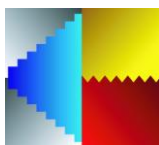


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KWONG HING INTERNATIONAL HOLDINGS (BERMUDA) LIMITED

廣興國際控股有限公司

(Incorporated in Bermuda with limited liability)

(stock code: 1131)

Final Results for the year ended 31st March 2010

RESULTS

The Board of directors (the “Board”) of Kwong Hing International Holdings (Bermuda) Limited (the “Company”) announce the audited annual results of the Company and its subsidiaries (the “Group”) for the year ended 31st March, 2010 (which have been reviewed by the audit committee of the Company) with comparative figures for the year ended 31st March, 2009.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2010**

	NOTES	2010 HK\$'000	2009 HK\$'000
Revenue	2	159,036	235,865
Cost of sales		(150,007)	(224,334)
Gross profit		9,029	11,531
Other income		1,982	3,024
Other gains and losses		16,084	(27,499)
Distribution and selling expenses		(3,635)	(4,681)
Administrative expenses		(26,075)	(24,983)
Finance costs		(50)	(1)
Loss before tax		(2,665)	(42,609)
Income tax expense	3	(1,908)	-
Loss for the year, attributable to owners of the Company	4	(4,573)	(42,609)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		1,232	946
Total comprehensive expense for the year, attributable to owners of the Company		(3,341)	(41,663)
Loss per share – Basic and diluted	5	HK(1.2)cents	HK(11.1)cents

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST MARCH, 2010**

	NOTES	2010 HK\$'000	2009 HK\$'000
Non-current assets			
Property, plant and equipment		76,707	92,166
Prepaid lease payments		1,868	1,926
		<u>78,575</u>	<u>94,092</u>
Current assets			
Inventories		54,670	57,857
Trade and other receivables	6	40,246	40,679
Bills receivable		332	1,854
Prepaid lease payments		58	58
Held-to-maturity investments		-	15,600
Financial assets at fair value through profit or loss		20,910	31,361
Restricted bank deposit		22,891	1,896
Pledged bank deposit		4,000	4,000
Bank balances and cash		132,224	81,169
		<u>275,331</u>	<u>234,474</u>
Current liabilities			
Trade and other payables	7	20,184	21,493
Bills payable - secured		10,244	1,463
Taxation payable		5,337	3,429
Derivative financial instruments		-	2,596
Secured bank borrowing		19,925	-
		<u>55,690</u>	<u>28,981</u>
Net current assets		<u>219,641</u>	<u>205,493</u>
		<u>298,216</u>	<u>299,585</u>
Capital and reserves			
Share capital		38,763	38,376
Reserves		259,453	261,209
		<u>298,216</u>	<u>299,585</u>

NOTES

1 APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are or become effective.

Hong Kong Accounting Standard (“HKAS”) 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Hong Kong (International Financial Reporting Interpretations Committee) - Interpretation (“HK(IFRIC) – INT”) 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – INT 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except for HKAS 1 (Revised 2007), HKFRS8 and HKFRS 7 (Amendments), the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

2 REVENUE AND SEGMENT

Revenue represents the aggregate of net amounts received and receivable for goods sold, less returns and allowances to outside customers during the year. The Group's operations are the manufacture and sale of knitted fabric and dyed yarns, with the provision of dyeing, bleaching, setting and finishing services.

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April, 2009. The Directors of the Group regularly review revenue and profit of the Group as a whole for the purposes of performance assessment and resource allocation. Additionally, information about segment assets and liabilities is not provided to Directors. As no other discrete financial information is available for assessment of performance of distinct geographical locations of customers, no segment information is presented under HKFRS 8.

3 INCOME TAX EXPENSE

	2010 HK\$'000	2009 HK\$'000
Hong Kong Profits Tax		
Current year	-	-
Underprovision in prior years	1,908	-
Other jurisdictions	-	-
	<u>1,908</u>	<u>-</u>
	=====	=====

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit. No provision for Hong Kong Profits Tax has been made for the year ended 31st March, 2010 and 2009 as the Group had incurred a tax loss for both years.

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

4 LOSS FOR THE YEAR

	2010 HK\$'000	2009 HK\$'000
Loss for the year has been arrived at after charging:		
Staff costs, including directors' emoluments:		
- Salaries and other benefits	29,533	35,281
- Retirement benefit scheme contributions	1,691	1,405
- Share-based payment expenses	-	787
Total staff costs	<u>31,224</u>	<u>37,473</u>
Auditor's remuneration	800	850
Depreciation of property, plant and equipment	13,783	15,659
Release of prepaid lease payments	58	58
Cost of inventories recognized as an expense	150,007	224,334
Write-down of inventories (included in cost of sales)	1,919	-
and after crediting:		
Interest income from banks	434	1,226
Interest income from held-to-maturity investments	163	498
Dividend income from investments held-for-trading	<u>1,000</u>	<u>922</u>
	=====	=====

5 LOSS PER SHARE

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

	2010	2009
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(4,573)	(42,609)
	=====	=====
	'000	'000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	385,500	383,763
	=====	=====

The computation of diluted loss per share for the year ended 31st March, 2010 and 2009 does not assume the exercise of the Company's share options and warrants as it would result in a decrease in loss per share.

6 TRADE AND OTHER RECEIVABLES

The credit terms given to the customers vary from cash on delivery to 120 days and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

Included in trade and other receivables of the Group are trade receivables of HK\$24,745,000 (2009: HK\$32,310,000).

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of reporting period:

	2010	2009
	HK\$'000	HK\$'000
0 - 60 days	19,448	22,494
61 - 90 days	3,129	3,491
91 - 120 days	913	1,035
Over 120 days	1,255	5,290
	-----	-----
	24,745	32,310
	=====	=====

7 TRADE AND OTHER PAYABLES

Included in trade and other payables of the Group are trade payables of HK\$12,120,000 (2009: HK\$13,064,000).

The following is an aged analysis of trade payables presented based on invoice date at the end of reporting period:

	2010	2009
	HK\$'000	HK\$'000
0 - 60 days	8,846	9,820
61 - 90 days	1,346	1,247
Over 90 days	1,928	1,997
	-----	-----
	12,120	13,064
	=====	=====

RESULTS

For the year ended 31st March, 2010, the Group recorded a turnover of approximately HK\$159,036,000 representing a decrease 32.6% compared to that of last year, and gross profit is only approximately HK\$9,029,000 which represented decrease of approximately 21.7% compared to that of last year. Consequently, the Group recorded a net loss of approximately HK\$4,573,000 for the year.

DIVIDEND

The directors do not recommend the payment of dividend for the year ended 31st March, 2010.

BUSINESS REVIEW

The worldwide economic conditions are worsening in the year under review especially in the second half of the year, such conditions had given an adverse impact to the Group's business. As a result, the turnover of manufacture and sales of knitted fabric and dyed yarns has dropped to approximately HK\$159,036,000 representing a decrease of 32.6% as compared to that of last year. The production costs has increased markedly because of rise in price of yarn, dyed material, and salary and wages in China. The impact of production cost increase was reduced by the stringent cost control measures which had delivered a positive impact to the Group. Consequently, the Group's gross margin was slightly improved to 5.7% from 4.9% of last year despite write-down of inventories of approximately HK\$1,919,000 has been included in the cost of sales. Moreover, a bad debt provision of approximately HK\$3,824,000 included in other gains and losses, and impairment loss on property, plant and equipment of approximately HK\$2,571,000 included in the other gains and losses have been made after board prudent consideration. Besides, an acquisition cost for the transactions as disclosed in the circular dated 26th March, 2010 of HK\$2,335,000 has also been charged and booked in the administrative costs. However, the Group recorded a favourable valuation adjustment of approximately HK\$20,834,000 on the fair value changes on the financial instruments included in the other gains and losses because of the recovery of the worldwide financial market. As a result, the Group recorded a net loss of approximately HK\$4,573,000 this year.

During the year, management has focused on controlling its operating costs and enhancing its competitive advantage. Under the extreme competitive environment, the Group managed to control other production costs and overhead expenses reasonably well. The Group has also continued its prudent and conservative credit policy towards customers, and has monitored closely its inventory level as well as production requirements. These measures have enabled the Group to maintain a healthy cash level.

During the year, the Group invested approximately HK\$492,000 in property, plant and equipment.

PROSPECTS

Looking forward, the worse worldwide economic conditions and the high production costs resulting from price increase in yarn, dyed material, and salary and wages in China will continue to affect the Group's performance. The board believes that the business environment in the coming year is expected to be highly competitive and more challenging. The Group will continue to take appropriate cost control measures, rationalizing its operations, applying prudent credit policy for its customers and improving product quality in order to achieve improved return for its shareholders.

On 17th November, 2009, the Group has entered into two acquisition agreements pursuant to which the Group conditionally agreed to purchase a coal mining company and a shipping company from independent parties, the acquisitions enable the Group to broaden its source of income by diversifying its business to include mining of mineral resources and vessel-chartering business, and acquire expertise in operating the coal mining business and vessel business. The Company therefore believes that the acquisitions offer the Group a good opportunity to diversify into businesses with good prospect, to enhance the Group's income stream and the overall profitability, and to maintain the Group's growth momentum. The details of these acquisitions were disclosed on the

announcement dated 27th November, 2009, and the circular dated 26th March, 2010, the acquisitions are approved by the shareholders in the special general meeting held on 21st April, 2010, and completed on 4th June, 2010.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2010, the Group's shareholders' equity amounted to HK\$298,216,000, while total indebtedness to financial institutes amounted to approximately HK\$30,169,000, financial assets of approximately HK\$20,910,000, and cash on hand amount to approximately HK\$159,115,000. The Group's financial institute's indebtedness to equity ratio is only 0.1. Current ratio is 4.9. The Board believes that the Group's sound and healthy financial position will enable it to finance its operation and explore other business development opportunities.

As at 31st March, 2010, the Groups' assets, liabilities and business transactions are principally denominated in Hong Kong dollars, Chinese Renminbi and US dollars and therefore the Group is exposed to foreign exchange risks from U.S dollar and Chinese Renminbi. The board manages its foreign exchange risks by performing review and monitoring its exchange exposure. The Group will consider using forward currency contracts as a tool to manage and reduce such risk.

TREASURY POLICIES

The Group had a formal treasury policy for the period under review. Pursuant to such treasury policy, the Group may invest its surplus funds in equity securities, equity-related securities and products, forex-related products, cash deposits, fixed deposits, trusts, unit trusts, mutual funds or debt instruments issued by listed or unlisted enterprises so as to preserve the value of the Group's funds and/or achieve capital appreciation. The Directors or such committees or person as the Board may authorize from time to time shall be responsible for carrying out and implementation of the treasury policy, and they may seek professional investment advice in carrying out their duties.

PLEDGE OF ASSETS

At 31st March, 2010, bank deposit of HK\$4,000,000 and restricted bank deposit of HK\$22,891,000 were pledged to banks as securities for general banking facilities granted to the Group and as collateral for a secured bank loan.

STAFF AND REMUNERATION POLICIES

As at 31st March, 2010 the Group had approximately 500 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company are decided by the board of directors, as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to selected eligible participants, with a view to provide incentive to the option holders to participate and contribute the growth of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

None of the Company or its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2010 with the Code on Corporate Government Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules on the Stock Exchange as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code.

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive directors are independent.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk under "Latest Listed Company Information" and on the website of the Company at (kwonghing.com). The annual report for the year ended 31 March 2010 will be dispatched to the shareholders of the Company and will be published on the above websites in due course.

By Order of the Board
Li Man Ching
Chairman

Hong Kong, 16th July, 2010

As at the date of this announcement, the Board comprises Mr. Li Man Ching, Ms. Li Mei Lin, Mr. Li Man Shun, Mr. Fung Chi Ki and Ms. Lim Beng Kim, Lulu as executive Directors, Mrs. Chen Chou Mei Mei as non-executive Director and Mr. Tsui Wing Yin, Mr. So Kin Wah, Mr. Lee Pui Shing, Mr. Chong Lee Chang and Mr. Chan Cheong Yee as independent non-executive Directors.