NGAI HING HONG COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1047)

Website: http://www.nhh.com.hk

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30TH JUNE 2011

The Board of Directors (the "Board") of Ngai Hing Hong Company Limited (the "Company") would like to announce the annual consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30th June 2011 as follows:

Consolidated Income Statement

	Note	**2011** HK$'000	2010 HK$'000
Revenue	2	**1,687,687**	1,271,463
Cost of sales	5	**(1,520,155)**	(1,110,389)
Gross profit		**167,532**	161,074
Other income	3	**3,364**	2,880
Other gains, net	4	**12,693**	4,656
Distribution costs	5	**(46,520)**	(37,554)
Administrative expenses	5	**(83,168)**	(79,878)
Operating profit		**53,901**	51,178
Finance income		**239**	254
Finance costs		**(7,614)**	(3,738)
Finance costs - net	6	**(7,375)**	(3,484)
Share of loss of an associated company		**(184)**	—
Profit before income tax		**46,342**	47,694
Income tax expense	7	**(10,547)**	(16,899)
Profit for the year		**35,795**	30,795
Attributable to:			
Equity holders of the Company		**31,716**	28,352
Non-controlling interests		**4,079**	2,443
		35,795	30,795
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cent per share)			
– Basic	9	**8.59**	7.68
– Diluted	9	**8.59**	7.68

Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out in Note 8.

Consolidated Statement of Comprehensive Income

	2011	2010
	HK$'000	HK$'000
Profit for the year	**35,795**	30,795
Other comprehensive income:		
Revaluation gain of property, plant and equipment and leasehold land and land use rights on transfer to investment properties, net of tax	**1,224**	1,824
Revaluation gain of an available-for-sale financial asset	**439**	—
Currency translation differences	**14,972**	—
Other comprehensive income for the year	**16,635**	1,824
Total comprehensive income for the year	**52,430**	32,619
Total comprehensive income attributable to:		
– Equity holders of the Company	**48,194**	30,176
– Non-controlling interests	**4,236**	2,443
	52,430	32,619

Consolidated Balance Sheet

	Note	As at 30th June 2011 HK$'000	2010 HK$'000 (Restated)	As at 1st July 2009 HK$'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		**149,205**	121,740	105,006
Leasehold land and land use rights		**11,313**	14,700	8,983
Investment properties		**42,626**	30,560	25,430
Intangible assets		**—**	—	2,400
Available-for-sale financial asset		**1,129**	690	850
Deferred tax assets		**5,988**	4,486	8,386
Deposits for acquisition of properties		**8,614**	8,125	11,025
Prepayments for property, plant and equipment and renovation costs		**1,513**	7,129	—
		220,388	187,430	162,080
Current assets				
Inventories		**330,314**	278,846	156,605
Trade and bills receivables	10	**276,615**	238,545	170,469
Other receivables, prepayments and deposits		**21,867**	22,810	9,034
Tax recoverable		**625**	969	2,338
Derivative financial instruments		**3,113**	1,755	862
Cash and bank balances		**95,826**	82,589	90,652
		728,360	625,514	429,960
Total assets		**948,748**	812,944	592,040
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital		**36,920**	36,920	36,920
Share premium		**62,466**	62,466	62,466
Other reserves		**63,685**	47,176	45,260
Retained earnings		**276,681**	256,041	232,229
		439,752	402,603	376,875
Non-controlling interests		**22,526**	20,831	19,348
Total equity		**462,278**	423,434	396,223

	Note	As at 30th June 2011 HK$'000	As at 30th June 2010 HK$'000 (Restated)	As at 1st July 2009 HK$'000 (Restated)
LIABILITIES				
Non-current liabilities				
Obligations under finance leases		**—**	235	693
Deferred tax liabilities		**8,107**	5,241	4,155
		8,107	5,476	4,848
Current liabilities				
Trade payables	11	**102,424**	97,630	63,962
Other payables, deposits received and accruals		**21,377**	19,524	15,660
Obligations under finance leases - current portion		**235**	458	2,047
Bank borrowings		**343,941**	252,531	98,971
Derivative financial instruments		**4,930**	6,272	4,742
Tax payable		**5,456**	7,619	5,587
		478,363	384,034	190,969
Total liabilities		**486,470**	389,510	195,817
Total equity and liabilities		**948,748**	812,944	592,040
Net current assets		**249,997**	241,480	238,991
Total assets less current liabilities		**470,385**	428,910	401,071

Notes:

1. **Basis of preparation**

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial asset, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Effect of adopting amendments to standards and interpretations

The following amendments to standards and interpretations are mandatory for the financial year ended 30th June 2011:

(i) Hong Kong Accounting Standard ("HKAS") 17 (Amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1st July 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1st July 2010 on the basis of information existing at the inception of those leases, and recognised certain leasehold land in Hong Kong as finance leases retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land and land use rights from operating leases to finance leases. Such land interest of the Group that is held for own use is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The effect of adoption of HKAS 17(Amendment) is as follows:

	As at 30th June 2011 HK$'000	As at 30th June 2010 HK$'000	As at 1st July 2009 HK$'000
Increase in property, plant and equipment	**5,967**	6,305	7,015
Decrease in leasehold land and land use rights	**(5,967)**	(6,305)	(7,015)

The adoption of this amendment also resulted in an increase in depreciation of property, plant and equipment of HK$175,000 and a decrease in amortisation of leasehold land and land use rights of HK$175,000 for the year ended 30th June 2010.

(ii) In November 2010 the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued Hong Kong Interpretation 5 "Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". The Interpretation is effective immediately and is a clarification of an existing standard, HKAS 1 "Presentation of Financial Statements". It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause.

In order to comply with the requirements of Hong Kong Interpretation 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the balance sheet. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1st July 2009, with consequential reclassification adjustments to comparatives for the year ended 30th June 2010. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

The effect of adoption of Hong Kong Interpretation 5 is as follows:

	30th June 2011 **HK$'000**	30th June 2010 HK$'000	1st July 2009 HK$'000
Increase in current liabilities - bank borrowings	**19,767**	15,600	—
Decrease in non-current liabilities - bank borrowings	**(19,767)**	(15,600)	—

(iii) The following amendments to standards and interpretations are also mandatory for the financial year ended 30th June 2011. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group.

HKFRSs (Amendment)	Improvements to HKFRSs 2009[1]
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
Hong Kong International Financial Reporting Interpretations Committee ("HK(IFRIC)")-Int 19	Extinguishing Financial Liabilities with Equity Instruments

[1] Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which were effective for the Group for annual period beginning on 1st July 2009, all other amendments are effective for the Group for annual period beginning on 1st July 2010.

(b) The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ended 30th June 2011 and have not been early adopted:

HKFRSs (Amendment)	Improvements to HKFRSs 2010[1]
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[2]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (2011)	Employee Benefits[3]
HKAS 24 (Revised)	Related Party Disclosures[1]
HKAS 27 (2011)	Separate Financial Statements[3]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[3]
HKFRS 7 (Amendment)	Disclosures - Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[3]
HKFRS 9 (Addition)	Financial Liabilities[3]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosure of Interests in Other Entities[3]
HKFRS 13	Fair Value Measurement[3]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[1]

1 Effective for the Group for annual period beginning on 1st July 2011

2 Effective for the Group for annual period beginning on 1st July 2012

3 Effective for the Group for annual period beginning on 1st July 2013

HKAS 12 (Amendment) introduced a rebuttable presumption that deferred tax on investment property carried at fair value under HKAS 40 shall be measured reflecting the tax consequences of recovering the carrying amount of the investment property entirely through sale. Consequently, deferred tax liability in respect of the Group's investment properties will be required to measure with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the reporting date. The amendments are effective for the Group's financial year beginning 1st July 2012 and are required to be applied retrospectively. The Directors are currently assessing the impact of the amendment to the Group.

Except for the above, the Directors anticipate that the adoption of other new standards, amendments to standards and interpretation will not result in a significant impact on the results and financial position of the Group.

2. **Revenue and segment information**

	2011	2010
	HK$'000	HK$'000
Turnover		
Sales of goods	**1,687,434**	1,271,463
Provision of logistics services	**253**	—
	1,687,687	1,271,463

The Group is principally engaged in the manufacturing and trading of plastic materials, pigments, colorants, compounded plastic resins and engineering plastic products.

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company. Management has determined the operating segments based on the reports reviewed by the CODM that are used to assess performance and allocate resources. The CODM considers the business from the operations nature and the type of products perspective, including the trading of plastic materials ("Trading"), manufacturing and sale of colorants, pigments and compounded plastic resins ("Colorants"), manufacturing and sale of engineering plastic products ("Engineering plastics") and other corporate and business activities ("Others").

Each of the Group's operating segments represents a strategic business unit that is managed by different business unit leaders. Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

The segment information provided to the CODM for the reportable segments for the year ended 30th June 2011 is as follows:

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Turnover					
– Gross revenue	**1,388,226**	**466,638**	**518,621**	**2,171**	**2,375,656**
– Inter-segment revenue	**(281,878)**	**(156,964)**	**(249,127)**	**—**	**(687,969)**
Revenue from external customers	**1,106,348**	**309,674**	**269,494**	**2,171**	**1,687,687**
Segment results	**8,033**	**20,179**	**26,897**	**(1,208)**	**53,901**
Share of loss of an associated company	**—**	**—**	**—**	**(184)**	**(184)**
Finance income	**53**	**184**	**2**	**—**	**239**
Finance costs	**(4,877)**	**(1,335)**	**(1,334)**	**(68)**	**(7,614)**
Profit/(loss) before income tax	**3,209**	**19,028**	**25,565**	**(1,460)**	**46,342**
Income tax expense					**(10,547)**
Profit for the year					**35,795**
Non-controlling interests					**(4,079)**
Profit attributable to equity holders of the Company					**31,716**

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Other information:					
Capital expenditure	**6,203**	**3,218**	**30,471**	**1,086**	**40,978**
Depreciation of property, plant and equipment	**312**	**8,395**	**4,014**	**1,230**	**13,951**
Amortisation of leasehold land and land use rights	**77**	**197**	**32**	**78**	**384**
(Reversal of)/provision for impairment of inventories	**(127)**	**85**	**(167)**	**122**	**(87)**
Provision for/(reversal of) impairment of trade receivables	**229**	**(162)**	**—**	**—**	**67**
Unrealised fair value gain on derivative financial instruments	**(2,700)**	**—**	**—**	**—**	**(2,700)**

The segment information provided to the CODM for the reportable segments as at 30th June 2011 is as follows:

	Trading HK$'000	**Colorants HK$'000**	**Engineering plastics HK$'000**	**Others HK$'000**	**Group HK$'000**
Segment assets	**387,632**	**270,932**	**228,068**	**62,116**	**948,748**
Total assets					**948,748**
Segment liabilities	**88,412**	**26,114**	**23,135**	**4,633**	**142,294**
Borrowings	**225,161**	**22,892**	**91,937**	**4,186**	**344,176**
Total liabilities					**486,470**

The segment information provided to the CODM for the reportable segments for the year ended 30th June 2010 is as follows:

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Turnover					
– Gross revenue	776,985	282,444	248,212	1,334	1,308,975
– Inter-segment revenue	(4,183)	(17,578)	(15,751)	—	(37,512)
Revenue from external customers	772,802	264,866	232,461	1,334	1,271,463
Segment results	15,745	17,624	21,076	(3,267)	51,178
Finance income	30	217	1	6	254
Finance costs	(1,946)	(1,285)	(507)	—	(3,738)
Profit/(loss) before income tax	13,829	16,556	20,570	(3,261)	47,694
Income tax expense					(16,899)
Profit for the year					30,795
Non-controlling interests					(2,443)
Profit attributable to equity holders of the Company					28,352

The segment information provided to the CODM for the reportable segments for the year ended 30th June 2010 is as follows:

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Other information:					
Capital expenditure	6,823	1,482	30,647	313	39,265
Depreciation of property, plant and equipment (restated)	326	9,072	4,212	1,079	14,689
Amortisation of leasehold land and land use rights (restated)	82	185	24	78	369
Amortisation of intangible assets	—	—	—	400	400
Impairment of available-for-sale financial asset	—	—	—	160	160
Impairment of intangible assets	—	—	—	2,000	2,000
(Reversal of)/provision for impairment of inventories	(2,707)	855	177	2,329	654
Reversal of impairment of trade receivables	—	(287)	—	—	(287)
Unrealised fair value loss/(gain) on derivative financial instruments	910	—	22	(295)	637

The segment information provided to the CODM for the reportable segments as at 30th June 2010 is as follows:

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Segment assets	357,753	238,927	160,512	55,752	812,944
Total assets					812,944
Segment liabilities	82,390	23,586	24,990	5,320	136,286
Borrowings	185,832	23,487	43,905	—	253,224
Total liabilities					389,510

The entity is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong for the year ended 30th June 2011 is approximately HK$1,057,547,000 (2010: HK$815,802,000), and the total of its revenue from external customers from other locations (mainly The People's Republic of China (the "PRC")) is approximately HK$630,140,000 (2010: HK$455,661,000).

At 30th June 2011, the total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Hong Kong is approximately HK$126,506,000 (2010: HK$94,677,000), and the total of these non-current assets located in other locations (mainly the PRC) is approximately HK$86,765,000 (2010: HK$87,577,000).

3. **Other income**

	2011 HK$'000	2010 HK$'000
Rental income	**3,364**	2,880

Outgoings in respect of investment properties amounted to approximately HK$125,000 (2010: HK$263,000).

4. **Other gains, net**

	2011	2010
	HK$'000	HK$'000
Fair value gains on investment properties	**3,093**	1,422
Derivative financial instruments		
- forward foreign exchange contracts and interest rate swap contracts held for trading		
- unrealised	**2,700**	(637)
- realised	**2,584**	919
Net exchange gains	**4,316**	3,112
Provision for impairment of available-for-sale financial asset	**—**	(160)
Provision for impairment of intangible assets	**—**	(2,000)
Write-back of other payables	**—**	2,000
	12,693	4,656

5. **Expenses by nature**

	2011	2010
	HK$'000	HK$'000
		(Restated)
Cost of inventories sold excluding manufacturing costs	**1,459,329**	1,048,043
Amortisation of leasehold land and land use rights	**384**	369
Amortisation of intangible assets	**—**	400
Auditor's remuneration	**2,132**	2,078
Depreciation:		
- Owned property, plant and equipment	**13,438**	14,404
- Property, plant and equipment under finance leases	**513**	285
Provision for /(reversal of) impairment of trade receivables	**67**	(287)
(Reversal of)/provision for impairment of inventories	**(87)**	654
(Gain)/loss on disposal of property, plant and equipment	**(55)**	400
Employee benefits expenses, including directors' emoluments	**91,345**	82,612
Operating lease rentals in respect of land and buildings	**13,243**	10,683
Repairs and maintenance expenses	**3,707**	3,352
Transportation and packaging expenses	**20,019**	18,042
Travelling and office expenses	**7,547**	5,857
Utility expenses	**12,272**	11,697
Other expenses	**25,989**	29,232
Total cost of sales, distribution costs and administrative expenses	**1,649,843**	1,227,821
Representing:		
Cost of sales	**1,520,155**	1,110,389
Distribution costs	**46,520**	37,554
Administrative expenses	**83,168**	79,878
	1,649,843	1,227,821

6. Finance income and costs

	2011 HK$'000	2010 HK$'000
Finance income:		
– Interest income from bank deposits	**239**	254
Finance costs:		
– Interest on bank borrowings wholly repayable within five years	**(7,599)**	(3,686)
– Interest element of finance leases	**(15)**	(52)
	(7,614)	(3,738)
Finance costs - net	**(7,375)**	(3,484)

7. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Taxation on the Group's subsidiaries established and operate in Mainland China has been calculated on the estimated assessable profit for the year at the rates of taxation as applicable to the relevant subsidiaries.

The amount of taxation charged to the consolidated income statement represents:

	2011 HK$'000	2010 HK$'000
Current tax:		
Hong Kong profits tax	**1,945**	4,118
PRC corporate income tax	**6,930**	8,123
Under-provision in previous years	**638**	450
	9,513	12,691
Deferred tax	**1,034**	4,208
	10,547	16,899

8. **Dividends**

	2011	2010
	HK$'000	HK$'000
Interim, paid, of HK1.0 cent (2010: HK1.0 cent) per ordinary share	**3,692**	3,692
Final, proposed, of HK1.0 cent (2010: HK2.0 cents) per ordinary share	**3,692**	7,384
	7,384	11,076

Notes:

(a) At a meeting held on 25th February 2011, the Directors declared an interim dividend of HK1.0 cent per share, totalling HK$3,692,000 for the six months ended 31st December 2010, which was paid during the year and has been reflected as an appropriation of retained earnings for the year ended 30th June 2011.

(b) At a meeting held on 25th February 2010, the Directors declared an interim dividend of HK1.0 cent per share, totalling HK$3,692,000 for the six months ended 31st December 2009.

(c) At a meeting held on 27th September 2011, the Directors proposed a final dividend of HK1.0 cent per ordinary share, totaling HK$3,692,000. This proposed dividend was not reflected as a dividend payable in these financial statements and will be reflected as an appropriation of retained earnings for the year ending 30th June 2012.

(d) At a meeting held on 28th September 2010, the Directors proposed a final dividend of HK2.0 cents per share, totalling HK$7,384,000, which was paid during the year and has been reflected as an appropriation of retained earnings for the year ended 30th June 2011.

9. **Earnings per share**

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit attributable to equity holders of the Company (HK$'000)	**31,716**	28,352
Weighted average number of ordinary shares in issue	**369,200,000**	369,200,000
Basic earnings per share (HK cents per share)	**8.59**	7.68

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares arising from the Company's share options. Dilutive earnings per share for the years ended 30th June 2011 and 2010 equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

10. **Trade and bills receivables**

	Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables	**245,901**	218,650
Less: provision for impairment of receivables	**(2,115)**	(2,088)
	243,786	216,562
Bills receivable	**32,829**	21,983
	276,615	238,545

The majority of the Group's sales are with credit terms of 30 to 90 days. The remaining amounts are on letter of credit or documents against payment. The ageing analysis of trade receivables by invoice date is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Below 90 days	**220,939**	202,931
91 - 180 days	**19,751**	10,000
Over 180 days	**5,211**	5,719
	245,901	218,650

Bills receivable are mainly with maturity period of within 180 days.

Certain subsidiaries of the Group transferred certain bills of exchange amounting to approximately HK$3,883,000 (2010: HK$2,285,000) with recourse in exchange for cash as at 30th June 2011. The transactions have been accounted for as collateralised bank advances.

11. **Trade payables**

A majority of the suppliers are on open account. Certain suppliers grant credit period of 30 to 90 days to the Group.

The ageing analysis of the trade payables is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Below 90 days	**101,710**	97,035
91 - 180 days	**218**	45
Over 180 days	**496**	550
	102,424	97,630

12. **Commitments**

(a) Capital commitments

At 30th June 2011, the Group had the following capital commitments for addition of property, plant and equipment:

	2011	2010
	HK$'000	HK$'000
Authorised but not contracted for	**—**	—
Contracted but not provided for	**7,360**	7,385
	7,360	7,385

(b) Commitment under operating leases

As at 30th June 2011, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2011	2010
	HK$'000	HK$'000
Not later than one year	**5,400**	8,972
Later than one year and not later than five years	**3,548**	1,845
Later than five years	**32**	—
	8,980	10,817

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK1.0 cent per share for the year ended 30th June 2011 (2010: HK2.0 cents). The proposed final dividend, together with the interim dividend of HK1.0 cent (2010: HK1.0 cent) paid on 8th April 2011, will make a total distribution of HK2.0 cents per share for the year (2010: HK3.0 cents). The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be payable in cash on or about 9th December 2011 to members whose names appear on the register of members of the Company on 2nd December 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 17th November 2011 to Tuesday, 22nd November 2011 (both dates inclusive) during which period no transfer of shares will be registered for determining the shareholders who are entitled to attend and vote at the forthcoming Annual General Meeting. In order to be eligible to attend and vote at the meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 16th November 2011.

The register of members of the Company will be closed from Tuesday, 29th November 2011 to Friday, 2nd December 2011 (both dates inclusive) during which period no transfer of shares will be registered for determining the shareholders who are entitled to the proposed final dividend for the year ended 30th June 2011. In order to qualify for the proposed final dividend for the year ended 30th June 2011, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 28th November 2011.

BUSINESS REVIEW

During the period under review, in the light of the unstable performance of the European and American markets due to the sovereign debt crisis, the Group has continued its business strategy of focusing on expanding its market in Mainland China. Supported by steady economic growth in Mainland China, the Group recorded an increase of 13% in overall sales volume during the year. Product prices have also climbed by 20% along with the rise in oil price. The growth in sales volume and product prices led to a surge of 33% in overall turnover to HK$1,687,687,000 over the corresponding period of last year. The Group's sales mix has also been changed during the year. The proportion of plastics trading business with lower gross margin as part of total turnover has increased from 61% of the corresponding period last year to 66%. At the same time, the Group did not shift the increase in raw material prices fully to its customers in order to maintain its market share. As a result, its gross profit was maintained at the similar level of last year at approximately HK$167,532,000 while the gross profit margin was 9.9%.

With the increased sales volume, inflation and implementation of minimum wage legislation in Mainland China and Hong Kong, the Group's administrative expenses and sales and distribution costs have risen. Including the Group's other gains such as fair value gains on investment properties, net exchange gains and unrealised fair value gains and realised gains of derivative financial instruments, profit attributable to equity holders for the year was HK$31,716,000.

During the year, plastic trading business performed the best among other businesses. Plastics trading business grew with turnover up 43% to HK$1,106,348,000 from last year. After stepping up efforts in expanding this business segment in Mainland China, the Group has received an increasing volume of orders from large scale Mainland enterprises. Thus the turnover from the China market has achieved an almost twofold increase. Turnover from the Hong Kong market also increased by nearly 30%. For the Mainland China market, the Group's Tianjin sales office, which started operation last June, and the existing sales office in Shanghai secured new customers in Northern and Eastern China. The Group also received a number of new orders from heavy industry manufacturers during the year, such as the silicon materials to be used in electrical equipment for electricity industry, and nylon materials for car industry, including intake manifold, exhaust pipe and window seal. Meanwhile, the Group provided preferential offer terms for large orders, thus gross margin in the plastics trading business reduced when compared to the same period last year. Profit before taxation was HK$3,209,000.

The colorant and compounded plastic resin business recorded turnover growth of 17% to HK$309,674,000 during the year. The Group has developed tailor-made colorant and compounded plastic resin products for customers, enabling better control of the selling price and gross profit. Gross margin was maintained at the similar level of same period last year. Through the link with the International Colour Alliance, the Group has secured more orders from the processing factories of internationally renowned brands in Mainland China. The Group's new plant in Tai Po commenced production this year, serving customers that require product shipment in Hong Kong. Products from the new facility also enjoy the preferential tariff treatment offered under the Closer Economic Partnership Arrangement ("CEPA") between Mainland China and Hong Kong. Profit before taxation rose by 15% to approximately HK$19,028,000.

Although the engineering plastics business was affected by the Euro debt crisis and slowed down in the second half of the financial year, the annual turnover still recorded an increase of 16% to approximately HK$269,494,000. The relocation of the factory in Hong Kong was completed this year. The new Tai Po plant boosted the number of production lines from five to six, bolstering capacity while lowering the production cost. As the Group has gradually been moving the facilities since this March, which affected the operations temporarily, gross margin remained at the similar level of last year. The Group has also committed itself to research and development of new products, including the development of wood replacements for household products, and metal replacements for industrial applications such as pulleys. This segment contributed HK$25,565,000 of profit before taxation.

PROSPECTS

Looking ahead, the global market will remain volatile under the influence of the Euro debt crisis. It is believed that corporate financing will become a key concern for exporters and manufacturers and present new challenges for upstream plastics companies. Since the financial crisis of 2009, the coupling effect of plastics prices and oil price has been reducing, however, the oil price still stands at high level. Besides, several international chemical products suppliers have cut down their output and the prices of industrial materials such as precise metal have also stayed at a high level, so pressures on raw material costs generally remain intense. As such, the Group will focus on securing new customers and maintaining profitability in the next year.

As Mainland China benefits from its steady ongoing economic development, the Group continues to focus on this market. In the future, the Group is striving to develop new sales points and strengthen the sales teams at its existing sales offices. Such measures aim at speeding up the expansion into new locations and tapping new customers, so as to strengthen overall penetration of the market. Apart from enhancing its new office in Chengdu, the Group has started to look for a prime location for the opening of its first sales office in Chongqing, through which the Group will expand the business network in Western China. In addition, the Group's sales office in Tianjin has proven to be successful in exploring new customers in the heavy industries, which received more orders from automotive components manufacturers and other heavy industry segments. The Group also plans to expand the offices in Guangzhou and Shanghai to enlarge its market shares in Southern and Eastern China.

In Hong Kong, the new self-owned Taipo plant that commenced operation this June has boosted the number of production lines from five to six, enabling the Group to enjoy larger economy of scale and enhance operational efficiency. The eligibility of engineering plastics and colorant and compounded plastic resins from this plant for preferred treatment under CEPA can also strengthen the Group's overall profitability.

In general, facing uncertainties in the external economic environment, the Group will continue to reinforce its financial management and control over trade receivables. Drawing on its experience from the financial crisis, the Group will adopt a prudent approach in reviewing receivable turnover days and amounts due from customers as well as when handling new orders, so as to mitigate the financial risk to the lowest level.

The Group possesses abundant experience in the plastics industry. Despite of operating in an unstable economic condition, its good relationship with the banks established over years will assure the Group sufficient financial resources for supporting business development. The management is confident of achieving steady growth and generating satisfactory returns for the shareholders through exploring business opportunities.

I, on behalf of the Board, would like to take this opportunity to express my gratitude to the Group's customers, suppliers and shareholders for their unfailing support, my fellow directors, executives and staff for their hard work in the past year. The Group will, as always, with prudence used its best endeavour to strive for its long-term development and the best interest of the shareholders aiming at attaining more promising results in the coming year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers. As at 30th June 2011, the Group has available aggregate banking facilities of approximately HK$516,633,000, of which approximately HK$372,370,000 have been utilised and were secured by corporate guarantees issued by the Company and legal charges on certain leasehold land and buildings and investment properties in the PRC and Hong Kong owned by the Group. The Group's cash and bank balances as at 30th June 2011 amounted to approximately HK$95,826,000. The Group's gearing ratio as at 30th June 2011 was approximately 78%, based on the total bank borrowings of approximately HK$343,941,000, together with obligations under finance leases of approximately HK$235,000 and the shareholders' funds of approximately HK$439,752,000.

FOREIGN EXCHANGE RISK

The Group's borrowings and cash balances are primarily denominated in Hong Kong dollars, Renminbi and US dollars. The Group's purchases were principally denominated in US dollars. The Group closely monitors currency fluctuations and manages its exchange risk by entering into forward exchange contracts from time to time.

At 30th June 2011, the Group had outstanding commitments in respect of forward contracts in order to manage the Group's exposure in foreign currencies from its operations as follows:

	2011	2010
	HK$'000	HK$'000
Sell HK dollars for US dollars	**2,304,900**	2,123,550
Sell US dollars for HK dollars	**990,600**	382,200
Sell HK dollars for Euro	**—**	9,265

EMPLOYEE INFORMATION

As at 30th June 2011, the Group had approximately 644 full-time employees. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group has an incentive scheme which is geared to the profit of the Group and the performance of its employees, as an incentive to motivate its employees to increase their contribution to the Group. The Group also provides social or medical insurance coverage, and provident fund scheme (as the case may be) to its employees depending on the location of such employees.

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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code set out in Appendix 10 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("HKSE"). Having made specific enquiry to all Directors of the Company, all Directors have confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the period.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to the establishment of good corporate governance practices and procedures which serve as an important element of risk management throughout the growth and expansion of the Company. The Company emphasizes on maintaining and carrying out sound, solid and effective corporate governance principles and structures.

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout year ended 30th June 2011, except for deviation of the code provisions A.2.1 and A.4.1 of the Code as mentioned below.

According to the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Up to the date of this annual report, the Board has not appointed an individual to the post of chief executive officer. The roles of the chief executive officer have been performed collectively by all the executive directors, including the chairman, of the Company. The Board considers that this arrangement allows contributions from all executive directors with different expertise and is beneficial to the continuity of the Company's policies and strategies. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing an individual to chief executive officer when it thinks appropriate.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to carry out on re-election. The Company's independent non-executive directors were not appointed for a specific term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

For the purpose of further enhancing the internal control systems, the Company has engaged an external consultant to carry out an on-going project to conduct independent internal control review and to evaluate major operations of the Group. During the year, the Board has reviewed the effectiveness of the internal control system of the Company and its subsidiaries with no material issues noted.

AUDIT COMMITTEE

The Audit Committee provides an important link between the Board of Directors and the Company's auditor in matters coming within the scope of the group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. The Audit Committee comprises three Independent Non-executive Directors, namely Mr HO Wai Chi, Paul, Mr CHAN Dit Lung and Mr CHING Yu Lung. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the annual financial statements for the year ended 30th June 2011 with the Directors.

REMUNERATION COMMITTEE

The Company has formulated written terms of reference for the Remuneration Committee which stated clearly its authorities and duties in accordance with the requirements of HKSE. The remuneration committee consists of three independent non-executive directors, namely Mr HO Wai Chi, Paul, Mr CHAN Dit Lung and Mr CHING Yu Lung and an executive director, Mr HUI Sai Chung.

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive Directors and senior management. It takes into consideration on factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management. The Remuneration Committee meets at least once a year to assess the performance and review the annual salaries and bonus of the senior executives. The remuneration committee held one meeting during the year ended 30th June 2011.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITE OF HKSE

The final results announcement is published on the websites of HKSE (http://www.hkex.com.hk) and the Company (http://www.nhh.com.hk). The annual report will be despatched to the shareholders and will be available on the websites of HKSE (http://www.hkex.com.hk) and the Company (http://www.nhh.com.hk) in due course.

On behalf of the Board
HUI Sai Chung
Chairman

Hong Kong, 27th September 2011

As at the date of this announcement, the Board of Directors comprises six Executive Directors, namely Mr HUI Sai Chung (Chairman), Mr HUI Kwok Kwong, Dr WONG Chi Ying, Anthony, Mr LAI Kam Wah, Madam LIU Sau Lai and Mr NG Chi Ming, and three Independent Non-executive Directors, namely Mr HO Wai Chi, Paul, Mr CHAN Dit Lung and Mr CHING Yu Lung.