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 2010

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 2010 as follows:

Consolidated Income Statement

	Note	**2010 HK$'000**	2009 HK$'000
Revenue	2	**1,271,463**	1,129,930
Cost of sales	5	**(1,110,389)**	(1,019,313)
Gross profit		**161,074**	110,617
Other income	3	**2,880**	2,927
Other gains/(losses), net	4	**4,656**	(4,141)
Distribution costs	5	**(37,554)**	(35,487)
Administrative expenses	5	**(79,878)**	(79,170)
Operating profit/(loss)		**51,178**	(5,254)
Finance income		**254**	230
Finance costs		**(3,738)**	(7,472)
Finance costs - net	6	**(3,484)**	(7,242)
Profit/(loss) before income tax		**47,694**	(12,496)
Income tax	7	**(16,899)**	(5,884)
Profit/(loss) for the year		**30,795**	(18,380)
Attributable to:			
Equity holders of the Company		**28,352**	(20,757)
Non-controlling interests		**2,443**	2,377
		30,795	(18,380)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company during the year (expressed in HK cent per share)			
– Basic	9	**7.68**	(5.62)
– Diluted	9	**7.68**	(5.62)

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

	2010 HK$'000	2009 HK$'000
Profit/(loss) for the year	**30,795**	(18,380)
Other comprehensive income:		
Revaluation gains of property, plant and equipment and leasehold land and land use rights on transfer to investment properties, net of tax	**1,824**	—
Currency translation differences	**—**	419
Other comprehensive income for the year	**1,824**	419
Total comprehensive income/(loss) for the year	**32,619**	(17,961)
Total comprehensive income/(loss) attributable to:		
– Equity holders of the Company	**30,176**	(20,338)
– Non-controlling interests	**2,443**	2,377
	32,619	(17,961)

Consolidated Balance Sheet

	Note	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**115,435**	97,991
Leasehold land and land use rights		**21,005**	15,998
Investment properties		**30,560**	25,430
Intangible assets		**—**	2,400
Available-for-sale financial assets		**690**	850
Deposits for acquisition of properties		**8,125**	11,025
Prepayment for property, plant and equipment and renovation costs		**7,129**	—
Deferred tax assets		**4,486**	8,386
		187,430	162,080
Current assets			
Inventories		**278,846**	156,605
Trade and bills receivables	10	**238,545**	170,469
Other receivables, prepayments and deposits		**22,810**	9,034
Tax recoverable		**969**	2,338
Derivative financial instruments		**1,755**	862
Cash and cash equivalents		**82,589**	90,652
		625,514	429,960
Total assets		**812,944**	592,040
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**36,920**	36,920
Share premium		**62,466**	62,466
Other reserves		**47,176**	45,260
Retained earnings		**256,041**	232,229
		402,603	376,875
Non-controlling interests		**20,831**	19,348
Total equity		**423,434**	396,223

	Note	**2010**	2009
		HK$'000	HK$'000
LIABILITIES			
Non-current liabilities			
Long-term bank loans		**15,600**	—
Obligations under finance leases		**235**	693
Deferred tax liabilities		**5,241**	4,155
		21,076	4,848
Current liabilities			
Trade payables	11	**97,630**	63,962
Other payables, deposits received and accruals		**19,524**	15,660
Current portion of long-term bank loans		**4,800**	—
Obligations under finance leases – current portion		**458**	2,047
Short-term borrowings		**232,131**	98,971
Derivative financial instruments		**6,272**	4,742
Tax payable		**7,619**	5,587
		368,434	190,969
Total liabilities		**389,510**	195,817
Total equity and liabilities		**812,944**	592,040
Net current assets		**257,080**	238,991
Total assets less current liabilities		**444,510**	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 assets, 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 judgment in the process of applying the Group’s accounting policies.

(a) Effect of adopting new standards, amendments to standards and interpretations

The following new standard, amendments to standards and interpretations to standards are mandatory for the financial year ended 30th June 2010:

Hong Kong Accounting Standand ("HKAS") 1 (Revised), “Presentation of Financial Statements”. The revised standard requiries “non-owner changes in equity” to be presented separately from owner changes in equity. As a result, the Group presents all owner changes in equity in the consolidated statement of changes in equity, whereas all “non-owner changes in equity” are presented in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKFRS 3 (revised), “Business Combinations”, and consequential amendments to HKAS 27, “Consolidated and Separate Financial Statements”, HKAS 28, “Investments in Associates”, and HKAS 31, “Interests in Joint Ventures”, are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs are expensed.

As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), "Consolidated and Separate Financial Statements", at the same time. HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. During the year ended 30th June 2010, the Group had not undertaken any significant business combinations and there was no material transactions entered into with non-controlling interests. Accordingly, the impacts on adoption of these revised standards are relatively insignificant to the Group.

Amendment to HKFRS 7 "Financial Instruments: Disclosures". The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKFRS 8, "Operating Segments", replaces HKAS 14, "Segment Reporting". The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change in the reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2009 have been restated. However, such restatement in note disclosure does not have any impact on the balance sheet.

The following amendments to standards and interpretations are also mandatory for the financial year ended 30th June 2010:

HKFRSs (Amendment)	Improvements to HKFRSs 2008
HKFRSs (Amendment)	Improvements to HKFRSs 2009[1]
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedge Items
HKFRS 1 (Revised)	First Time Adoption of HKFRS
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
Hong Kong International Financial Reporting Interpretations Committee ("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 17	Distributions of Non-Cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

[1] Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are 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 (also see note (b) below).

The adoption of the above amendments to standards and interpretations did not have any significant financial impact to the Group.

(b) The following new standard, amendments to standards and interpretations have been issued but are not effective for the year ended 30th June 2010 and have not been early adopted:

HKFRSs (Amendment)	Improvements to HKFRSs 2010[2]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 32 (Amendment)	Classification of Right Issue[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[1]
HKFRS 9	Financial Instruments[3]
HK(IFRIC)-Int 14	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[1]

[1] Effective for the Group for annual period beginning on 1st July 2010
[2] Effective for the Group for annual period beginning on 1st July 2011
[3] Effective for the Group for annual period beginning on 1st July 2013

As part of the Improvements to HKFRSs 2009, HKAS 17 (Amendment), "Leases" has been amended by removing 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. Currently, 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) is required to be applied retrospectively by the Group for the financial year ending 30th June 2011. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land and land use rights but is not expected to have a material effect on the Group's overall financial performance and financial position.

The Directors also anticipate that the adoption of other new standard, amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

2. **Revenue and segment information**

	2010	2009
	HK$'000	HK$'000
Turnover		
Sales of goods	**1,271,463**	1,129,930

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 2010 is as follows:

	Trading	**Colorants**	**Engineering plastics**	**Others**	**Group**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**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					**(16,899)**
Profit for the year					**30,795**
Non-controlling interests					**(2,443)**
Profit attributable to equity holders of the Company					**28,352**

	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	**326**	**9,072**	**4,212**	**904**	**14,514**
Amortisation of leasehold land and land use rights	**82**	**185**	**24**	**253**	**544**
Amortisation of intangible assets	**—**	**—**	**—**	**400**	**400**
Impairment of available-for-sale financial assets	**—**	**—**	**—**	**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 receivables	**—**	**(287)**	**—**	**—**	**(287)**
Unrealised loss/(gain) on derivative financial instruments	**910**	**—**	**22**	**(295)**	**637**

The segment information provided to the CODM for the reportable segments 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 segment information provided to the CODM for the reportable segments for the year ended 30th June 2009 is as follows:

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Turnover					
– Gross revenue	663,056	266,029	242,785	1,203	1,173,073
– Inter-segment revenue	(3,796)	(20,967)	(18,375)	(5)	(43,143)
Revenue from external customers	659,260	245,062	224,410	1,198	1,129,930
Segment results	(20,874)	7,015	15,616	(7,011)	(5,254)
Finance income	70	160	—	—	230
Finance costs	(3,481)	(3,151)	(840)	—	(7,472)
(Loss)/profit before income tax	(24,285)	4,024	14,776	(7,011)	(12,496)
Income tax					(5,884)
Loss for the year					(18,380)
Non-controlling interests					(2,377)
Loss attributable to equity holders of the Company					(20,757)

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Other information:					
Capital expenditure	425	3,208	884	72	4,589
Depreciation of property, plant and equipment	265	7,743	3,829	1,291	13,128
Amortisation of leasehold land and land use rights	—	186	—	262	448
Amortisation of intangible assets	—	—	—	800	800
Impairment of available-for-sale financial assets	—	—	—	1,150	1,150
Provision for impairment of inventories	2,328	115	593	—	3,036
Provision for/(reversal of) impairment of receivables	1,395	(783)	134	128	874
Unrealised loss on derivative financial instruments	4,107	—	—	695	4,802
Loss on liquidation of a subsidiary	—	—	—	419	419

The segment information provided to the CODM for the reportable segments at 30th June 2009 is as follows:

	Trading HK$'000	Colorants HK$'000	Engineering plastics HK$'000	Others HK$'000	Group HK$'000
Segment assets	165,549	262,918	108,137	55,436	592,040
Total assets					592,040
Segment liabilities	39,778	24,070	23,857	6,401	94,106
Borrowings	58,877	41,590	1,244	—	101,711
Total liabilities					195,817

The entity is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong for the year ended 30th June 2010 is approximately HK$815,802,000 (2009: HK$782,747,000), and the total of its revenue from external customers from other locations (mainly the PRC) is approximately HK$455,661,000 (2009: HK$347,183,000).

At 30th June 2010, 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$94,677,000 (2009: HK$64,785,000), and the total of these non-current assets located in other locations (mainly the PRC) is approximately HK$87,577,000 (2009: HK$88,059,000).

3. **Other income**

	2010 HK$'000	2009 HK$'000
Rental income	**2,880**	2,927

Outgoings in respect of investment properties amounted to approximately HK$263,000 (2009: HK$189,000).

4. **Other gains/(losses), net**

	2010	2009
	HK$'000	HK$'000
Fair value gains on investment properties	**1,422**	710
Derivative financial instruments		
– forward foreign exchange contracts and interest rate swap contracts held for trading		
– unrealised	**(637)**	(4,802)
– realised	**919**	851
Net exchange gains	**3,112**	669
Loss on liquidation of a subsidiary	**—**	(419)
Impairment of available-for-sale financial assets	**(160)**	(1,150)
Impairment of intangible assets	**(2,000)**	—
Write-back of other payables	**2,000**	—
	4,656	(4,141)

5. **Expenses by nature**

	2010	2009
	HK$'000	HK$'000
Cost of inventories sold excluding manufacturing costs	**1,048,043**	959,425
Amortisation of leasehold land and land use rights	**544**	448
Amortisation of intangible assets	**400**	800
Auditor's remuneration	**2,078**	1,585
Depreciation:		
– Owned property, plant and equipment	**14,229**	10,677
– Property, plant and equipment under finance leases	**285**	2,451
(Reversal of)/provision for impairment of trade receivables	**(287)**	874
Provision for impairment of inventories	**654**	3,036
Loss/(gain) on disposal of property, plant and equipment	**400**	(122)
Employee benefit expenses, including directors' emoluments	**82,612**	75,915
Operating lease rentals in respect of land and buildings	**10,683**	10,509
Repairs and maintenance expenses	**3,352**	4,013
Transportation and packaging expenses	**18,042**	17,370
Travelling and office expenses	**5,857**	5,784
Utility expenses	**11,697**	10,766
Other expenses	**29,232**	30,439
Total cost of sales, distribution costs and administrative expenses	**1,227,821**	1,133,970
Representing:		
Cost of sales	**1,110,389**	1,019,313
Distribution costs	**37,554**	35,487
Administrative expenses	**79,878**	79,170
	1,227,821	1,133,970

6. **Finance income and costs**

	2010	2009
	HK$'000	HK$'000
Finance income:		
– Interest income from bank deposits	**254**	230
Finance costs:		
– Interest on bank borrowings wholly repayable within five years	**(3,686)**	(7,343)
– Interest element of finance leases	**(52)**	(129)
	(3,738)	(7,472)
Finance costs – net	**(3,484)**	(7,242)

7. **Income tax**

Hong Kong profits tax has been provided for at the rate of 16.5% (2009: 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 at the rates of taxation as applicable to the relevant subsidiaries.

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

	2010	2009
	HK$'000	HK$'000
Current taxation:		
Hong Kong profits tax	**4,118**	2,966
PRC corporate income tax	**8,123**	4,084
Under-provision in previous years	**450**	127
	12,691	7,177
Deferred taxation	**4,208**	(1,293)
	16,899	5,884

8. Dividends

	2010	2009
	HK$'000	HK$'000
Interim, paid, of HK1.0 cent (2009: Nil) per ordinary share	**3,692**	—
Final, proposed, of HK2.0 cents (2009: Nil) per ordinary share (note)	**7,384**	—
	11,076	—

Note:

At a meeting held on 28th September 2010, the Directors proposed a final dividend of HK2.0 cents per ordinary share. 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 2011.

9. Earnings/(loss) per share

Basic

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

	2010	2009
Profit/(loss) attributable to equity holders of the Company (HK$'000)	**28,352**	(20,757)
Weighted average number of ordinary shares in issue	**369,200,000**	369,200,000
Basic earnings/(loss) per share (HK cents per share)	**7.68**	(5.62)

Diluted

Diluted earnings/(loss) 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/(loss) per share for the years ended 30th June 2010 and 2009 equal basic earnings/(loss) per share as the exercise of the outstanding share options would be anti-dilutive.

10. **Trade and bills receivables**

	Group	
	2010	2009
	HK$'000	HK$'000
Trade receivables	**218,650**	156,766
Less: provision for impairment of receivables	**(2,088)**	(3,617)
	216,562	153,149
Bills receivable	**21,983**	17,320
	238,545	170,469

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	
	2010	2009
	HK$'000	HK$'000
Below 90 days	**202,931**	137,474
91 - 180 days	**10,000**	8,542
Over 180 days	**5,719**	10,750
	218,650	156,766

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

A subsidiary of the Group transferred certain bills of exchange amounting to approximately HK$2,285,000 (2009: HK$2,515,000) with recourse in exchange for cash as at 30th June 2010. 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	
	2010	2009
	HK$'000	HK$'000
Below 90 days	**97,035**	58,923
91 - 180 days	**45**	879
Over 180 days	**550**	4,160
	97,630	63,962

12. **Commitments**

(a) **Capital commitments**

At 30th June 2010, the Group had the following capital commitments for addition of property, plant and equipment:

	2010	2009
	HK$'000	HK$'000
Authorised but not contracted for	**—**	—
Contracted but not provided for (note)	**7,385**	32,656
	7,385	32,656

Note:

In June 2009, the Group entered into an agreement to acquire certain land and buildings in Hong Kong from an independent third party at a cash consideration of HK$29,000,000. As at 30th June 2009, the unpaid amount totalling HK$26,100,000 had been included in the above as capital commitments.

(b) **Commitment under operating leases**

As at 30th June 2010, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2010	2009
	HK$'000	HK$'000
Not later than one year	**8,972**	7,250
Later than one year and not later than five years	**1,845**	6,908
Later than five years	**—**	207
	10,817	14,365

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK2.0 cents per share for the year ended 30th June 2010 (2009: Nil). The proposed final dividend, together with the interim dividend of HK1.0 cent (2009: Nil) paid on 8th April 2010, will make a total distribution of HK3.0 cents per share for the year. The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be payable in cash on or about 3rd December 2010 to members whose names appear on the Register of Members of the Company on 23rd November 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 18th November 2010 to Tuesday, 23rd November 2010 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend to be approved at the forthcoming Annual General Meeting (the “AGM”) and to determine the entitlement to attend and vote at the AGM, 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, 17th November 2010.

BUSINESS REVIEW

Driven by strong consumption power resulting from the large-scale economic stimulus package introduced by the Central Government of Mainland China, the manufacturing industry and the economy as a whole began to recover. Plastics, a raw material used in most industries, saw a rise in demand, in turn creating good growth momentum within the plastic manufacturing industry. Sales from the domestic market surged by over 30% and with the Southern China and Hong Kong export market stabilising, such factors drove both selling price and sales volume upward, with overall turnover increasing by over 12% to HK$1,271,463,000. During the period, the Group’s pricing and inventory policies were underpinned by stable raw material prices. Hence, gross profit recorded strong growth, exceeding 45% to HK$161,074,000 and gross profit margin rose by nearly three percentage points to 12.7%.

Throughout the period in which the Group was affected by the global financial turmoil, it actively implemented cost control measures, enhanced inventory control and accounts receivable management and improved operating efficiency. Such measures have continued to reap benefits, boosting the profitability of the Group as the market further grows. The Group has also managed to turn around from a loss position with profit attributable to equity holders of the Company recorded at HK$28,352,000.

The three core business segments of the Group achieved remarkable growth over last year. The plastics trading business has grown noticeably with turnover recording a year-on-year rise of 17% to HK$772,802,000. Moreover, increasing demand for consumer products in Mainland China has led to an escalation in plastic usage, including food packaging and home electric appliance products. Combined with the Group’s efforts at expanding distributorship by adding more brands from Asia, such as Taiwan and Japan, this has enabled the Group to provide a more diverse product mix for the customers. In addition, stable material prices has also allowed the Group to better manage selling prices of its products, avoid over-stocking and lower inventory cost, consequently resulting in an increase in gross profit margin by five percentage point compared to same period last year, and registering a profit before taxation of HK$13,829,000.

The colorant and compounded plastic resin business, which also benefited from a rise in sales in Mainland China, recorded turnover growth of 8%. Profit before taxation rose by around four folds year on year to approximately HK$16,556,000 and gross profit margin also increased by three percentage points. Growth in both turnover and profit was mainly attributable to a rise in sales proportion in Mainland China and the Group's strategic move to relocate part of its production lines from Mainland China to its Taipo plant in Hong Kong. This has facilitated the compounding and manufacturing of colorant and compounded plastic resin products which are used in producing electronic products. Such action has resulted in profit contributions of approximately HK$2,000,000.

During the year, the engineering plastics business reported steady growth with turnover increasing by 3.6%, gross profit margin achieving modest growth of one percentage point and profit before taxation rising by 39% year on year to approximately HK$20,570,000. The Group also sought to bolster its R&D department, developing more than 80 tailor-made plastic products for customers during the year, including engineering plastics for toys and household products. These products, which have higher profit margins, satisfied demand from the Mainland China market. In combination with a drop in the cost of raw materials for products, including petrochemical products, the profitability of this business segment has improved.

PROSPECTS

Looking ahead to 2010, the Group believes that the active Mainland China economy will continue to create opportunities for the plastics industry. Steadier international oil prices have led to relatively stable supply of petrochemical products. Thus, the management expects a stable growth in the price of raw materials used in plastic materials, enabling a satisfactory operating environment. The Group will focus on the Mainland China market and seek to actively expand its market share.

In Mainland China, the new sales office in Tianjin commenced operation in June. It is mainly involved in developing the plastics trading business in Northern China, including Three Northeast Provinces, targeting customers that require high quality imported plastics products. In addition, the Group plans to upgrade its sales office in Chengdu, a key city in Western China, to expand its customer base and enhance customer services. It also intends to extend the sales network in other key cities like Chongqing and Wuhan, to further develop within China, increase its market share and expand income sources.

In Hong Kong, the new Taipo plant, which occupies over 90,000 square feet, will be completed and commence trial run by the end of this year. Production lines will be increased from five to six and are expected to begin operation by early next year. The Group will then capitalise on a preferential tariff treatment offered under the Mainland and Hong Kong Closer Economic Partnership Arrangement ("CEPA"), which is designed to save on tariffs.

Our professional management team, possessing significant industry experience, has led the Group's charge away from the shadow of the global financial crisis. In achieving this, the team established enhanced manufacturing and sales systems with higher production efficiency. With the subsequent adjustment in inventory policy and improvements in fiscal management, a solid foundation has now been laid for the long-term healthy development of the Group.

In the coming year, the Group will actively expand its presence within the huge Mainland China market. To achieve this, innovative products will be continuously launched to secure new customers. The Group will also adopt versatile business strategies to address market dictates. The management believes that with its substantial experience and extensive business network in Mainland China, such attributes will allow it to seize enormous opportunities that are emerging from Mainland China's rapid economic development, thus driving the Group's businesses to new heights and delivering generous returns to shareholders.

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 2010, the Group has available aggregate banking facilities of approximately HK$390,401,000, of which approximately HK$274,124,000 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 2010 amounted to approximately HK$82,589,000. The Group's gearing ratio as at 30th June 2010 was approximately 63%, based on the total bank borrowings of approximately HK$252,531,000, together with obligations under finance leases of approximately HK$693,000 and the shareholders' funds of approximately HK$402,603,000.

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 2010, 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:

	2010	2009
	HK$'000	HK$'000
Sell HK dollars for US dollars	**2,123,550**	1,107,600
Sell US dollars for HK dollars	**382,200**	195,000
Sell HK dollars for EURO	**9,265**	—

EMPLOYEE INFORMATION

As at 30th June 2010, the Group had approximately 657 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 2010, 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 2010 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 two meetings during the year ended 30th June 2010.

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, 28th September 2010

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.