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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Nam Hing Holdings Limited (the “**Company**”), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

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NAM HING HOLDINGS LIMITED

南興集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 986)

POSSIBLE MAJOR TRANSACTION INVOLVING ISSUE OF CONVERTIBLE NOTES

A letter from the board of directors of the Company is set out from pages 5 to 33 of this circular.

A notice convening the special general meeting of the Company to be held at 3 p.m. on 30 November 2010 at 27/F, Yuen Long Trade Centre, 99-109 Castle Peak Road, Yuen Long, NT, Hong Kong or any adjournment is set out from pages 71 to 73 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the special general meeting of the Company. Completion and return of the form of proxy shall not preclude you from attending and voting at the special general meeting of the Company should you so wish.

This circular will remain on the “Latest Company Announcements” page of the website of the Stock Exchange at <http://www.hkexnews.hk> and the website of the Company for at least 7 days from the date of its positing.

15 November 2010

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings

“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Acquisition”	the sale and purchase of the Sale Shares contemplated under the Agreement
“Agreement”	the sale and purchase agreement dated 16 July 2010 entered into between Nurture Power Limited as vendor and the Company as purchaser for the acquisition of the Sale Shares by the Company
“Ampere Hour”	is a unit of electric charge, and one ampere hour refers to the electric charge transferred by a steady current of one ampere for one hour
“Announcement”	the announcement of the Company in relation to the Acquisition dated 16 July 2010
“Automotive Manufacturer”	means the automotive manufacturer in the PRC and elsewhere
“Board”	means the board of Directors of the Company
“Business day(s)”	a day (excluding Saturday, Sunday and public holidays) on which licensed banks are generally open for business in Hong Kong throughout their regular business hours
“Company”	Nam Hing Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange
“Completion”	actual completion of the sale and purchase of the Sale Shares in accordance with the Agreement
“Connected Person(s)”	has the meaning given to that term in the Listing Rules

DEFINITIONS

“Consideration”	the total consideration of HK\$170,000,000 payable by the Purchaser to the Vendor for the Acquisition pursuant to the Agreement
“Conversion Price”	HK\$0.28 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Agreement and the terms of the Convertible Note
“Conversion Share(s)”	those Shares to be converted upon conversion of the conversion rights attached to the Convertible Notes at the initial conversion price of HK\$0.28 per Share (subject to adjustments)
“Convertible Note(s)”	the convertible notes in registered form comprising a total principal amount of not more than HK\$99,000,000 to be issued by the Company to the Vendor on the date of Completion
“Deposit”	cash deposit in the aggregate sum of HK\$71,000,000 paid by the Company to the Vendor pursuant to the terms of the MOU
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group immediately after Completion
“Group”	the Company and its subsidiaries
“Guarantor(s)”	Ms. Pan Chien-Pu and Mr. Guo Jian Min
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	(a) party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company

DEFINITIONS

“Latest Practicable Date”	9 November 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2010, or such later date as the relevant parties to the Agreement may agree in writing
“Maturity Date”	the date preceding the third anniversary of the date of issue of the Convertible Notes
“MOU”	the memorandum of understanding entered into between the Purchaser and the Vendor on 23 November 2009 (as supplemented by the supplemental memorandum of understanding dated 18 May 2010 and 10 June 2010)
“Mr. Cao”	Mr. Cao Qingshan (曹青山)
“Percentage Ratios”	the “percentage ratios” as defined in rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share(s)”	such number of shares of US\$1.00 each in the capital of the Target Company representing 9.9% of the issued share capital of the Target Company immediately before completion of the Acquisition, which are legally and beneficially owned by the Vendor

DEFINITIONS

“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to approve, inter alia, the Agreement and the transactions contemplated thereunder and the issue of the Convertible Notes
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Repurchases of the Securities and Futures Commission of Hong Kong
“Target Company”	Swift Profit International Limited, a company incorporated under the laws of the British Virgin Islands and the entire issued share capital of which is held by the Vendor as at the date of the Agreement
“Vendor”	Nurture Power Limited, being the vendor of the Acquisition under the Agreement
“Volt(s)”	is the unit of electromotive force
“Zhongsheng”	中盛動力新能源投資有限公司 (Zhongsheng Dongli New Energy Investment Limited)
“%”	per cent

For the purpose of this circular, all amounts denominated in RMB have been translated (for information only) into HK\$ using the exchange rate of RMB1.00:HK\$1.148. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

LETTER FROM THE BOARD



NAM HING HOLDINGS LIMITED

南興集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 986)

Executive Directors:

Mr. Lau Chung Yim

(Chairman, chief executive officer
and managing director)

Ms. Lau May Wah

Ms. Deng Hong Mei

Ms. Chan Ching Ho, Kitty

Mr. Xiang Liang

Independent non-executive Directors:

Mr. Pravith Vaewhongs

Mr. Yau Kwan Shan

Mr. Tse Yuk 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

15 November 2010

To the Shareholders

Dear Sir or Madam,

POSSIBLE MAJOR TRANSACTION INVOLVING ISSUE OF CONVERTIBLE NOTES

INTRODUCTION

The Board announced on 19 July 2010 that the Company has entered into the Agreement with the Vendor pursuant to which the Company conditionally agreed to acquire from the Vendor the Sale Shares of the Target Company at the total consideration of HK\$170,000,000 to be paid to the Vendor partly by cash and partly by the Company's issue of the Convertible Notes. The purpose of this circular is to provide with further information relating to (i) the Agreement, the Acquisition; and (ii) the notice of SGM to be convened and held for the purpose of considering and, if thought fit, approving the Agreement (including the issue of the Convertible Notes) and the Acquisition.

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LETTER FROM THE BOARD

THE AGREEMENT

Date

16 July 2010

Parties

- Purchaser: Nam Hing Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 986)
- Vendor: Nurture Power Limited, which is an investment holding company incorporated under the laws of the British Virgin Islands.
- Guarantors: Ms. Pan Chien-Pu and Mr. Guo Jian Min, both of whom are PRC nationals and with the former being the director of the Vendor and the Target Company

Assets to be Acquired

The Sale Shares will comprise 9.9% of the issued share capital of the Target Company. The remaining 90.1% of the issued share capital of the Target Company will continue to be held by the Vendor.

The Target Company is an investment holding company and has entered into two contracts on 13 November 2009, including (i) an agreement with Mr. Cao in relation to an exclusive licence (the “**Licence**”) relating to the application of the technology in manufacturing of electric vehicle battery at a nominal consideration of HK\$1 per year for a period of 15 years from 13 November 2009; and (ii) an agreement with Zhongsheng to sub-licence (the “**Sub-Licence**”) the technology in manufacturing of multi-element polymer battery for electric vehicles in PRC for a period until 7 May 2018 for a royalty fee of 12% (the “**Royalty Fee**”) on sale of multi-element polymer battery to the market. Pursuant to the terms of the Licence and the Sub-Licence, the Target Company will form and hold a wholly foreign owned enterprise (the “**WFOE**”) in the PRC after the Licence and the Sub-Licence is entered into which will in turn enter into a licence agreement (the “**WFOE Licence**”) and a sub-licence agreement (the “**WFOE Sub-Licence**”) with Mr. Cao and Zhongsheng respectively. The WFOE shall be wholly owned by the Target Company after its incorporation. The WFOE Licence and the WFOE Sub-Licence shall be in exactly the same terms as the Licence and the Sub-Licence, and the WFOE is to take the place of the Target Company under the Licence and

LETTER FROM THE BOARD

the Sub-Licence. The Licence and the Sub-Licence will automatically lapse upon the WFOE's entry into of the WFOE Licence and the WFOE Sub-Licence. Employing a WFOE to hold the Licence and the Sub-Licence can expedite the approval and registration procedures in the PRC. It is an internal reorganization process and will have no impact on the Group.

Consideration

The total Consideration for the Sale Shares under the Acquisition is HK\$170,000,000 which will be satisfied in the following manner:

- (a) as to HK\$71,000,000 has been paid in cash as part of refundable Deposit pursuant to the terms of the MOU;
- (b) upon Completion of the Agreement, the Purchaser shall have the absolute and sole discretion to satisfy the remaining balance of Consideration either:
 - (i) through the payment in cash; or
 - (ii) through the Company's issuance of Convertible Notes

The refundable Deposit of the Consideration has been funded by the internal resources of the Group. Any cash portion of the remaining balance of the Consideration will be funded by the internal resources of the Group and the proceeds from equity fund raising activities of the Company, including the proposed placing of convertible bonds which is on the best effort basis as announced on 2 July 2010. The final allocation of cash portion and Convertible Notes portion of the Consideration will be determined by the Purchaser with reference to, inter alia, the then cash level of the Group and price of the Share. The Directors will make a decision on the manner of settlement of the Consideration less the Deposit based on the prevailing market price of the Shares and the popularity and results of the placing of the convertible bonds of HK\$200,000,000 announced on 2 July 2010 on Completion of the Agreement. As at the date of this circular not less than six independent subscribers for the convertible bonds in the total amount of HK\$20,000,000 has already been procured. The aforementioned subscription was completed on 22 October 2010. The placing agent has already identified some other potential investors. Save as disclosed above, no other convertible bond has been placed as at the date of this circular as they are waiting for the present circular to be issued to obtain more information on the Acquisition. Therefore it is not possible to confirm how the balance of the Consideration will be settled as at the date hereof. If the placing cannot be fully completed, the Company will not have sufficient cash to settle the Consideration by cash. The Company can settle the Consideration through the issuance of the Convertible Notes. If any of the conditions precedent set out in the Agreement is not satisfied or waived by the Purchaser on or before the Long Stop Date (or such later date to be agreed between the relevant parties to the Agreement in writing), the Vendor shall (i) delay 10 business days from the date of Completion but not later than 30 days from the date of Completion; or (ii) refund the Deposit to the Purchaser.

LETTER FROM THE BOARD

Basis of the Consideration

The Consideration for the Acquisition was arrived at based on normal commercial terms after arm's length negotiations between the relevant parties to the Agreement and by reference to (a) the agreements signed between Zhongsheng and the sub-contractors and the relevant Royalty Fee; and (b) other factors set out in the paragraph headed "Reasons for entering into the Agreement" below. The Consideration is considered by the Board as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

Conditions Precedent

Completion of the Agreement is subject to the fulfillment of, inter alia, the following conditions precedent:

- (a) the Company, having completed the due diligence investigation on the Target Company, including but not limited to its legal, accounting, finance, and management aspects, is satisfied with the results of the due diligence investigation;
- (b) the Company, having convened a SGM at which resolutions shall have been duly passed by the Shareholders to approve the Agreement, the Convertible Notes, and the transactions contemplated thereunder (including without limitation the allotment and issue of the Conversion Shares);
- (c) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Conversion Shares which may be issued upon the exercise of the conversion rights attaching to the Convertible Notes;
- (d) the Company having received a legal opinion (in substance and form satisfactory to the Company) issued by a firm of lawyers qualified to practice law in the PRC appointed by the Company confirming that, among other things, the legality of the licence held by the Target Company;
- (e) the Company having received a legal opinion (in substance and form satisfactory to the Company) issued by a firm of lawyers qualified to practice law in the British Virgin Islands appointed by the Company confirming that, among other things, (i) the Target Company is duly incorporated and subsisting, and (ii) such other matters the Purchaser considers necessary;
- (f) the warranties set out in the Agreement remaining true and correct as at the date of completion and as if repeated at all time between the date of the Agreement and the date of Completion;

LETTER FROM THE BOARD

- (g) (if necessary), the Vendor having obtained from the relevant authorities having jurisdiction over the Vendor or other relevant third parties the approvals, confirmations, waivers or consent in respect of the Agreement and the transactions contemplated thereunder; and
- (h) the Company not having discovered or known that from the date of signing of the Agreement, there being any abnormal operations or any material adverse change in the business, positions (including assets, financial and legal status), operations, performance or assets, or any undisclosed material potential risks in respect of the Target Company.

The Company shall have the right to waive in writing the conditions (except for conditions (b) and (c)) as mentioned above. Save as aforesaid, if the conditions precedent as set out in the Agreement have not been fulfilled (or where applicable, waived by the Company in writing) on or before the Long Stop Date, the Company has the right to terminate the Agreement by notice in writing after the Long Stop Date.

Save as in the case where the Company is in breach, if the Agreement is terminated as aforementioned, the Vendor shall repay any amount (if any) previously paid by the Company within 10 Business Days of the despatch of the notice by the Company.

Completion

Completion shall take place on or before a date which is the tenth business day after the delivery of the notice of Completion by the Purchaser to the Vendor but such notice of Completion shall only be delivered after the date on which the conditions precedent are satisfied or waived or such other date as the Vendor and the Company may agree in writing.

THE CONVERTIBLE NOTES

The Consideration will be satisfied by cash and by the issue of the Convertible Notes by the Company to the Vendor on Completion. The principle terms of the Convertible Notes are as follows:

Issuer

The Company

Principal amount

HK\$99,000,000 at maximum subject to the settlement method of Consideration

LETTER FROM THE BOARD

Interest

The Convertible Notes shall bear 3% interest per annum

Maturity

The date falling on the 3rd anniversary of the date of issue of the Convertible Notes

Conversion Price

The Conversion Price, subject to the usual adjustment, is HK\$0.28 per Conversion Share. The initial conversion price of HK\$0.28 per Conversion Share represents:

- (a) a premium of approximately 35.27% over the closing price of HK\$0.207 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (b) a premium of approximately 25.79% over the average closing price of approximately HK\$0.2226 per Share for the last five trading days up to and including the Latest Practicable Date.

The Conversion Price of the Convertible Notes is subject to adjustment provisions which as standard terms for convertible securities of similar type. The adjustment events will arise as a result of certain change in the Shares including, inter alia, consolidation or sub-division of Shares, capitalization of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company.

The Board confirmed that the Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor, after taking into account the stock market condition and the prevailing market price of the Shares

Conversion Price Reset

The Conversion Price of the Convertible Notes can be reset (if necessary) on the 5th Business Day immediately before the Completion (the “**Reset Date**”) in the event that the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately following the Reset Date and including the Reset Date (the “**Reset Price**”) is lower than the then Conversion Price of the Convertible Notes. When such situation takes place, the then Conversion Price of the Convertible Notes will be adjusted downwards to the Reset Price with effect from the next Business Day, and in any case the reset Conversion Price should not be less than HK\$0.18 each. This minimum Reset Price was determined with reference to the net asset value per Share of approximately HK\$0.168 as at 30 September 2009 (adjusted with the proceeds from the fund raising activities thereafter).

LETTER FROM THE BOARD

The Company shall issue an announcement in the event that there are any changes in the initial Conversion Price (any subsequent changes in the Conversion Price of the Convertible Notes) in the future to comply with the relevant requirements under the Listing Rules.

In addition, in light of the fact that (i) the Convertible Notes would not create a substantial capital expenditure of the Group immediately upon Completion; and (ii) the initial Conversion Price represents a premium of approximately 164.15% over the audited consolidated net asset value per Share of approximately HK\$0.106 (based on the audited consolidated net asset value of the Group of approximately HK\$43,845,000 as at 31 March 2010, the Board considers that the price reset mechanism of the Conversion Price to be fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Conversion Rights

The conversion rights under the Convertible Notes shall be exercisable during the conversion period commencing from the date of issue of the Convertible Notes and the Business Day immediately preceding the Maturity Date. Upon the exercise of any conversion rights under the Convertible Notes, the corresponding number of Conversion Shares in respect of the which conversion rights are exercised will be issued provided that no conversion right may be exercised, to the extent that such exercise (i) would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 8.08 of the Listing Rules or other relevant requirements under the Listing Rules; or (ii) would result in holder(s) of the Convertible Notes and parties acting in concert with it shall become obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

Given the above restriction, the Acquisition and the conversion of the Convertible Notes will not result in a change of control of the Company.

Conversion Shares

The Conversion Shares will rank *pari passu* in all respects with all existing Shares in issue at the date of the notice of conversion.

Assuming that the Convertible Notes are fully converted into Conversion Shares at the initial conversion price at HK\$0.28, a total of 353,571,428 Conversion Shares will be issued which represent approximately 51.96% of the issued share capital of the Company as at the date of this circular and approximately 34.19% as enlarged by the allotment and issue of the Conversion Shares.

LETTER FROM THE BOARD

Assuming that the Convertible Notes are fully converted into Conversion Shares at the minimum Reset Price at HK\$0.18, a total of 550,000,000 Conversion Shares will be issued which represent approximately 80.83% of the issued share capital of the Company as at the date of this circular and approximately 44.70% as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares will be issued under a specific mandate which will be sought at the SGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal, in the Conversion Shares.

Status of the Convertible Notes

The Convertible Notes constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateable without preference (with the exceptions of obligations in respect of taxes and certain other mandatory provisions of applicable law exceptions) equally with all other present and/or future unsecured and unsubordinated obligations of the Company. No application will be made for the listing of the Convertible Notes.

Transferability

The Convertible Notes will be freely transferable provided that if the transfer is made to a connected person (as defined under the Listing Rules), the approval of the Stock Exchange has to be obtained.

Voting rights

The Convertible Notes do not confer any voting rights at any meetings of the Company.

Application for Listing

No application will be made for the listing of the Convertible Notes.

LETTER FROM THE BOARD

Redemption

Holder(s) of the Convertible Notes has/have the right to require the Company to redeem the Convertible Notes upon the occurrence of events of default as stipulated in the terms of the Convertible Notes. The Company may at any time before the maturity date with the consent of the holder(s) of the Convertible Notes redeem in whole or in part the Convertible Notes. Unless previously converted, purchased and cancelled, the Company shall pay the outstanding principal amount under the Convertible Notes by cash on the date of maturity of the Convertible Notes.

INFORMATION ON THE VENDOR

The Vendor is an investment holding company incorporated under the laws of the British Virgin Islands. The shareholding structure of Nurture Power Limited is as follows:

- (a) Elite Trade Holdings Limited (佳業控股有限公司) (57.5%)
- (b) New Momentum Source Company Limited (新動源有限公司) (26.5%). Mr. Cao, the inventor of the patent (“**Patent**”) of the technology for the manufacturing of the multi-element polymer battery for electric vehicles, holds an effective interest of 25.6% of New Momentum Source Company Limited (新動源有限公司)
- (c) Affluent Huge Limited (弘豐有限公司) (4%)
- (d) New Palace Investments Limited (12%)

The ultimate beneficial owners of the Vendor are:

(a) **Elite Trade Holdings Limited**

- | | | |
|-------|-----------------------|-----------|
| (i) | Pan Chien-Pu | (33.441%) |
| (ii) | Wang Jing Lian | (43.875%) |
| (iii) | Guo Jian Min | (4.875%) |
| (iv) | Zhu Ming Jian | (4.875%) |
| (v) | Chiu Se Chung, Samuel | (2.5%) |
| (vi) | Dian Guo Hua | (10.434%) |

LETTER FROM THE BOARD

(b) New Momentum Source Company Limited

(i)	Cao Qingshan	(25.6%) (20% interest in Zhongsheng)
(ii)	John Shiuh Sun	(8.2%)
(iii)	Li Chunpei	(8.2%)
(iv)	Lv Youzhen	(19.2%)
(v)	Meng Jianbo	(8.2%) (8% interest in Zhongsheng)
(vi)	Tang Bin	(19.9%) (27% interest in Zhongsheng)
(vii)	Wu Chaoying	(10.7%) (21% interest in Zhongsheng)

(c) Affluent Huge Limited

(i)	Li Lo Ha	(14.46%)
(ii)	Chan Pui Shan, Vivien	(72.692%)
(iii)	Li Su Su	(1.44%)
(iv)	Ho Tse Mei	(3.5%)
(v)	Kiang Man Kin	(0.6%)
(vi)	Ng Chi Wai	(0.232%)
(vii)	Chung Cheuk Wing	(0.284%)
(viii)	Au Chee Ming	(0.666%)
(ix)	Teh Chong Sian Johnson	(0.25%)
(x)	Ma Yiu	(0.666%)
(xi)	Li Dan	(0.5%)
(xii)	Wang Shu Gang	(0.434%)
(xiii)	Bian Jiang	(0.1%)
(xiv)	Zhang Zuo Hang	(3.75%)
(xv)	Guan Mengxuan	(0.416%)

(d) New Palace Investments Limited

(i)	Chan Sung Wai	(100%)
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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate shareholders of Nurture Power Limited are Independent Third Parties of the Company and its connected person (as defined in the Listing Rules). The Directors also confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, there is no prior transaction with the Vendor or its ultimate beneficial owners which is required to be aggregated with the Acquisition pursuant to Rule 14.22 of the Listing Rules.

LETTER FROM THE BOARD

INFORMATION ON THE GUARANTOR

Ms. Pan Chien-Pu and Mr. Guo Jian Min as primary obligors (but not merely as guarantor(s)) respectively, as continuing security, jointly and severally and unconditionally and irrevocably guarantee to the Company that the Vendor shall pursuant to the Agreement duly and punctually perform and observe its obligations under the Agreement and pay all the money payable by the Vendor.

INFORMATION ON THE GROUP

The principal activities of the Group are (i) the manufacture of laminate mainly for use in the manufacture of tele-communications, computer related products, audio and visual household products; (ii) the manufacture of printed-circuit board mainly for use in the manufacture of audio and visual household products; and (iii) the manufacture of copper foil mainly for use in the manufacture of laminate and printed circuit board. Upon completion of the proposed disposal as announced on 28 June 2010 and the Acquisition, the Group will be principally engaged in trading and manufacturing of printed circuit board and investment in the electricity battery related business.

INFORMATION ON THE TARGET COMPANY

The Target Company, a wholly owned subsidiary of the Vendor, is an investment holding company incorporated under the laws of the British Virgin Islands on 16 September 2009. The principal asset of the Target Company is an exclusive licence relating to the technology of manufacturing of electric vehicle battery by the application of the Patent, which has been sub-licensed to Zhongsheng on a non-exclusive basis.

The financial information on the Target Company is disclosed in the Appendix II to this circular.

The exclusive licence held by the Target Company relates to the technology of manufacturing a multi-element polymer battery (the “**Battery**”) for electric vehicles invented in May 2008. The battery has a capacity of 500 ampere hour, a battery life of 500,000 km and a single charge mileage for more than 500 km within 7 hours. In 2008, a 39 seat limousine equipped with the battery was tested and the results showed that the limousine could reach a maximum speed of 120 km per hour and it consumes 25 degrees of electricity (i.e. the capacity of each Battery) per 100 km of traveling distance. All the above data have been testified, confirmed and stated in the report issued by 北方汽車質量監督檢驗鑒定試驗所 (Northern Automobile Quality Supervision, Inspection and Approval Institute) in March 2010, for which the Directors considered and relied on for confirmation that

LETTER FROM THE BOARD

the Battery is more advanced compared to other batteries. 北方汽車質量監督檢驗鑒定試驗所 (Northern Automobile Quality Supervision, Inspection and Approval Institute) is an institute under Ministry of Communications of the PRC and is independent of Mr. Cao, the Vendor, Zhongsheng and their ultimate beneficial owners. The report from 北方汽車質量監督檢驗鑒定試驗所 (dated March 2010) is one of the latest report obtained to show the latest status of the testing. Of all the 30 tests conducted on the Battery, the Battery passed them all.

Comparison of Vehicles Using the Multi-Element Polymer Battery

Zhongsheng is not currently manufacturing any vehicles itself yet. Its operations model is to adapt and convert the vehicles of other makes, test them and co-operate with these other vehicles manufacturers to produce the electric vehicles or the Batteries for such vehicles once the test results prove favourable.

Approximately 120 units of battery will be used for each car. A unit of battery refers to a 500 Ampere Hour, 4.25 Volts single Battery, and a set of Battery refers to a combination of two units of Batteries to form a 1,000 Ampere Hour, 4.25 Volts set of Batteries.

INFORMATION RELATING TO ZHONGSHENG

The shareholding structure of Zhongsheng is as follows:

保康青山能源研究所	
(Bao Kang Qing Shan Energy Research Institute)	20%
劉燕 (Liu Yan)	20%
唐斌 (Tang Bin)	27%
吳超英 (Wu Chaoying)	21%
孟建波 (Meng Jianbo)	8%
崔亞蘭 (Cui Yalan)	4%
	100%

The sole shareholder of 保康青山能源研究所 (Bao Kang Qing Shan Energy Research Institute) is Mr. Cao. As disclosed above, Mr. Cao holds an effective interest of 25.6% in New Momentum Source Company Limited whereas Tang Bin (唐斌), Wu Chaoying (吳超英) and Meng Jianbo (孟建波) are also shareholders in New Momentum Source Company Limited. New Momentum Source Company Limited holds a 26.5% interest in the Vendor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, 劉燕 (Liu Yan) and 崔亞蘭 (Cui Yalan) are Independent Third Parties of the Vendor and its ultimate shareholders.

LETTER FROM THE BOARD

As Zhongsheng is established in 2003 with the capital of RMB50 million and has not possessed any production base as at the date of this circular, Zhongsheng will co-operate with other battery manufacturers to manufacture the Battery. Although Zhongsheng has not had any production base at this stage, with the background of its shareholders it has confidence in the prospect of the market acceptance of the Battery. As disclosed above, 北方汽車質量監督檢驗鑒定試驗所 (Northern Automobile Quality Supervision, Inspection and Approval Institute) has testified the capability of vehicle which adopted the Battery and issued a relevant report accordingly in March this year. The 北方汽車質量監督檢驗鑒定試驗所 (Northern Automobile Quality Supervision, Inspection and Approval Institute) is an institute authorized by the National Development and Reform Commission of the PRC to conduct automobile inspection and is independent of the Vendor, the ultimate beneficial owners of the Vendor, the Target Company and the Company. Of all the 30 tests conducted on the Battery, the Battery passed them all and did not fail any test at all. There is no major outstanding matter which has to be achieved before the Battery could be put into production and sales. The Directors considered the registration materials on the Patent in the PRC and relied on the report issued by the 北方汽車質量監督檢驗鑒定試驗所 (Northern Automobile Quality Supervision, Inspection and Approval Institute) in March 2010 for confirmation on the technical specification and parameter of the Battery and are of the view that the information concerning the technical information on Patent and the Battery in the circular complies with Rule 2.13 of the Listing Rules. Under such circumstances, other shareholders of Zhongsheng, who have been in the automotive industry for more than 10 years, will devote resources to introduce such technology to the automotive industry. Save for the introduction of the multi-element polymer battery to the market, Zhongsheng will establish its own production base within 2 years upon Completion in view of the positive prospect of the demand on the Battery in future.

As at the date of this circular, Zhongsheng does not have any detail or confirmed timetable in establishing its production base. When Zhongsheng commences production at a later stage, it will first establish its production base in Dezhou, Shandong province. According to the initial tentative plan provided by Zhongsheng, the production base may be established as early as 2010 to 2012 with an estimated investment of approximately RMB1,000,000,000. It should however be noted that this is only a tentative plan provided by Zhongsheng at this stage and it may not be realized, or may not be realized in the manner as stated hereinabove.

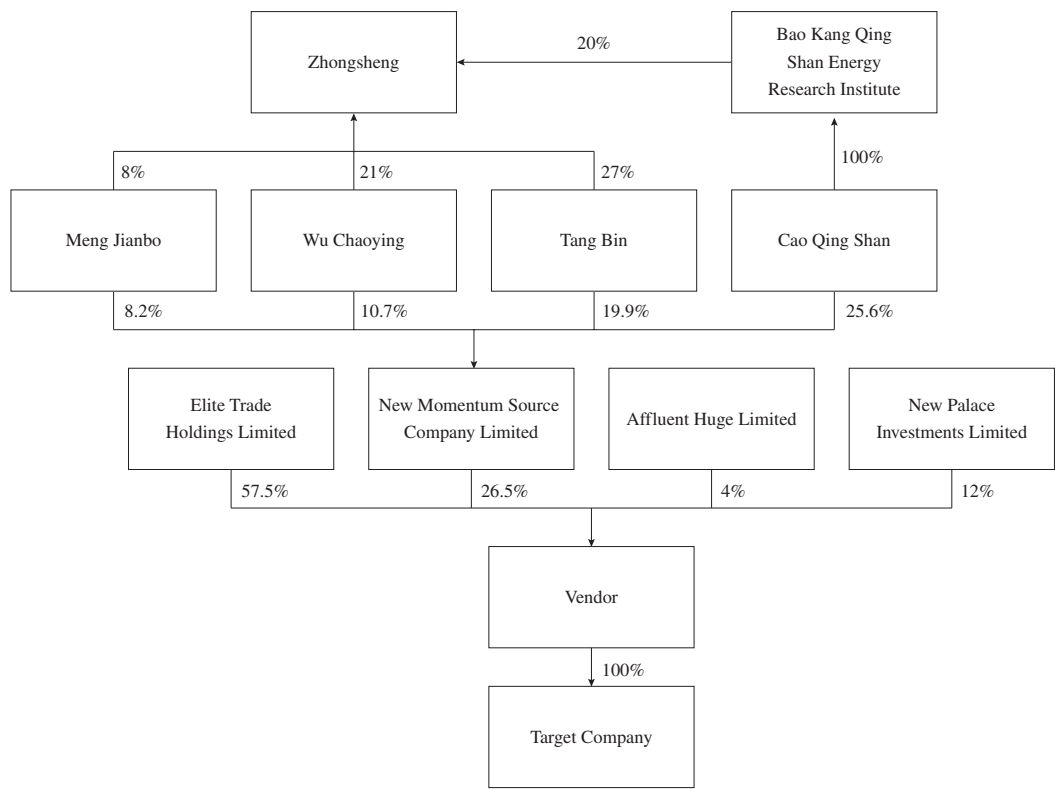
LETTER FROM THE BOARD

Zhongsheng and its authorized representatives currently has already entered into such sub-contracts which span from 2010 to 2014 with about 5 different parties (the “**Sub-Contractors**”) which intended to purchase the battery or related products and to receive orders from purchasers and to manufacture the Battery and products applying the Patent and its related technology (the “**Products**”). Pursuant to the information from Zhongsheng, until September 2010, 19,443 units of Battery with 350AH has been produced from the manufacturers in this pilot stage

Zhongsheng has not received any sales order since 27 July 2010.

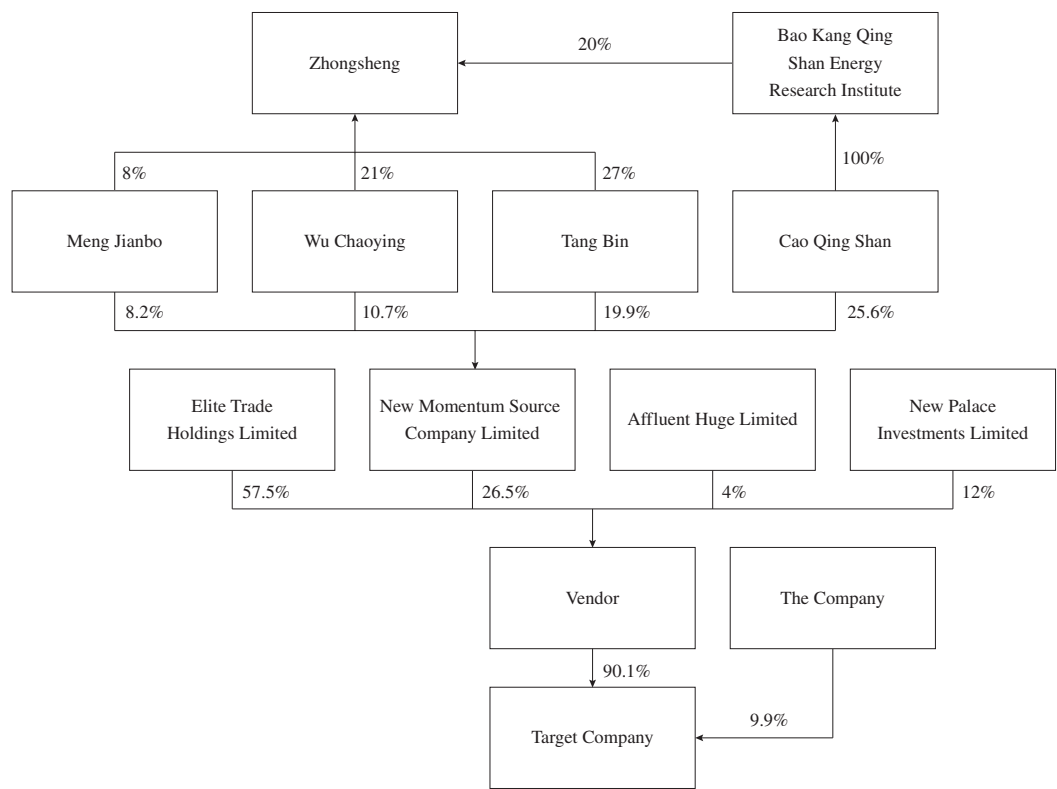
It should be noted that as the Company is only purchasing 9.9% of the equity interest in the Target Company, not Zhongsheng. Zhongsheng is only one of the contractors with the Target Company. As at the date of this circular there is no arrangement nor intention that the Company will be obliged to provide or participate in the financing of Zhongsheng.

Corporate Structure of the Vendor, the Target Company and Zhongsheng prior to the proposed Acquisition



LETTER FROM THE BOARD

Corporate Structure of the Company, the Target Company and Zhongsheng after the proposed Acquisition



THE PATENT

The technology of manufacturing a multi-element polymer battery for electric vehicles was invented by and registered as patent under patent number 200820067136.4 (the “**Patent**”) under the name of Mr. Cao in PRC. The Patent was published on 4 March 2009 in the PRC pursuant to publication number CN201204230. Mr. Cao entered into a contract with the Target Company on 13 November 2009 in which it stated (i) Mr. Cao licensed the patent to the Target Company or the wholly-owned subsidiary of the Target Company on an exclusive license at a nominal consideration of HK\$1 per year until 7 May 2018; (ii) the Target Company (or the wholly-owned subsidiary of the Target Company) has the right to sub-license the patent to other factories for the manufacturing of the multi-element polymer battery for electric vehicles.

LETTER FROM THE BOARD

Role and responsibility of the Vendor in commercializing the Patent

Mr. Cao is the inventor of the Patent of the technology of manufacturing a multi-element polymer battery for electric vehicles. However, he has not possessed the capability to commercialize such technology to be accepted by the automotive manufacturers in PRC. As such, Lv Youzhen and Tang Bin, the ultimate shareholders of the Vendor, have confidence in the market acceptance of the technology of multi-element polymer battery for electric vehicles, invited the other ultimate shareholders of the Vendor to establish the Target Company to introduce and market such technology to the Automotive Manufacturers and in return Mr. Cao must agree (i) to grant a worldwide exclusive license to the Target Company or its wholly-owned subsidiary at the nominal consideration of HK\$1 per year; and (ii) the Target Company or its wholly-owned subsidiary has the right to sub-license the patent to other factories for the manufacturing of the multi-element polymer battery for electric vehicles.

Save for sub-licensing the Patent to Zhongsheng for the manufacturing of the multi-element polymer battery for electric vehicle in PRC, the role of the ultimate shareholders of the Vendor is to promote the Patent to the international market through their business network.

Basis of the Royalty Fee

The Royalty Fee is agreed by the parties after arms' length negotiations having taken into account various factors including the breakdown of the costs of production the Battery, the operating costs, estimated return on the Battery and the net margin on producing the Battery. Please see the table below for the cost breakdown and the expected selling price of RMB8/AH. As this area of business is relatively new in the market, and the mode of operation of other companies may not take the form of licencing entailing the payment of any royalty(ies), industry comparables are not readily available. Based on these factors, the Directors considered that the Royalty Fee of 12% (i.e. RMB0.96) is under normal and commercial terms and considered by the Board as fair and reasonable and in the interests of the Group and of the Shareholders as a whole.

LETTER FROM THE BOARD

Amount of Costs (RMB/AH)

Cost of purchasing raw materials (1)	4.797
Cost of purchasing materials for positive electrodes	1.685
Cost of purchasing materials for negative electrodes	0.565
Cost of purchasing the membrane	1.080
Electrolyte	0.600
Outer protective shell	0.367
Other components	0.500
Direct Labour Costs (2)	0.130
Other costs (3)	0.173
Depreciation of Equipment	0.023
Management fee	0.100
Sales and marketing fee	0.050
Total production cost before Tax (1 + 2 + 3)	5.100
Royalty	0.960
Total Costs	6.060

Average Selling Price/AH

From RMB8 to 10

Given that the total production cost before tax of approximately RMB5.1/AH and the expected selling price of RMB8/AH, the expected selling price represents a gross profit (before the Royalty Fee) of RMB2.9/AH. After arm's length negotiations between the Target Company and Zhongsheng, it is agreed that the 12% Royalty Fee of approximately RMB0.96/AH will be charged. The Directors are of the view that the Royalty Fee which represents 1/3 of the gross profit is on normal commercial term and is fair and reasonable. This is especially so after taking into account, amongst other things, no production risk will be borne by the Target Company. There is no other ready comparable industry rate for this kind of advanced technology and its mode of operation.

PROPOSED BUSINESS PLAN

Upon Completion, the Group will be principally engaged in trading and manufacturing of printed-circuit board and investment in the electricity battery related businesses.

The Directors have continued to review its existing businesses from time to time and to strive to improve the business operation and financial position of the Group. The objective of the Group is to invest in business sectors providing high and healthy growth through development of project with positive prospects. Save for the proposed disposal as announced on 28 June 2010, the Group does not have any plan to further expand or dispose of the Group's existing businesses.

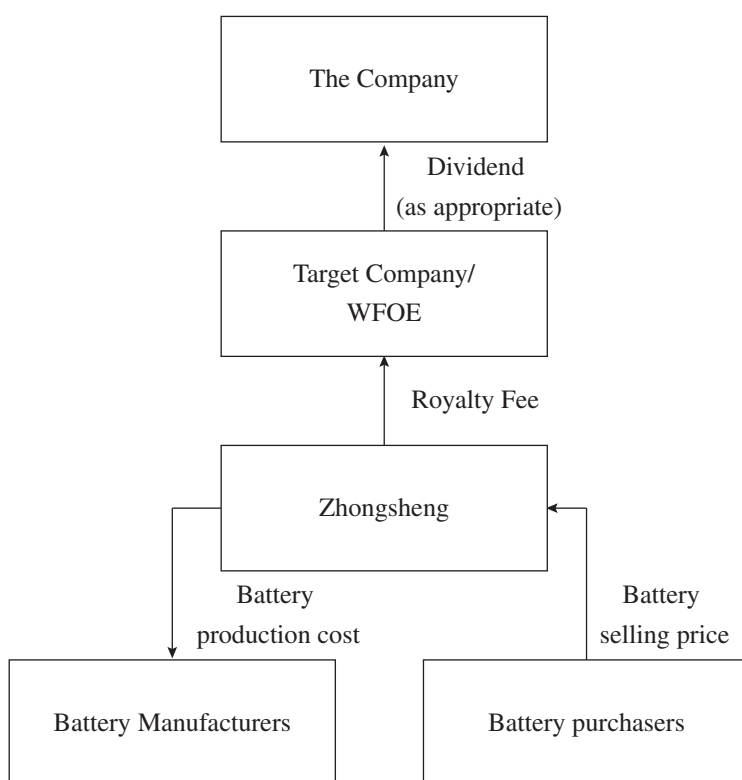
LETTER FROM THE BOARD

In respect of the business of the Target Company, it will receive a royalty fee of 12% from the customers (the “**Customers**”) which will apply the technology to manufacture the multi-element polymer battery for the Automotive Manufacturers. The Target Company has already entered into agreement with Zhongsheng on 13 November 2009 to allow them to use the technology for the manufacturing of the multi-element polymer battery until 7 May 2018. Zhongsheng has already secured orders from the Automotive Manufacturers for 200 electric vehicles. Based on the secured orders from the Automotive Manufacturers, it is estimated that 3,000 sets of the multi-element polymer battery will be sold to the Automotive Manufacturers in 2012. As Zhongsheng has confidence in the demand of the multi-element polymer battery, it plans to construct its own production facilities within 2 years upon the Completion in order to have better control over the production efficiency and costs of the multi-element polymer battery. Prior to the completion of the production plant, Zhongsheng has entered into co-operation agreement with other manufacturers to produce multi-element polymer battery in order to capture the increasing demand of multi-element polymer battery in the market. Details of the agreement are set out in the section “Information relating to Zhongsheng” above.

The income flow after the proposed Acquisition between the Company, the Target Company, Zhongsheng and the Sub-Contractors will be (as set out in the diagram below):

- (i) the purchasers of Battery pay the price of the Battery to Zhongsheng;
- (ii) Zhongsheng will pay manufacturing fee to the manufacturers;
- (iii) Zhongsheng will pay the Royalty Fee to the Target Company or its wholly-owned subsidiary; and
- (iv) the Target Company may pay income to the Company in the form of dividends as appropriate.

LETTER FROM THE BOARD



REASONS FOR ENTERING INTO THE AGREEMENT

The Company is an investment holding company and as at the date of this circular and its subsidiaries are principally engaged in (i) the manufacture of laminate mainly for use in the manufacture of tele-communications, computer related products, audio and visual household products; (ii) the manufacture of printed-circuit board mainly for use in the manufacture of audio and visual household products; and (iii) the manufacture of copper foil mainly for use in the manufacture of laminate and printed circuit board. Upon completion of the proposed disposal as announced on 28 June 2010 and the Acquisition, the Group will be principally engaged in trading and manufacturing of printed-circuit board and investment in the electricity battery related business.

As shown in the annual results of the Group, the Group has suffered net losses for every year since 2006. In the 2009 annual report, it is stated that “The operating loss arose mainly 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 arising from the global economic downturn during the year impose great pressure on the Group’s operations.”

LETTER FROM THE BOARD

“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 expected not in a short period of time. The Group has experienced tight profit margin in the past year in the laminate division and considered unfavourable operating environment will continue for a certain period of time.

The 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-production facilities, properties and assets.”

The financial results of the Group since 2006 are summarized as below:

	For the year ended 31 March				
	2006	2007	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	281,128	328,085	302,813	129,394	69,042
Gross profit	29,423	17,763	3,860	1,711	(10,488)
Net profit/(loss)	(7,147)	(36,124)	(91,565)	(82,405)	(39,963)

The accumulated losses for these five year reached approximately HK\$257,204,000.

The Group is, therefore, keen to turnaround such situation. Given the unsatisfactory results in the Group’s existing manufacturing business, the Board is fully aware of the unfavorable business environment in the downstream manufacturing business which is labour and capital intensive. Instead the Board is eager to expand the business of the Group to the intellectual property oriented upstream business which is expected to provide a favourable and sustainable development opportunity for the Group.

Accordingly, the Board used its best endeavor to source new projects with such potential to increase the Group’s profitability. As a result, the Company proposes to expand its existing business to the manufacture of electric vehicle, which the Directors believed has ample growth opportunities due to (i) limited oil supplies but with increasing worldwide demand; and (ii) support from government policy, e.g. US government. In order to prepare for the manufacture of electric vehicle, the Company must be able to capture the technology of the production of battery to support the manufacturing of electric vehicle. The Directors considered that the exclusive license held by the Target Company in the production of battery will assist the Company to enhance their capability in the manufacture of electric vehicle.

LETTER FROM THE BOARD

The exclusive license held by the Target Company relates to the technology of manufacturing a multi-element polymer battery for electric vehicles invented in May 2008. The battery has a capacity of 500 ampere hour, a battery life of 500,000 km and a single charge mileage for more than 500 km. In 2008, a 39 seat limousine equipped with the battery was tested and the results showed that the limousine could reach a maximum speed of 120 km per hour and it consumes 25 degrees of electricity per 100 km of traveling distance.

In view of the above technology, the Directors considered that the Acquisition of the Target Company represents an opportunity for the Group to commence its investment in the manufacturing of green cars with great fuel economy that remain affordable to mainstream consumers. As it is a new investment of the Group, the Board decided to take a conservative approach and limit the investment amount to 9.9% interest in the Target Company. If this investment is proven to be successful over time and the Board has sufficient resources to finance any further acquisition in the Target Company, the Board may decide to increase the Group's investment in it or any other target in the relevant industry.

Following Completion, the Target Company will not become a subsidiary of the Company. The Target Company will maintain its existing management team. The Company will appoint a project manager with relevant experience to overview such investment and assist the existing management team of the Target Company. The Company has no present intention to change in its board composition or its senior management after the Completion.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION

For illustrative purpose only, set out below is a summary of the shareholdings in the Company (i) as at the date of this circular; (ii) immediately after the allotment and issue of the Conversion Shares upon conversion of the Convertible Notes, subject to the conversion restrictions under the Agreement and the terms of the Convertible Notes; and (iii) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price:

Details of the shareholding structure of the Company in different scenario are set out below:

Name	Number of Shares held directly or indirectly as at the date of this circular	Approximate % of the total issue share capital of the Company	Immediately after the allotment and issue of the Conversion Shares upon conversion restrictions under the Agreement and the terms of the Convertible Notes (Note 2)	Approximate % of the total issue share capital of the Company	Number of Shares held after Completion, and the conversion of the Convertible Notes at the price of HK\$0.28	Approximate % of the total issue share capital of the Company	Number of Shares held after Completion and the conversion of the Convertible Notes at the price of HK\$0.18 (Note 2&3)	Approximate % of the total issue share capital of the Company	Number of Shares held after Completion and the conversion of the Convertible Notes at the price of HK\$0.18 and HK\$0.1 (Note 2, 3&4)	Approximate % of the total issue share capital of the Company
Chen Zhong	110,000,000	16.17%	110,000,000	11.33%	110,000,000	10.64%	110,000,000	8.94%	110,000,000	3.49%
Xu Dong	44,530,000	6.54%	44,530,000	4.59%	44,530,000	4.31%	44,530,000	3.62%	44,530,000	1.41%
Sun Tak Sing	39,132,000	5.75%	39,132,000	4.03%	39,132,000	3.78%	39,132,000	3.18%	39,132,000	1.24%
Lau Chung Yim (Note 1)	546,000	0.08%	546,000	0.06%	546,000	0.05%	546,000	0.04%	546,000	0.02%
Lau May Wah (Note 1)	219,200	0.03%	219,200	0.02%	219,200	0.02%	219,200	0.01%	219,200	0.01%
The Vendor	Nil	Nil	290,232,124	29.90%	353,571,428	34.19%	550,000,000	44.70%	550,000,000	17.44%
Placees (Note 4)	77,220,077	11.35%	77,220,077	7.96%	77,220,077	7.47%	77,220,077	6.28%	2,000,000,000	63.43%
Public	408,796,600	60.08%	408,796,600	42.11%	408,796,600	39.53%	408,796,600	33.22%	408,796,600	12.96%
Total	680,443,877	100%	970,676,001	100%	1,034,015,305	100%	1,230,443,877	100%	3,153,223,800	100%

Notes:

1. Mr. Lau Chung Yim and Lau May Wah are Directors.
2. The shareholding structure is shown for illustration purpose only and may not be exclusive. Pursuant to conversion restrictions under the terms of the Convertible Notes, no conversion right may be exercised, to the extent that such exercise (i) would result in the Company's non-compliance with the minimum public shareholding requirement stipulated under Rule 8.08 of the Listing Rules or other relevant requirements under the Listing Rules; or (ii) would result in holder(s) of the Convertible Notes and parties acting in concert with it shall become obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

LETTER FROM THE BOARD

3. The minimum Reset Price is HK\$0.18.
4. On 2 July 2010, the Company announced a proposed placing of HK\$200,000,000 convertible bonds. Based on the minimum conversion price of HK\$0.1 per share, a maximum of 2,000,000,000 conversion shares will be issued. As at the date of this circular HK\$20,000,000 worth of convertible bonds have been subscribed by not less than six independent subscribers. The proposed placing of convertible bonds has not yet been fully completed.

The Acquisition will not result in a change of control of the Company.

INDUSTRY OVERVIEW

Certain information and statistics contained in this section relate to the electric vehicles or electric battery industry that the Company is venturing in. No independent verification has been conducted in respect of the information and statistics which are derived directly or indirectly from official government and non-official sources. The Company believes that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Company has no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The Company, the Group, any of their respective directors or any other persons or parties involved in the Acquisition and all related transactions make no representation as to the accuracy of the information from official government and non-official sources, which may not be consistent with other information compiled within or outside the PRC. Accordingly, the official government and non-official sources contained herein may not be accurate and should not be unduly relied upon.

Technological Revolutions in Automotive industry

As gas prices continue to be volatile and concerns over global warming escalate, the need for a new breed of environment-friendly vehicles such as electric vehicle, which greatly reduce the dependency on conventional oil-based fuels, becomes obvious. Though many alternative energy sources such as bioethanol, fuel cells, and renewable energy have been explored, the use of battery technologies as an energy source holds enormous potential. Having pervaded the fabric of our everyday life, batteries have now started to perform a vital role in electric vehicles, such as electric scooters, passenger cars, golf carts, and buses.

LETTER FROM THE BOARD

With Rising Demand, Asia Emerges as the New Hub for Electric Vehicles

To promote the use of electric vehicles, countries such as the United States, Japan, PRC, and western Europe have introduced specific tax incentives and regulations. Electric vehicles have seen widespread adoption in Europe too, where environmental consciousness has been increasing and strict adherence to European Union environmental directives. The Asia Pacific region, however, remains the hotbed of activity with significant prospects for the electric vehicle battery markets, with the presence of major battery manufacturers. In addition, the growing economy and infrastructure in many developing countries, such as PRC, South Korea, Taiwan, and Australia have created a burgeoning demand for electric vehicles.

(“World Hybrid/Electric Vehicle battery Markets” Frost & Sullivan, Research and Markets (June 2008))

PRC Automotive Industry

As of November 2009, PRC is the largest auto market in the world. In 2009, PRC produced 13.79 million units of automobile, of which 10.38 million units were passenger cars and 3.41 million units were commercial vehicles. Of the automobiles produced, 44.3% are local brand. Most of the cars manufactured in PRC are sold within PRC, with only 369,600 cars being exported in 2009.

PRC’s annual automobile production capacity first exceeded one million in 1992. By 2000, PRC was producing over two million vehicles. After PRC’s entry into the World Trade Organization in 2001, the development of the automobile market further accelerated. Between 2002 and 2007, PRC’s national automobile market grew by an average 21 percent, or one million vehicles year-on-year. In 2006, PRC’s vehicle production capacity successively exceeded six, then seven million, and in 2007, PRC produced over eight million automobiles. In 2008, 9.345 million motor vehicles were manufactured in PRC.

(“China’s 10 millionth vehicle this year comes off the production line” People’s Daily Online (October 2009))

LETTER FROM THE BOARD

Demand of Electric Battery in PRC

Since the adoption of the 11th Five-Year-Plan in 2006, the PRC government has made “independent innovation” the cornerstone of domestic industrial policy. Aimed at pulling PRC up the value-added ladder, this policy encompasses a number of initiatives to promote investment in research and development across several strategic sectors, including the auto industry. Developing a homegrown electric vehicle industry in PRC could help PRC wean itself from reliance on foreign power train technology. Based on the article “China Charges Up: the Electric Vehicle Opportunity” by McKinsey & Company in October 2008, the market for electric vehicle batteries in PRC could reach 150 to 400 billion Renminbi by 2030, assuming a 20 to 30 percent penetration rate of electric vehicle.

(“China Charges Up: The Electric Vehicle Opportunity” Gao, Wang & Wu; McKinsey & Company (October 2008))

RISK FACTORS

New business segment of the Group

The Acquisition constitutes a new business sector to the Group. Such new business, coupled with the regulatory environment, may pose significant challenges to the Group, including but not limited to the administrative, financial and operational aspects. Although a project manager will be appointed, as the Board does not have significant experience in the new business, it is difficult to ascertain the timing and amount of any return or benefits that may be received from the new business. If the proposed business plan in which the Company attempts to develop does not progress as planned, the Company may not recover the funds and resources it has spent, and this may adversely affect the Company’s financials.

Uncertainty of demand for the multi-element polymer battery

The operation of the Target Group will depend the acceptance of the multi-element polymer battery by the market. The multi-element polymer battery is one of the recently developed products in the rechargeable battery sector that is an evolving industry with little historical public data in turnover and demand. It is difficult to predict the demand of the multi-element polymer battery and the actual demand may be different from the market growth of the automotive industry. As the business of the Target Group will only focus on receiving royalty fee from its customers which use the technology to manufacture the multi-element polymer battery for the automotive manufacturers, insufficient market demand of these products will have an adverse effect on the business and financial performance of the Target Company.

LETTER FROM THE BOARD

Technological changes in the rapidly evolving renewable energy industry

The technologies used in the renewable energy industry are changing rapidly. In order to maintain the competitiveness of the technology of the multi-element polymer battery, Mr. Cao must be able to respond to these technological changes promptly. Failure to respond to current and future technological changes in the renewable energy industry in an effective and timely manner may have an adverse effect on the future development and expansion of the business of the Target Company.

Law and regulatory issues

Laws and regulations related to electric battery products in many jurisdictions in which the potential clients of the Target Company located are extensive and subject to change. There can be no assurance that the relevant government will not change such laws and regulations or impose additional or more stringent laws or regulations. Such changes may have materially affected the Target Company. In particular, the PRC legal system is based on a statutory law system. Unlike the common law system, prior legal decisions and judgments are relevant for guidance only and do not have precedent effect. Despite the PRC government's development of a commercial law system since 1979, these regulations are relatively new and the availability of public cases as well as the judicial interpretation of them are limited in number. Interpretation of these laws is uncertain in many areas and there is a risk that some of the Target Company's existing and future contractual rights may not be fully enforceable under the PRC legal system. This could affect the Company and the Target Company's businesses.

DISCLOSURE ON CHANGES IN ISSUED SHARE CAPITAL

The Company will make disclosure relating to the change in its issued capital (including any conversion of the Convertible Notes) in the Next Day Disclosure(s) and Monthly Return(s) in compliance with Rules 13.25A and 13.25B of the Listing Rules as and when required.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

In respect of the Acquisition, as mentioned under the section headed "Reasons for the Acquisition" in the "Letter from the Board", the Directors consider that the prospects of the industry for the electric vehicles and electric battery for such vehicles is promising. Recently, the PRC government has decisively promulgated a series of economic stimulus measures such as the Eleventh Five-Year Plan and entered new energy vehicles into the list of the Catalogue of National Encouraged Industries (國家鼓勵產業目錄) as one of the National Key Projects. Various measures have been put in place to stimulate domestic demand and stabilize market conditions. All these measures would likely to have a positive impact on the electric vehicles industry in the PRC.

LETTER FROM THE BOARD

EFFECT OF THE ACQUISITION ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

Effect on assets/liabilities

As extracted from the 2010 annual results of the Company, the audited consolidated total assets and total liabilities of the Group was approximately HK\$182.2 million and HK\$138.3 million as at 31 March 2010. With reference to the unaudited pro-forma financial information of the Enlarged Group as contained in Appendix IV to this circular, the Enlarged Group's total assets and liabilities would both remain unchanged at approximately HK\$182.2 and HK\$138.3 upon completion of the Acquisition.

Effect on earnings

In light of the future prospects of the Target Company, the Directors are of the view that the Acquisition would likely have a positive impact on the future earnings of the Enlarged Group.

Effect on gearing and working capital

According to the 2010 annual results of the Company, the Group's gearing level (being calculated as total borrowings divided by the Group's net assets value) was approximately 2.24 times as at 31 March 2010. Upon completion of the Acquisition, according to the unaudited pro-forma financial information of the Enlarged Group as contained in Appendix IV to this circular, the total borrowings and net assets of the Enlarged Group would remain unchanged. The Enlarged Group's gearing level would thus be 2.24 times.

According to the 2010 annual results of the Company, the Group's bank balances and cash was approximately HK\$5.6 million as at 31 March 2010. Upon completion of the Acquisition, according to the unaudited pro-forma financial information of the Enlarged Group as contained in Appendix IV to this circular, the Group's bank balances and cash will remain unchanged at HK\$5.6 million.

As at the date of this circular, the existing authorized share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of which 680,443,877 Shares are in issue. As such, the Company may allot a further 9,319,556,123 Shares which is sufficient to cover the issue of the 300,000,000 Conversion Shares, if the conversion right attached thereto is exercised in full.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a major acquisition of the Company under Chapter 14 of the Listing Rules, which is subject to the notification, publication and shareholders' approval requirements. The Vendor and the Guarantors do not hold any Shares as at the Latest Practicable Date. No Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM regarding the Acquisition.

GENERAL

The SGM will be held to consider and, if thought fit, approve the ordinary resolutions in respect of the Agreement and the transactions contemplated thereunder.

As Completion of the Acquisition is subject to the fulfilment of a number of conditions precedents which are detailed in this circular, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

SGM

A notice convening the SGM to be held at 3 p.m. on 30 November 2010 at 27/F, Yuen Long Trade Centre, 99-109 Castle Peak Road, Yuen Long, NT, Hong Kong or any adjournment is set out from pages 71 to 73 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy to the Company's share registrar in Hong Kong, Tricor Tengis Limited on 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time for holding the SGM or adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the terms of the Agreement and the transactions contemplated thereunder, including the issue of the Convertible Notes, are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned. In addition, the Board considers that the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Nam Hing Holdings Limited
Lau Chung Yim
Chairman

A. THREE YEAR FINANCIAL INFORMATION

Financial information of the Group for the year ended 31 March 2008, the year ended 31 March 2009, the year ended 31 March 2010 are disclosed in the 2008, 2009, 2010 annual reports of the Company respectively, which are published on both the Stock Exchange website (www.hkexnews.hk) and the Company's website (<http://www.namhingholdings.com/>).

It is noted that the auditors for the Company have issued a disclaimer in the annual audit of the Company. The reason for the disclaimer is over the recoverability of the Deposit paid to the Vendor in the Acquisition. At the time the disclaimer was issued, the auditors to the Company did not yet have sufficient information on the valuation on the share of the Target Company which is subject to a mortgage in favour of the Company.

If the Acquisition proceeds to Completion, the Deposit will form part of the Consideration and will be deducted from the Consideration before the balance of the Consideration is settled. No issue of recoverability of the Deposit will arise.

Should the Acquisition not proceed to Completion, the Deposit will be refundable to the Company in accordance with the supplemental memorandum of understanding and a second supplemental memorandum of understanding dated 18 May 2010 and 10 June 2010 respectively. The Company can also enforce the share mortgage given in favour of the Company.

B. INDEBTEDNESS STATEMENT

At the close of business on 30 September 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had aggregate outstanding secured bank borrowings of approximately HK\$31.8 million and unsecured, non-interests bearing other borrowings of approximately HK\$25.9 million. The Enlarged Group also had amounts due to directors and a related company of approximately HK\$31.9 million and HK\$2.8 million respectively, which were unsecured and non-interests bearing except for an amount due to a director of approximately HK\$3.08 million which bear interest at 2.1% per annum and an amount due to a related company of approximately HK\$1.91 million which bear interest at 7.25% per annum.

As at the close of business on 30 September 2010, the Enlarged Group had pledged certain of its property, plant and equipment, investment properties and bank deposits amounting to approximately HK\$56.7 million, HK\$6.9 million and HK\$2 million, respectively to secure the general banking facilities granted to the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of business on 30 September 2010, the Enlarged Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

C. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospect of the Group since 31 March 2010, the date to which the latest published audited financial statements of the Group were made up.

D. WORKING CAPITAL STATEMENT

Subject to the successful issuance of a zero coupon convertible bonds up to a principal amount of HK\$200,000,000, the Directors are of the opinion that in the absence of unforeseeable circumstances, taking into account the completion of the acquisition, and the internal resources available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least a period of twelve months from the date of this Circular upon the completion of the acquisition.

As announced by the Company on 1 November 2010, the placing agent of the Company has successfully procured not less than six independent subscribers for the convertible bonds in the total amount of HK\$20,000,000 which was completed on 22 October 2010. If the remaining HK\$180,000,000 convertible bonds are not placed, the Directors will seek other methods, including debt financing and equity financing, in order to fulfill the future working capital requirement of the Enlarged Group if necessary.

A. ACCOUNTANTS' REPORT

The following is the text of an accountants' report on the Target Company received from the independent reporting accountants, SHINEWING (HK) CPA Limited, for inclusion in this circular.



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

15 November 2010

The Director
Nam Hing Holdings Limited

Dear Sirs,

We set out below our report on the financial information ("Financial Information") of Swift Profit International Limited ("Swift Profit") for the period from 16 September 2009 (date of incorporation) to 31 December 2009 and six months ended 30 June 2010 (the "Relevant Periods") for inclusion in the circular dated 15 November 2010 (the "Circular") of Nam Hing Holdings Limited (the "Company") in connection with the proposed acquisition of 9.9% equity interest of Swift Profit, details of which is set out in the Circular.

Swift Profit was incorporated under the British Virgin Islands Business Companies Act 2004 with limited liability on 16 September 2009. The principal activity of Swift Profit is sub-licensing of technology in manufacturing of multi-element polymer battery for electric vehicles in PRC.

Swift Profit has adopted 31 December as its financial year end date. No statutory audited financial statements have been prepared since its incorporation as Swift Profit is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdictions of incorporation.

For the purpose of this report, the sole director of Swift Profit has prepared the financial statement of Swift Profit in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the Relevant Periods (the "Underlying Financial Statements").

We have carried out an independent audit on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of Swift Profit for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements for the purpose of preparing our report for inclusion in the Circular. No adjustment was deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in the Circular.

Respective responsibilities of director and reporting accountants

The sole director of Swift Profit is responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information 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.

Our responsibility is to form an opinion on the Financial Information based on our audit.

Basis of opinion

For the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

We have not audited any financial statements of Swift Profit in respect of any period subsequent to 30 June 2010.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditors’ judgment, including the assessment of the risk of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Information, for the purpose of this report, gives a true and fair view of the state of affairs of Swift Profit as at 31 December 2009 and 30 June 2010 and of the results and cash flow of Swift Profit for the Relevant Periods.

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET COMPANY

I. FINANCIAL INFORMATION

STATEMENT OF COMPREHENSIVE INCOME

		16.9.2009 (date of incorporation) to 31.12.2009	1.1.2010 to 30.6.2010
	NOTE	HK\$	HK\$
TURNOVER	6	–	–
ADMINISTRATIVE EXPENSES		(1)	(1)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1)	(1)

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET COMPANY

STATEMENT OF FINANCIAL POSITION

		At 31 December 2009	At 30 June 2010
	NOTE	HK\$	HK\$
CURRENT ASSET			
Cash on hand		8	8
CURRENT LIABILITY			
Accrued expenses		1	2
Net current asset		7	6
Net assets		7	6
CAPITAL AND RESERVE			
Share capital	9	8	8
Accumulated losses		(1)	(2)
		7	6

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET COMPANY

STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
Issue of share to the subscriber on 12 October 2009	8	–	8
Loss and total comprehensive loss for the period	<u>–</u>	<u>(1)</u>	<u>(1)</u>
At 31 December 2009	8	(1)	7
Loss and total comprehensive loss for the period	<u>–</u>	<u>(1)</u>	<u>(1)</u>
At 30 June 2010	<u><u>8</u></u>	<u><u>(2)</u></u>	<u><u>6</u></u>

APPENDIX II

FINANCIAL INFORMATION OF THE TARGET COMPANY

STATEMENT OF CASH FLOWS

	16.9.2009 (date of incorporation) to 31.12.2009 <i>HK\$</i>	1.1.2010 to 30.6.2010 <i>HK\$</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(1)	(1)
NET CASH GENERATED FROM OPERATING ACTIVITY		
Increase in accrued expenses	1	1
NET CASH FROM FINANCING ACTIVITY		
Proceeds on issue of share	8	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	8	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	–	8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Represented by cash on hand	8	8

NOTES TO THE FINANCIAL INFORMATION**1. General information**

Swift Profit is a company incorporated under the British Virgin Islands Business Companies Act 2004 with limited liability on 16 September 2009. The address of the registered office of Swift Profit is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands (“BVI”), and the principal place of business of Swift Profit is at 7/F, Flat D, Yan’s Tower, 27 Wong Chuk Hang Road, Aberdeen, Hong Kong.

At the date of this report, the sole director of Swift Profit considers Nurture Power Limited (“Nurture Power”), a limited company incorporated in BVI, is the immediate holding company of Swift Profit and Elite Trade Holdings Limited, a limited company incorporated in BVI is the ultimate holding company of Swift Profit.

Swift Profit has not carried out any business since the date of incorporation.

The Financial Information of the Relevant Periods is presented in Hong Kong dollars (“HK\$”) which is the same as the functional currency of Swift Profit.

2. Application of new and revised Hong Kong Financial Reporting Standards (“HKFRS”)

For the purpose of preparing and presenting the Financial Information of the Relevant Periods, Swift Profit has consistently adopted HKFRS, Hong Kong Accounting Standards (“HKAS(s)”), amendments and interpretations (“INT”) issued by the HKICPA which are effective for annual accounting periods beginning on 1 January 2010.

Swift Profit has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective. The sole director of Swift Profit anticipates that the application of these new and revised HKFRSs will have no material impact on the results and the financial position of Swift Profit.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ⁶
HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 32 (Amendments)	Financial Instruments: Presentation – Classification of Right Issues ¹
HKFRS 1 (Amendments)	First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters ²
HKFRS 7	Financial Instruments: Disclosures-Transfer of Financial Assets ⁵
HKFRS 9	Financial Instruments ⁴
HK(IFRIC)-Interpretation (“INT”) 14 (Amendment)	Prepayments of a Minimum Funding Requirements ³
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments ²

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

² Effective for annual periods beginning on or after 1 July 2010.

³ Effective for annual periods beginning on or after 1 January 2011.

⁴ Effective for annual periods beginning on or after 1 January 2013.

⁵ Effective for annual periods beginning on or after 1 July 2011.

⁶ Amendments that are effective for annual periods beginning on or after 1 July 2010 or 1 January, 2011, as appropriate.

3. Significant accounting policies

The Financial Information has been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Taxation

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

The tax currently payable is based on the taxable profit for the Relevant Periods. Taxable profit differs from profit as reported in the 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. Swift Profit's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information 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.

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 Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when Swift Profit 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Swift Profit's financial assets are classified into 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.

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 Periods. 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 asset, 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.

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 cash on hand) 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).

Impairment loss on financial assets

Financial assets 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 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.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the 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 of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by Swift Profit 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 Swift Profit after deducting all of its liabilities. Swift Profit'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 Periods. 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 are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by Swift Profit 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 Swift Profit 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 or payable is recognised in profit or loss.

4. Financial risk management objectives and policies

Swift Profit's major financial instruments include cash on hand. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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*Foreign currency risk*

All monetary asset and monetary liability at the end of each reporting period of Swift Profit are denominated in Hong Kong dollar, the functional currency of Swift Profit.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of financing from shareholders which is provided on an on-going basis.

Swift Profit's contractual maturity for all its financial liabilities and the undiscounted cash flows of financial liabilities are within one year or on demand.

Fair values

The sole director of Swift Profit considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values due to their short-term maturities.

Interest rate risk

Swift Profit has no interest-bearing assets and liabilities and thus no exposure to interest rate risk.

5. Capital risk management

Swift Profit manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. Swift Profit's overall strategy remains unchanged during the Relevant Periods.

The capital structure of Swift Profit consists of cash and cash equivalents and equity attributable to owners of Swift Profit, comprising issued share capital and reserve.

The sole director of Swift Profit reviews the capital structure on a regular basis. As part of this review, the sole director considers the cost of capital and the risks associated with each class of capital. Based on the recommendations of the sole director, Swift Profit will balance its overall capital structure through new share issues as well as raise of new borrowings.

6. Turnover

Swift Profit did not generate any turnover during the Relevant Periods.

7. Employee benefits expenses

(a) Directors’ emoluments

During the Relevant Periods, no emoluments and no retirement benefit scheme contributions were paid or payable to and for the benefits of the directors of Swift Profit. There was no arrangement under which directors waived or agreed to waive any remuneration during the Relevant Periods.

(b) Employee’s emolument

No staff was employed by Swift Profit during the Relevant Periods.

(c) During the Relevant Periods, no emoluments were paid by Swift Profit to the directors as an inducement to join or upon joining Swift Profit or as compensation for loss of office.

8. Taxation

Pursuant to the rules and regulations of the BVI, Swift Profit is exempt from any income tax in the BVI.

No provision for Hong Kong Profits Tax had been provided for the Relevant Periods as Swift Profit had no assessable profits for the Relevant Periods.

No provision for deferred taxation has been recognised in the Financial Information.

Reconciliation between tax expense and loss before tax at applicable tax rates:

	16.9.2009 (date of incorporation) to 31.12.2009 HK\$	1.1.2010 to 30.6.2010 HK\$
Loss before tax	(1)	(1)
Loss before tax calculated at applicable tax rate	(1)	(1)
Tax effect of non-deductible expenses	1	1
Income tax expense	–	–

9. Share capital

	Number of Shares	Amount US\$
Ordinary shares of US\$1 each		
<i>Authorised:</i>		
50,000 ordinary shares of US\$1 each	50,000	50,000
<i>Issued and fully paid:</i>		
Issued at par to subscriber on 12 October 2009 and at 31 December 2009 and 30 June 2010	1	1
Shown in the Financial Information as at 31 December 2009 and 30 June 2010		HK\$8

Swift Profit was incorporated on 16 September 2009 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each. On 13 October 2009, one ordinary share of US\$1 was issued at par to the subscriber to provide the initial working capital for Swift Profit.

10. Related party transactions

(a) During the Relevant Periods, Swift Profit entered into the following transactions with related parties:

	16.9.2009 (date of incorporation) to 31.12.2009 HK\$	1.1.2010 to 30.6.2010 HK\$
License fee paid to a beneficial owner of immediate holding company	1	1

On 13 November 2009, Swift Profit entered into a licence agreement with 曹青山先生 (Mr. Cao Qingshan) (“Mr. Cao”), who is one of the beneficial owner of Nuture Power, in respect of the exclusive licence of a patent for the technology in manufacturing of multi-element polymer battery for electric vehicles owned by Mr. Cao for a period of 15 years, for a licence fee of HK\$1 per year.

(b) Compensation of key management personnel

The sole director considers he is the only key management personnel of Swift Profit and no remuneration has been paid to him during the Relevant Periods.

11. Material agreement

On 13 November 2009, Swift Profit entered into a sub-licence agreement with 中盛動力新能源投資有限公司 (Zhongsheng Dongli New Energy Investment Limited), in which Mr. Cao has beneficial interests, to sub-licence the technology in manufacturing of multi-element polymer battery for electric vehicles in the PRC for a period of 8 years until 7 May 2018 for a royalty fee of 12% on sale of multi-element polymer battery to the market.

II. SUBSEQUENT EVENTS**Subsequent issue of shares**

On 19 July 2010, Swift Profit issued and allotted 999 ordinary shares of US\$1 each at par to the Nuture Power Limited. The new shares rank pari passu with the existing shares in all respects.

III. SHARE SALE AGREEMENT

On 16 July 2010, the holding company of Swift Profit, Nurture Power (as vendor) and the Company (as purchaser) entered into a sale and purchase agreement. Pursuant to the agreement, Nurture Power agreed to dispose 9.9% of equity interests in Swift Profit for a consideration of HK\$170,000,000.

Details of which are set out in the announcement of the Company dated 16 July 2010.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Swift Profit in respect of any period subsequent to 30 June 2010.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chong Kwok Shing

Practising Certificate Number: P05139

Hong Kong

B. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands on 16 September 2009 and is wholly owned by the Vendor as at the Latest Practicable Date. The Target Company is principally engaged in investment holding. The principal asset of the Target Company is an exclusive licence relating to the technology of manufacturing of electric vehicle battery by the application of the Patent, which has been sub-licensed to Zhongsheng on a non-exclusive basis.

For the period from 16 September 2009 (date of incorporation) to 31 December 2009 and for the six months ended 30 June 2010

Operational review

The Target Company did not generate any revenue for the period from 16 September 2009 to 31 December 2009 and for the six months ended 30 June 2010. For the period from 16 September 2009 to 31 December 2009 and for the six months ended 30 June 2010, the audited loss of the Target Company was HK\$1 and HK\$1 respectively, which was attributed to general and administrative expenses incurred during the periods.

Liquidity and financial resources

As at 31 December 2009, the Target Group had total assets of HK\$8 and the total liabilities of HK\$1 which represented the accrued expenses. As at 30 June 2010, the Target Group had total assets of HK\$8 and the total liabilities of HK\$2 which represented the accrued expenses.

As at 31 December 2009 and 30 June 2010, the gearing ratios (total borrowings to total net assets) of the Target Company were nil because the Target Company did not have any borrowings as at 31 December 2009 and 30 June 2010.

Capital structure

As at 31 December 2009, the issued share capital of the Target Company was US\$1 (equivalent to approximately HK\$8), comprising 1 issued and fully paid ordinary share of US\$1.

Significant investment, material acquisition and disposals

Save for the entering into of (i) the agreement with Mr. Cao in relation to the exclusive licence relating to the technology of manufacturing of electric vehicle battery by the application of the Patent; and (ii) the sub-licence agreement entered into with Zhongsheng, the Target Company did not have any significant investments, material acquisition or disposals for the period from 16 September 2009 to 31 December 2009 and for the six months ended 30 June 2010.

Employee information

The Target Company had no employees as at 31 December 2009 and 30 June 2010.

Charge on group assets

As at 31 December 2009 and 30 June 2010, no asset of the Target Group was pledged.

Contingent liabilities

As at 31 December 2009 and 30 June 2010, the Target Group had no significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS, BUSINESS REVIEW AND PROSPECTS OF THE GROUP

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\$69,042,000, in which HK\$2,090,000 loss incurred represented an exceptional loss from impairment of certain plant and machinery (2009: HK\$52 million).

As reflected in the previous year trends and results, the 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 impose 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 72% 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 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.

Laminate section is considered to be downturning because of huge competition and higher material cost. The Group will focus on the supply to printed circuit board division of the Group than to 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.

Nevertheless, the 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.

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.

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 "Acquirer"), pursuant to which the Acquirer 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.

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 expected not in a short period of time. The Group has experienced tight profit margin in the past year in the laminate division and considered unfavourable operating environment will continue for a certain period of time.

The 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-production facilities, properties and assets.

The Group is optimistic about the proposed acquisition because it will bring a lot of business opportunities to the Group with attractive profit margins.

Proposed acquisition of an electricity car battery related business

As noted in a series of announcements from December 2009, the Group is entering into a number memorandum of understandings regarding a possible very substantial acquisition on a electricity car battery related business.

On 15 April 2010, the Company has entered into the agreement with the car battery company (the "vendor") in respect of a proposed acquisition, but subsequently terminated because the Stock Exchange of Hong Kong considered this transaction would constitute a reverse takeover transaction under the Listing Rules.

On 16 July 2010, an agreement was reached with the electricity car battery company whereby the company will acquire 9.9% of the issued share capital of the vendor by way of cash and issuance of convertible bonds.



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

The Board of Directors
Nam Hing Holdings Limited
27th Floor
Yuen Long Trade Centre
99-109 Castle Peak Road
Yuen Long
New Territories
Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of assets and liabilities (the “Unaudited Pro Forma Financial Information”) of Nam Hing Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) and Swift Profit International Limited (the “Target Company”) (together with the Group hereinafter referred to as the “Enlarged Group”), set out on pages 60 to 62 under the heading of “Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group” of Appendix IV to the Company’s circular dated 15 November 2010 (the “Circular”), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed acquisition of, among others, 9.9% equity interests in the Target Company might have affected the financial information of the Group.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Enlarged Group had the Acquisitions been completed as at 31 March 2010 or any future date.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chong Kwok Shing

Practising Certificate Number: P05139

Hong Kong

15 November 2010

**THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE
ENLARGED GROUP**

The unaudited pro forma statement of assets and liabilities of the Group and Swift Profit International Limited (“Swift Profit”) (together hereinafter referred to as the “Enlarged Group”) (the “Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group”) has been prepared to illustrate the effect of the proposed acquisition of 9.9% equity interests in Swift Profit (the “Acquisition”) on the financial position of the Group.

The Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group is prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules for the purpose of illustrating the effect of the Acquisition as if the Acquisition had been completed on 31 March 2010.

The preparation of the Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group is based on (1) the audited consolidated statement of financial position of the Group as at 31 March 2010 as set out in Appendix I to this circular (the “Circular”) and (2) the audited statement of financial position of Swift Profit as at 30 June 2010 as set out in the accountants’ report on Swift Profit which are included in Appendix II to this Circular after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the transactions; and (ii) factually supportable. Accordingly, the accompanying Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group is prepared for illustrative purposes only and because of its nature, may not give a true picture of the financial position of the Enlarged Group as at 31 March 2010 or any future date.

APPENDIX IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group 31.3.2010 <i>HK\$'000</i> <i>(note 1)</i>	Pro forma adjustments <i>HK\$'000</i>	Note	Enlarged Group as if the Acquisition was completed on 31.3.2010 <i>HK\$'000</i>
Non-current assets				
Property, plant and equipment	67,199			67,199
Investment properties	6,960			6,960
Prepaid lease payments	14,800			14,800
Available-for-sale asset	—	170,000	2	170,000
	<u>88,959</u>			<u>258,959</u>
Current assets				
Inventories	14,722			14,722
Trade and bills receivables	11,721			11,721
Other receivables, prepayments and deposits paid	49,070	(46,000)	2	3,070
Held for trading investments	47			47
Pledged fixed deposits	12,041			12,041
Bank balances and cash	5,618	(124,000)	2	(118,382)
	<u>93,219</u>			<u>(76,781)</u>
Current liabilities				
Trade and bills payables	21,917			21,917
Other payables and accruals	17,071			17,071
Bank and other borrowings	77,838			77,838
Obligations under finance leases	65			65
Tax payables	904			904
	<u>117,795</u>			<u>117,795</u>
Net current liabilities	<u>(24,576)</u>			<u>(194,576)</u>
	<u>64,383</u>			<u>64,383</u>
Non current liabilities				
Bank and other borrowings	<u>(20,538)</u>			<u>(20,538)</u>
	<u>43,845</u>			<u>43,845</u>

**NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES
OF THE ENLARGED GROUP***Notes:*

1. The balances are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2010 as set out in Appendix I to this Circular.
2. The total consideration for the Acquisition amounted to HK\$170,000,000. According to the sales and purchase agreement dated 16 July 2010, the consideration will be satisfied by cash deposit of HK\$71,000,000 and the remaining balance of HK\$99,000,000 either in cash or issuance of convertible notes of the Company with principal amount of HK\$99,000,000, at the discretion of the Company. HK\$46,000,000 deposit had already been paid by the Group as at 31 March 2010, which is included in other receivable, prepayments and deposits paid of the company as at that date, and a further cash deposit of HK\$25,000,000 was paid in June 2010. The remaining balance of HK\$99,000,000 was assumed to be satisfied by cash upon the completion of the Acquisition for the purpose of this proforma statement. Upon the completion of the Acquisition, Swift Profit will be accounted for as available-for-sale asset of the Group.
3. For the purpose of this Unaudited Pro Forma Statement of Assets and Liabilities, the directors of the Company had reviewed the carrying value of the available-for-sale asset by taking into account an independent valuation report obtained. By reference to the valuation report, the directors of the Company are of opinion that there are no indications that the carrying value of the available-for-sale asset may be impaired.

The directors of the Company will carry out impairment review of the available-for-sale asset with reference to similar independent valuation report during the annual audit of the Group for the year ending 31 March 2011, which will be prepared under the same principal assumptions and valuation method. The auditors of the Company will carry out necessary audit procedures for the impairment assessment in the coming annual audit.

4. 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.
5. The Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group had not taken into account the effect of a proposed major disposal and connected transaction in relation to the disposal of subsidiaries as set out in the announcement of the Company dated 28 June 2010.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorized and issued capital of the Company as at the Latest Practicable Date and following the Completion were and are expected to be as follows:

Authorized:		HK\$
10,000,000,000	Shares	1,000,000,000
Issued and fully paid:		
680,443,877	Shares as at the Latest Practicable Date	68,044,387.7
	Conversion Shares to be issued upon the exercise of the Convertible Notes in full at the minimum Reset Price	
550,000,000		55,000,000
Total (for illustrative purpose)		
1,230,443,877		123,044,387.7

All of the Shares in issue and to be issued rank and will rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Conversion Shares in issue and to be issued are or will be listed on the Stock Exchange.

3. DISCLOSURE OF INTERESTS

Directors’ interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) 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 or short positions which any such Director and chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules are set out below:

I Directors’ Personal Interest in Long Positions over Shares of the Company

Name of Director	Capacity under which Shares Held	Number of Shares Held	Percentage of Issued Share Capital
Lau Chung Yim	Beneficial owner	546,000	0.09
Lau May Wah	Beneficial owner	219,200	0.04

II Directors’ Other Interests in Long Positions over Shares of the Company

Nil

III Directors’ Long Position in Associated Corporation of the Company

Nil

IV Directors’ Long Positions in the Underlying Shares of the Share Options of the Company

As at the Latest Practicable Date, there are no share options outstanding under the share option scheme adopted by the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive officer of the Company nor their associates, had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) 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 or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provision of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

4. DIRECTORS' INTERESTS IN CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2010, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group.
- (c) In February 2009, the Group borrowed a loan of HK\$3,000,000 from a related company, in which a director has a beneficial interest. The loan bears interest at Hong Kong dollar prime rate and is repayable by 48 monthly instalments of HK\$62,500 each.

The Directors hereby confirm that the Company, and each of them, have not been involved in the production of electric vehicles or the battery for use in electric vehicles prior to the Acquisition and after making due enquiry, each Director confirms that each of them has no competing interest in the business to be acquired pursuant to the Acquisition.

5. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

The members of the Enlarged Group have entered into the following contracts within two years immediately preceding the date of this circular and up to the Latest Practicable Date which are contracts not being in the ordinary course of business of the Company or may be material:

(a) The Company and its subsidiaries

- (i) The memorandum of understanding entered into between the Company and Nurture Power Limited in respect of the possible acquisition of the entire issued share capital in Swift Profit International Limited on 23 November 2009;
- (ii) The supplement dated 9 December 2009 to the memorandum of understanding dated 23 November 2009 entered into between the Company and Nurture Power Limited under which certain conditions precedent were supplemented to the memorandum of understanding;
- (iii) The placing agreement entered into between the Company and Chung Nam Securities Limited as placing agent dated 17 December 2009 whereby the Company has conditionally agreed to place to not less than 6 placees the 83,687,760 placing shares at a price of HK\$0.63 per Share;
- (iv) The agreement dated 15 April 2010 between the Company and Nurture Power Limited in respect of the acquisition of the entire share capital in Swift Profit International Limited;
- (v) The termination agreement dated 18 May 2010 entered into between the Company and Nurture Power Limited to terminate the acquisition agreement between the parties dated 15 April 2010;
- (vi) The placing agreement dated 31 May 2010 between the Company and Cheong Lee Securities Limited whereby Cheong Lee Securities Limited agreed to place to not less than 6 independent placees for up to 100,500 new Shares of the Company at a price of HK\$0.29 per placing share;
- (vii) The second supplement dated 10 June 2010 to the memorandum of understanding dated 23 November 2009 between the Company and Nurture Power Limited setting out further terms and conditions of the proposed acquisition of Swift Profit International Limited;

- (viii) The disposal agreement dated 28 June 2010 entered into by Nam Hing (B.V.I.) Limited, a wholly owned subsidiary of the Company, whereby Nam Hing (B.V.I.) Limited agreed to dispose of the entire issue share capital of several companies and the loans owing by these companies to the Company and its subsidiaries to Nature Ample Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Lau Chung Yim, an executive director and shareholder of the Company;
- (ix) The master supply agreement entered into by Nam Hing Circuit Board Company Limited and Nam Hing Circuit Board (Dongguan) Company Limited, both being wholly owned subsidiaries of the Company, as purchaser and Zhongshan Chung Yuen, as supplier, dated 28 June 2010 whereby Zhongshan Chung Yuen agreed to provide and Nam Hing Circuit Board Company Limited and Nam Hing Circuit Board (Dongguan) Company Limited agreed to purchase the certain industrial laminates for a term commencing from the completion of the disposal agreement in (iii) above to 31 March 2012;
- (x) The corporate guarantee provided by the Company in favour of Bangkok Bank in respect of the borrowings by Bangkok Industrial Laminate Limited up to a maximum principal amount of Thai baht 70,000,000 (equivalent to approximately HK\$16,848,000);
- (xi) The loan advances provided by the Company and its subsidiaries immediately after the disposal (the “**Remaining Group**”) stated in (iii) above to the disposed companies and their respective subsidiaries (“**Disposed Group**”) disposed of pursuant to the disposal agreement stated in (iv) above in the sum of approximately HK\$22,671,000. The amount being mainly trade receivables arising out of the ordinary course of business of the Remaining Group and the Disposed Group as well as loan advances to the Disposed Group for its business operation. The maximum amount of the loan advances provided up to the completion of the disposal agreement in (iii) above should not exceed HK\$25,000,000. The monies due are interest free with no fixed term of repayment;
- (xii) The placing agreement dated 2 July 2010 between the Company and Cheong Lee Securities Limited whereby Cheong Lee Securities Limited has agreed to place with not less than 6 independent placees convertible bonds of up to an aggregate principal amount of HK\$200,000,000;

- (xiii) The Agreement; and
- (xiv) The sale and purchase agreement dated 28 October 2010 between Suzhou Nam Hing Industrial Laminate Company Limited, a wholly owned subsidiary of the Company, Suzhou Municipal Land Reserve Centre and the Suzhou National New & Hi-tech Industrial Development Zone Management Committee for the disposal of a parcel of land situate at No. 148 Xiang Yang Road, Suzhou National New & Hi-tech Industrial Development Zone for a consideration of RMB62,506,663.

(b) The Target Company

- (i) The licence agreement entered into with Mr. Cao dated 13 November 2009 in respect of the exclusive licence of the Patent by Mr. Cao to the Target Company until 7 May 2018, at a nominal consideration of HK\$1.00 per year; and
- (ii) The sub-licence agreement entered into with Zhongsheng dated 13 November 2009 in respect of the non-exclusive sub-licence of the Patent by the Target Company to Zhongsheng until 7 May 2018 for the Royalty Fee of 12% per year on the sale of the Battery to the market.

7. EXPERT AND CONSENT

The followings are the names and the qualifications of the professional advisers who have given opinions or advice which are contained or referred to in this document:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, SHINEWING (HK) CPA Limited had no beneficial interest in the share capital of any member of the Enlarged Group nor did they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group or have any interest, either directly or indirectly, in any assets which have been, since 31 December 2010, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group. SHINEWING (HK) CPA Limited has given and has not withdrawn its written letter of consent to the issue of this circular with the inclusion herein of references to its name in the form and context in which they respectively appear.

8. GENERAL INFORMATION

- (a) The registered address of the Company is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 27th Floor, Yuen Long Trade Centre, 99-109 Castle Peak Road, Yuen Long, New Territories, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary and financial controller of the Company is Mr. Chan Kwok Choi, Stanley. Mr. Chan joined the Group in April 2008 and has extensive experience in accounting, finance and treasury. He holds a Bachelor of Economics Degree from Monash University, Australia and is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia.
- (e) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during business hours at the head office and principal place of business of the Company at 27th Floor, Yuen Long Trade Centre, 99-109 Castle Peak Road, Yung Long, New Territories, Hong Kong from the date of this circular up to and including the date of SGM:

- (a) The memorandum of association of the Company;
- (b) The bye-laws of the Company;
- (c) The Agreement;
- (d) The report on unaudited pro forma financial information on the Enlarged Group as set out in Appendix IV to this circular;
- (e) All the agreements/contracts as referred to under the section "Material Contracts" as set out in this appendix;
- (f) the letters of consent referred to under the paragraph headed "Expert and Consents" in this appendix;
- (g) The annual reports of the Company for the year ended 31 March 2008, 31 March 2009 and 31 March 2010; and
- (h) This circular.

10. MAJOR DISPOSAL CIRCULAR

The Company issued an announcement on 28 June 2010 in relation to (i) a major disposal and connected transaction; (ii) the continuing connected transaction in relation to the master supply agreement; (iii) the discloseable and connected transaction under a corporate guarantee; and the discloseable and connected transaction in relation to certain loan advances (collectively, the “**Major Disposal Transactions**”).

- (a) On 28 June 2010, the Company entered in an agreement for the disposal of (i) the 10 issued shares in Cosmo Terrace Corporation, the 10,000 issued shares in Fittingco Incorporation, the 2 issued shares in Majestic Mountain Limited and the 10 issued shares in Ottawa Enterprise Limited and (ii) the loans owing by these companies to the Company and its subsidiaries after completion of the disposal for a consideration of HK\$28,000,000 (the “**Major Disposal**”).
- (b) On the same date, Nam Hing Hong Kong and Nam Hing Circular Board (Dongguan) Company Limited entered into a master supply agreement with Zhongshang Chung Yuen Electronic Applied Materials Company Limited pursuant to which the former two companies conditionally agreed to purchase and Zhongshang Chung Yuen Electronic Applied Materials Company Limited conditionally agreed to sell industrial laminates for a term of up to 31 March 2012 commencing from the completion of the Major Disposal.
- (c) The Company has also provided a corporate guarantee in favour of Bangkok Bank in respect of the borrowings by Bangkok Industrial Laminate Limited (a member of the Fittingco Incorporation and its subsidiaries) up to a maximum principal amount of Thai Baht 70,000,000 (equivalent to approximately HK\$16,848,000).
- (d) As at 31 March 2010, the Company and its subsidiaries after the completion of the Major Disposal has provided loan advances to the 4 companies disposed of in (a) above and their subsidiaries in the sum of approximately HK\$22,671,000 which were mainly trade receivables arising out of the ordinary course of business of the Company and its subsidiaries after the completion of the Major Disposal.

The despatch of the circular for the Major Disposal Transactions has been delayed from 20 July 2010 on various occasions (19 July 2010, 9 August 2010, 30 August 2010, 14 September 2010, 30 September 2010, 22 October 2010 and 12 November 2010) to 3 December 2010. Attention should be drawn to the collective impact the Acquisition and the Major Disposal Transactions will have on the Company.

NOTICE OF SGM



NAM HING HOLDINGS LIMITED

南興集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 986)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Nam Hing Holdings Limited (the “Company”) will be held at 3 p.m. on 30 November 2010 at 27/F, Yuen Long Trade Centre, 99-109 Castle Peak Road, Yuen Long, New Territories, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT:

- (a) the sale and purchase agreement (“**Agreement**”) dated 16 July 2010 entered into between Nurture Power Limited (力葆有限公司) as vendor (the “**Vendor**”), the Company as purchaser (the “**Purchaser**”), Ms. Pan Chien-Pu (潘建蒲) and Mr. Guo JianMin (過建民) (Ms. Pan and Mr. Guo shall collectively be referred to as the “**Guarantors**” and each, a “**Guarantor**”) regarding the acquisition (the “**Acquisition**”) of 9.9% of the issued share capital in Swift Profit International Limited (迅利國際有限公司), a copy of which has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification and all the transactions contemplated thereunder, including but not limited to the issue of convertible notes (“**Convertible Notes**”) in the principal amount of up to HK\$99,000,000, subject to the settlement method of the Consideration, in accordance with the terms and conditions of the Convertible Notes attached to the Agreement and the issue and allotment of up to 353,571,428 new Shares of the Company at the initial conversion price of HK\$0.28 each (“**Conversion Price**”) (subject to usual provisions for adjustments and Conversion Price Reset) which may fall to be issued and allotted upon exercise of the conversion right attaching to the Convertible Notes to the Vendor and/or his nominee(s) in settlement of the Consideration under the Agreement, be and are hereby approved, confirmed and ratified; and

* For identification purposes only

NOTICE OF SGM

for the purpose of this resolution:

Conversion Price Reset means the Conversion Price of the Convertible Notes can be reset (if necessary) on the 5th Business Day immediately before the Completion (the “**Reset Date**”) in the event that the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately following the Reset Date and including the Reset Date (the “**Reset Price**”) is lower than the then conversion price of the Convertible Notes. When such situation takes place, the then conversion price of the Convertible Notes will be adjusted downwards to the Reset Price with effect from the next Business Day, and in any case the reset conversion price should not be less than HK\$0.18 each;

Business Day means a day (excluding Saturday, Sunday and public holidays) licensed banks are generally open for business in Hong Kong throughout their regular business hours; and

Share(s) means ordinary share(s) of HK\$0.10 each in the share capital of the Company; and

- (b) any one or more of the directors (“**Directors**”) of the Company be and is/are hereby authorized to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary desirable or expedient to carry and implement the Agreement and all the transactions completed thereunder into full effect.”

By order of the Board
Nam Hing Holdings Limited
Lau Chung Yim
Chairman

Hong Kong, 15 November 2010

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head office and principal place of
business in Hong Kong:*

27/F, Yuen Long Trade Centre,
99-109 Castle Peak Road
Yuen Long, New Territories
Hong Kong

Notes:

- (1) Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the SGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
- (2) The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney, or other person authorized to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and in such event, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.
- (5) The form of proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company’s Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof at which the person named in the form of proxy proposes to vote or, in the case of a poll taken subsequently to the date of the SGM or any adjournment thereof, not less than 24 hours before the time appointed for the taking of the poll and in default the form of proxy shall not be treated as valid.