Natural Century Limited	Hong Kong	HK$2	**100**	100	Investment holding
Bangkok Industrial Laminate Company Limited	Thailand	Baht20,000,000	**100**	100	Trading and manufacture of copper foils
Zhongshan Nam Hing Insulating Material Limited[2]	PRC	HK$93,000,000	**100**	100	Temporarily suspended on production activities[4]
Nam Hing Circuit Board (Dongguan) Co., Ltd[2,3]	PRC	HK$38,376,800/ HK$40,000,000	**100**	100	Manufacture of printed circuit boards
Suzhou Nam Hing Industrial Laminate Co., Ltd[2]	PRC	US$6,800,000	**100**	100	Manufacture of laminates
Zhongshan Chung Yuen Electronic Applied Materials Company Limited[2]	PRC	HK$2,000,000	**100**	100	Manufacture of laminates

36. PRINCIPAL SUBSIDIARIES (continued)

[1] Non-voting deferred shares.

[2] These subsidiaries are registered as wholly-foreign-owned enterprises under PRC laws.

[3] The Group is obliged to pay up the capital contribution by 1997. In the opinion of the directors, the Group is able to obtain further extension from the government authorities.

[4] During the year ended 31 March 2010, the business license of Zhongshan Nam Hing Insulating Materials Limited had been expired. The Group is still in the process of preparing for application for the license from the PRC Government. Subsequent to the end of the reporting period and up to the date of this report, the directors of the Company are negotiating with the PRC Government for the renewal of the business license.

Except for Nam Hing (B.V.I.) Limited, which operates in Hong Kong, all of the subsidiaries' places of operations are the same as their places of incorporation/registration.

Except for Nam Hing (B.V.I.) Limited, all subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities subsisting at the end of the year or any time during the year.

37. EVENTS AFTER THE REPORTING PERIOD

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

(b) On 18 May 2010, the Company and the Vendor entered into the Termination Agreement and the Supplemental MOU concurrently. Details are set out in the Company's announcement dated 18 May 2010 and in Note 23.

37. EVENTS AFTER THE REPORTING PERIOD (continued)

(b) (continued)

On 10 June 2010, the Company and the Vendor entered into the Second Supplement, pursuant to which the Vendor had given the Company an Exclusivity Period till 31 December 2010. The Company had paid a further refundable deposit of HK$25,000,000 upon execution of the Second Supplement and a further deposit of HK$79,000,000 will be paid by the Company to the Vendor with reference to the progress of the Proposed Acquisition during the Exclusivity Period. Details are set out in the Company's announcement dated 10 June 2010 and in Note 23.

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

Details of the above is set out in the Company's announcement dated 16 July 2010 and in Note 23.

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

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

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

37. EVENTS AFTER THE REPORTING PERIOD (continued)

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

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

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

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