



**Ngai Hing Hong Company Limited**  
(Incorporated in Bermuda with limited liability)

Website: <http://www.nhh.com.hk>      <http://www.irasia.com/listco/hk/ngaihinghong>

**FOR THE SIX MONTHS ENDED 31ST DECEMBER 2000  
INTERIM RESULTS**

The Board of Directors (the "Board") of Ngai Hing Hong Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st December 2000 as follows:

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

|                                     |             | <b>Unaudited<br/>Six months ended<br/>31st December</b> |                 |
|-------------------------------------|-------------|---|-----------------|
|                                     |             | <b>2000</b>   | <b>1999</b>     |
|                                     | <i>Note</i> | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| Turnover                            |             | 433,929   | 314,957         |
| Cost of sales                       |             | (380,778)   | (266,684)       |
| Gross profit                        |             | 53,151  | 48,273          |
| Other revenues                      |             | 501   | 405             |
| Distribution costs                  |             | (9,638)   | (6,874)         |
| Administrative expenses             |             | (29,013)  | (19,644)        |
| Operating profit                    | 1           | 15,001  | 22,160          |
| Finance costs                       | 2           | (2,243)   | (1,255)         |
| Profit before taxation              |             | 12,758  | 20,905          |
| Taxation                            | 3           | (1,996)   | (3,000)         |
| Profit after taxation               |             | 1,0762  | 17,905          |
| Minority interests                  |             | (346)   | (75)            |
| Profit attributable to shareholders |             | 10,416  | 17,830          |
| Earnings per share                  | 4           | HK cents 3.47   | HK cents 5.94   |

The profit attributable to shareholders is the only component of the statement of recognised gains and losses for the period and accordingly no separate statement has been prepared.

**1. Operating profit**

Operating profit is stated after charging:

| <b>Unaudited<br/>Six months ended<br/>31st December</b> |             |
|---|-------------|
| <b>2000</b>   | <b>1999</b> |

|                     | <i>HK\$'000</i> | <i>HK\$'000</i> |
|---------------------|-----------------|-----------------|
| Depreciation:       |                 |                 |
| Owned fixed assets  | 5,373           | 5,321           |
| Leased fixed assets | 1,686           | 1,686           |

## **2. Finance costs**

|                                    | <b>Unaudited<br/>Six months ended<br/>31st December<br/>2000</b> | <b>1999</b>     |
|------------------------------------|--|-----------------|
|                                    | <i>HK\$'000</i>  | <i>HK\$'000</i> |
| Interest on bank borrowings        | 2,029  | 912             |
| Interest element of finance leases | 214  | 343             |
|                                    | 2,243  | 1,255           |

## **3. Taxation**

(a) Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the period. The Group's subsidiaries operating in the People's Republic of China ("PRC") have no assessable income and accordingly no provision for PRC taxation has been made in the accounts.

(b) Deferred taxation is provided for in respect of the accelerated depreciation allowances. There is no material potential deferred taxation not provided for in the accounts.

## **4. Earnings per share**

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$10,416,000 (1999: HK\$17,830,000) and 300,000,000 (1999: 300,000,000) ordinary shares in issue during the period. Diluted earnings per share for the periods is not disclosed as there were no dilutive potential ordinary shares.

## **BUSINESS REVIEW AND PROSPECTS**

For the six months ended 31st December 2000, the Group recorded a turnover of HK\$433,929,000 (1999: HK\$314,957,000) and profit attributable to shareholders of HK\$10,416,000 (1999: HK\$17,830,000). Earnings per share for the period amounted to 3.47 HK cents (1999: 5.94 HK cents).

The trading of plastic materials recorded 8.6% growth in sales volume and 28.6% growth in sales value over the corresponding period in the previous year. The Group also recorded a satisfactory performance in the manufacturing business. In particular, turnover of its operations in the eastern part of the PRC is more than double compared with the corresponding period of last year. The customer base was also expanded which contributed to the increase in turnover. Thanks to the continuing and dedicated efforts made by the sales team.

However, Hong Kong's export industry has suffered from the slowdown of the US economy since the fourth quarter of 2000, which inevitably led to the decrease in selling price of plastic resins and the gross profit margins of trading of plastic materials dampened accordingly. The gross profit margins of manufacturing operation also

decreased due to the increase in fuel expenditure under the crude oil price pressure and the keen competition in the plastic industry.

The Group is actively committed to capturing the increasing demand for colorants in the northern part of the PRC and has established its threshold in the area. In October 2000, The Group entered an agreement with Haier Group ("Haier"), a well-established and renowned enterprise in the PRC (which is one of the biggest home appliances manufacturers in the PRC with over 3,800 overseas sales points in 90 countries and regions around the world) to form a joint venture named Tsingtao Ngai Hing Plastic Materials Co., Ltd. ("Tsingtao Ngai Hing") with an initial investment of HK\$15 million. The Group holds 85% interest in Tsingtao Ngai Hing, while Haier holds the remaining 15%. Tsingtao Ngai Hing will principally engage in the development, production and sale of engineering plastics, colour pigment, pre-colour and masterbatches. The annual production volume is expected to reach 2,100 tons. Construction of the new plant for the joint venture is expected to be completed in the second quarter of 2001. Through this joint venture, the Group not only establishes a stable and sustainable partnership with Haier, but also strengthens its production capacity and distribution network in the PRC, further expanding the Group's client base and creating new income streams.

The Group has deployed a great deal of effort to strengthen its relationships with customers. It plans to set up liaison offices in Shenzhen and Shunde to provide front-line technical consultancy services to customers. Through the liaison offices, the Group will be able to respond promptly to customers' enquiries and needs. Upon the proven success of this pilot implementation, it will establish liaison offices throughout the PRC.

### **Interim Dividend**

The Directors have resolved not to pay any interim dividend for the period (1999: HK\$Nil).

### **AUDIT COMMITTEE**

The Audit Committee was constituted in January 1999 and its authority and duties are set out in written terms of reference which are consistent with those recommended by the Hong Kong Society of Accountants. The Audit Committee comprising the two Independent Non-Executive Directors meets regularly with, and reviews and receives reports in relation to, but not limited to, auditing procedures, internal controls and other financial matters from, the Company's external auditors and management and has met to review the Company's unaudited interim financial statements for the six months ended 31st December 2000.

Disclosure of information on the website of the stock exchange of hong kong limited ("HKSE")

The HKSE's website -- <http://www.hkex.com.hk> will contain all the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Rules Governing the Listing of Securities on HKSE on or before 30th March 2001.

On behalf of the Board  
**HUI Sai Chung**  
*Chairman*  
Hong Kong, 21st March 2001