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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 2015

The Board of Directors (the “Board”) of Ngai Hing Hong Company Limited (the “Company”) would like to announce the audited annual consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30th June 2015 as follows:

Consolidated Income Statement

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	2	1,619,826	1,757,296
Cost of sales	5	(1,420,687)	(1,565,368)
Gross profit		199,139	191,928
Other income	3	5,318	4,867
Other gains, net	4	18,370	779
Distribution costs	5	(76,358)	(71,632)
Administrative expenses	5	(103,012)	(99,264)
Operating profit		43,457	26,678
Finance income		321	208
Finance costs		(9,208)	(9,237)
Finance costs, net	6	(8,887)	(9,029)
Profit before income tax		34,570	17,649
Income tax expense	7	(7,566)	(13,489)
Profit for the year		27,004	4,160
Attributable to:			
Equity holders of the Company		25,225	3,241
Non-controlling interests		1,779	919
		27,004	4,160
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in HK cent per share)			
– Basic and diluted	9	6.83	0.88

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

	2015	2014
	HK\$'000	HK\$'000
Profit for the year	<u>27,004</u>	<u>4,160</u>
Other comprehensive income:		
<u>Items that may be reclassified subsequently to</u>		
<u>income statement:</u>		
Revaluation gain of an available-for-sale financial asset	—	270
Currency translation differences	<u>11</u>	<u>(8)</u>
Other comprehensive income for the year	<u>11</u>	<u>262</u>
Total comprehensive income for the year	<u>27,015</u>	<u>4,422</u>
Total comprehensive income attributable to:		
– Equity holders of the Company	<u>25,236</u>	3,503
– Non-controlling interests	<u>1,779</u>	<u>919</u>
	<u>27,015</u>	<u>4,422</u>

Consolidated Balance Sheet

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		132,642	134,718
Leasehold land and land use rights		21,510	22,225
Investment properties		105,075	103,559
Intangible assets		—	—
Available-for-sale financial asset		2,000	2,000
Deposit for acquisition of land use right		3,273	—
Deferred tax assets		5,990	5,571
Prepayments for property, plant and equipment and renovation costs		2,463	2,348
		<u>272,953</u>	<u>270,421</u>
Current assets			
Inventories		287,785	283,087
Trade and bills receivables	10	276,511	280,998
Other receivables, prepayments and deposits		33,149	21,407
Tax recoverable		846	14
Derivative financial instruments		111	152
Cash and bank balances		88,048	97,278
		<u>686,450</u>	<u>682,936</u>
Total assets		<u>959,403</u>	<u>953,357</u>
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		81,477	81,881
Retained earnings		316,232	290,592
		<u>497,095</u>	<u>471,859</u>
Non-controlling interests		21,336	21,461
Total equity		<u>518,431</u>	<u>493,320</u>

	Note	2015 HK\$'000	2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		<u>5,976</u>	<u>5,998</u>
Current liabilities			
Trade payables	11	71,819	98,459
Other payables, deposits received and accruals		26,241	19,310
Bank borrowings		317,469	294,828
Derivative financial instruments		14,554	34,533
Tax payable		<u>4,913</u>	<u>6,909</u>
		<u>434,996</u>	<u>454,039</u>
Total liabilities		<u>440,972</u>	<u>460,037</u>
Total equity and liabilities		<u>959,403</u>	<u>953,357</u>
Net current assets		<u>251,454</u>	<u>228,897</u>
Total assets less current liabilities		<u>524,407</u>	<u>499,318</u>

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.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit” as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 new standards, amendments/revises to standards and interpretation

The Group has adopted the following new standards, amendments/revises to standard and interpretation which are mandatory for the Group’s financial year beginning on 1st July 2014:

Hong Kong Accounting Standard (“HKAS”) 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement - Novation of Derivatives and Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
Hong Kong International Financial Reporting Interpretations Committee (“HK(IFRIC)”) -Int 21	Levies
Annual Improvements Project	Annual Improvements 2010 - 2012 Cycle
Annual Improvements Project	Annual Improvements 2011 - 2013 Cycle

The adoption of the above new standards, amendments/revises to standards and interpretation has had no material effect on the Group’s result and financial position, except for certain additional disclosures were made.

- (b) The following new standards, amendments to standards and interpretation have been issued but are not effective for the year ended 30th June 2015 and have not been early adopted:

HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation ¹
Amendment to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKAS 16 and HKAS 41	Bearer Plants ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendment to HKAS 27	Equity Method in Separate Financial Statements ¹
Annual Improvements Project	Annual Improvements 2012 - 2014 Cycle ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKAS 1	Disclosure Initiative ¹
HKFRS 9 (2014)	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²

¹ Effective for annual periods beginning on or after 1st January 2016

² Effective for annual periods beginning on or after 1st January 2017

³ Effective for annual periods beginning on or after 1st January 2018

The Group has commenced an assessment of the impact of these new standards and amendments to standards but is not yet in a position to state whether these new standards and amendments to standards would have a significant impact to the Group's results of operations and financial position.

2. Revenue and segment information

	2015	2014
	HK\$'000	HK\$'000
Turnover		
Sales of goods	1,615,716	1,755,124
Provision of logistic services	4,110	2,172
	<u>1,619,826</u>	<u>1,757,296</u>

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, including the provision of logistic services (“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 2015 is as follows:

	Trading	Colorants	Engineering plastics	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover					
– Gross revenue	1,135,162	382,829	189,179	4,163	1,711,333
– Inter-segment revenue	(87,558)	(2,656)	(1,293)	—	(91,507)
Revenue from external customers	<u>1,047,604</u>	<u>380,173</u>	<u>187,886</u>	<u>4,163</u>	<u>1,619,826</u>
Segment results	<u>2,953</u>	<u>35,137</u>	<u>7,318</u>	<u>(1,951)</u>	<u>43,457</u>
Finance income	148	167	6	—	321
Finance costs	(6,109)	(1,955)	(880)	(264)	(9,208)
(Loss)/profit before income tax	(3,008)	33,349	6,444	(2,215)	34,570
Income tax expense					(7,566)
Profit for the year					27,004
Non-controlling interests					(1,779)
Profit attributable to equity holders of the Company					<u>25,225</u>
Other information:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	822	9,505	8,311	294	18,932
Depreciation of property, plant and equipment	765	5,788	10,169	839	17,561
Amortisation of leasehold land and land use rights	398	207	32	78	715
Reversal of impairment of inventories	(2,791)	(113)	(102)	—	(3,006)
Provision for impairment of trade receivables	—	948	392	—	1,340
Unrealised fair value gain on derivative financial instruments	<u>(19,938)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(19,938)</u>

The segment information provided to the CODM for the reportable segments as at 30th June 2015 is as follows:

	Trading	Colorants	Engineering plastics	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	392,363	290,816	156,485	119,739	959,403
Total assets					<u>959,403</u>
Segment liabilities	(74,217)	(29,510)	(13,351)	(6,425)	(123,503)
Borrowings	(238,011)	(28,550)	(43,960)	(6,948)	<u>(317,469)</u>
Total liabilities					<u>(440,972)</u>

The segment information provided to the CODM for the reportable segments for the year ended 30th June 2014 is as follows:

	Trading HK\$'000	Colorants HK\$'000	Engineering plastics HK\$'000	Others HK\$'000	Group HK\$'000
Turnover					
– Gross revenue	1,288,851	377,084	188,983	2,423	1,857,341
– Inter-segment revenue	(97,149)	(1,187)	(1,709)	—	(100,045)
Revenue from external customers	<u>1,191,702</u>	<u>375,897</u>	<u>187,274</u>	<u>2,423</u>	<u>1,757,296</u>
Segment results	<u>(49,892)</u>	<u>48,276</u>	<u>6,748</u>	<u>21,546</u>	<u>26,678</u>
Finance income	79	122	7	—	208
Finance costs	(6,767)	(1,481)	(810)	(179)	(9,237)
(Loss)/profit before income tax	(56,580)	46,917	5,945	21,367	17,649
Income tax expense					<u>(13,489)</u>
Profit for the year					4,160
Non-controlling interests					<u>(919)</u>
Profit attributable to equity holders of the Company					<u><u>3,241</u></u>
Other information:					
Additions to non-current assets (other than financial instruments and deferred tax assets)	848	4,845	5,986	18	11,697
Depreciation of property, plant and equipment	615	5,944	9,414	826	16,799
Amortisation of leasehold land and land use rights	398	207	32	77	714
(Reversal of)/provision for impairment of inventories	(284)	375	230	(2)	319
Provision for impairment of trade receivables	—	94	—	—	94
Write-off of other receivables	—	—	—	86	86
Unrealised fair value loss on derivative financial instruments	<u>29,937</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>29,937</u>

The segment information provided to the CODM for the reportable segments as at 30th June 2014 is as follows:

	Trading	Colorants	Engineering plastics	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	412,372	276,398	148,901	115,686	<u>953,357</u>
Total assets					<u><u>953,357</u></u>
Segment liabilities	(119,778)	(25,564)	(14,210)	(5,657)	(165,209)
Borrowings	(243,604)	(21,843)	(24,671)	(4,710)	<u>(294,828)</u>
Total liabilities					<u><u>(460,037)</u></u>

The entity is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong for the year ended 30th June 2015 is approximately HK\$732,523,000 (2014: HK\$870,054,000), and the total of its revenue from external customers from other locations (mainly the People's Republic of China (the "PRC")) is approximately HK\$887,303,000 (2014: HK\$887,242,000).

At 30th June 2015, the total of non-current assets other than financial instruments and deferred tax assets located in Hong Kong is approximately HK\$158,620,000 (2014: HK\$160,641,000), and the total of these non-current assets located in other locations (mainly the PRC) is approximately HK\$106,343,000 (2014: HK\$102,209,000).

3. Other income

	2015 HK\$'000	2014 HK\$'000
Rental income	<u><u>5,318</u></u>	<u><u>4,867</u></u>

Outgoings in respect of investment properties amounted to approximately HK\$179,000 (2014: HK\$140,000).

4. Other gains, net

	2015 HK\$'000	2014 HK\$'000
Fair value gains on investment properties	1,516	27,234
Derivative financial instruments		
– forward foreign exchange contracts held for trading		
– unrealised gains/(losses)	19,938	(29,937)
– realised (losses)/gains	(2,274)	4,029
Net exchange losses	(810)	(515)
Loss on disposal of a subsidiary	—	(32)
	<u>18,370</u>	<u>779</u>

5. Expenses by nature

	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold excluding manufacturing costs	1,342,535	1,488,219
Amortisation of leasehold land and land use rights	715	714
Auditor's remuneration	2,696	2,668
Depreciation	17,561	16,799
Provision for impairment of trade receivables	1,340	94
Write-off of other receivables	—	86
(Reversal of)/provision for impairment of inventories	(3,006)	319
(Gain)/loss on disposal of property, plant and equipment	(280)	31
Employee benefit expenses, including Directors' emoluments	123,512	116,611
Operating lease rentals in respect of land and buildings	8,911	8,061
Repairs and maintenance expenses	3,752	3,447
Transportation and packaging expenses	27,731	27,321
Travelling and office expenses	10,850	10,970
Utility expenses	15,527	13,607
Other expenses	48,213	47,317
Total cost of sales, distribution costs and administrative expenses	<u>1,600,057</u>	<u>1,736,264</u>
Representing:		
Cost of sales	1,420,687	1,565,368
Distribution costs	76,358	71,632
Administrative expenses	103,012	99,264
	<u>1,600,057</u>	<u>1,736,264</u>

6. Finance income and costs

	2015 HK\$'000	2014 HK\$'000
Finance income:		
– Interest income from bank deposits	321	208
Finance costs:		
– Interest on bank borrowings wholly repayable within five years	(11,136)	(11,330)
– Net exchange gains on financing activities	1,928	2,093
	(9,208)	(9,237)
Finance costs, net	<u>(8,887)</u>	<u>(9,029)</u>

7. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on the Group's subsidiaries established and operate in the PRC 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:

	2015 HK\$'000	2014 HK\$'000
Current tax:		
Hong Kong profits tax	1,203	1,343
PRC corporate income tax	6,801	11,209
Under-provision in previous years	3	43
	8,007	12,595
Deferred tax	(441)	894
	<u>7,566</u>	<u>13,489</u>

8. Dividends

	2015	2014
	HK\$'000	HK\$'000
Interim, paid, of Nil (2014: HK1.0 cent) per ordinary share	—	3,692
Final, proposed, of HK1.0 cent (2014: Nil) per ordinary share	<u>3,692</u>	<u>—</u>
	<u>3,692</u>	<u>3,692</u>

Notes:

- (a) At a meeting held on 26th September 2013, the Directors proposed a final dividend of HK1.0 cent per share, totalling HK\$3,692,000 for the year ended 30th June 2013, which was paid during the year ended 30th June 2014, and has been reflected as an appropriation of retained earnings for the year ended 30th June 2014.
- (b) At a meeting held on 27th February 2014, the Directors declared an interim dividend of HK1.0 cent per share, totalling HK\$3,692,000 for the six months ended 31st December 2013, which was paid during the year ended 30th June 2014, and has been reflected as an appropriation of retained earnings for the year ended 30th June 2014.
- (c) At a meeting held on 25th September 2014, the Directors resolved not to declare any final dividend for the year ended 30th June 2014.
- (d) At a meeting held on 27th February 2015, the Directors resolved not to declare any interim dividend for the six months ended 31st December 2014.
- (e) At a meeting held on 24th September 2015, the Directors proposed a final dividend of HK1.0 cent per share, totalling HK\$3,692,000. This proposed dividend was not reflected as a dividend payable in the financial statements and will be reflected as an appropriation of retained earnings for the year ending 30th June 2016.

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.

	2015	2014
Profit attributable to equity holders of the Company (HK\$'000)	<u>25,225</u>	<u>3,241</u>
Weighted average number of ordinary shares in issue	<u>369,200,000</u>	<u>369,200,000</u>
Basic earnings per share (HK cents per share)	<u>6.83</u>	<u>0.88</u>

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 2015 and 2014 equal basic earnings per share as there was no dilutive potential ordinary share as at the year ended 30th June 2015 and 2014.

10. Trade and bills receivables

	Group	
	2015	2014
	HK\$'000	HK\$'000
Trade receivables	253,263	261,275
Less: provision for impairment of receivables	(4,700)	(3,489)
	<hr/>	<hr/>
	248,563	257,786
Bills receivable	27,948	23,212
	<hr/>	<hr/>
	276,511	280,998
	<hr/> <hr/>	<hr/> <hr/>

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

	Group	
	2015	2014
	HK\$'000	HK\$'000
Below 90 days	230,126	231,545
91 - 180 days	15,544	17,548
Over 180 days	7,593	12,182
	<hr/>	<hr/>
	253,263	261,275
	<hr/> <hr/>	<hr/> <hr/>

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

Certain subsidiaries of the Group transferred certain bank's acceptance bills amounting to approximately HK\$9,583,000 (2014: HK\$7,220,000) with recourse in exchange for cash as at 30th June 2015. 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 by invoice date is as follows:

	Group	
	2015	2014
	HK\$'000	HK\$'000
Below 90 days	70,798	97,572
91 - 180 days	148	35
Over 180 days	873	852
	71,819	98,459

12. Commitments

(a) Capital commitments

At 30th June 2015, the Group had the following capital commitments for addition of property, plant and equipment:

	2015	2014
	HK\$'000	HK\$'000
Contracted but not provided for	4,087	7,538

(b) Commitment under operating leases

As at 30th June 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	2015	2014
	HK\$'000	HK\$'000
Not later than one year	2,095	3,441
Later than one year and not later than five years	3,380	625
Later than five years	138	213
	5,613	4,279

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK1.0 cent per share for the year ended 30th June 2015 (2014: Nil). The proposed final dividend, together with the interim dividend of Nil (2014: HK1.0 cent), will make a total distribution of HK1.0 cent per share for the year (2014: HK1.0 cent). The proposed final dividend, if approved at the forthcoming Annual General Meeting of the Company to be held on 19th November 2015 (the “AGM”), will be payable in cash on or about 10th December 2015 to members whose names appear on the register of members of the Company on 30th November 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17th November 2015 to Thursday, 19th November 2015 (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 AGM. In order to be eligible 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, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 16th November 2015.

The register of members of the Company will be closed from Thursday, 26th November 2015 to Monday, 30th November 2015 (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 2015. In order to qualify for the proposed final dividend for the year ended 30th June 2015, 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, A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 25th November 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the declining prices of oil in the second half of last year has affected the material cost of plastics and product prices which in turn has brought uncertainties to the Group's business development, as growth in the Chinese economy has continued to slow down and market demand in Europe has yet to recover. For the year ended 30th June 2015, the Group's total turnover was HK\$1,619,826,000, representing a year-on-year drop of 8%. The sales volume of products also decreased by 5% over the same period last year. However, the Group has continued to provide value-added services to its customers and develop sales of products with higher gross profit margins, optimised its product mix and prudently managed its inventory to increase the proportion of colorant and engineering plastics businesses with higher margins. As the material costs started to stabilise in the first half of this year, total gross profit increased by 4% to HK\$199,139,000 with the gross profit margin up from 10.9% in the same period last year to 12.3%.

Under the influence of minimum wage policy in China, the Group's labour costs have increased by 6%. This rise, plus the influence of inflation and the year-on-year increase of distribution costs has contributed to the increase of operating costs during the year. However, attributable from the premium quality of product and service, solid customer base and increase of other net gains during the year under review including unrealised gain of forward foreign exchange contracts, profit attributable to equity holders increased more than seven times to HK\$25,225,000 (2014: HK\$3,241,000). Basic earnings per share were HK6.83 cents (2014: HK0.88 cents).

To reward the support of its shareholders, the Board of Directors has recommended the payment of a final dividend of HK1.0 cent per share (2014:Nil).

In the colorants, pigments and compounded plastic resin business segment, the Group has strived to maintain a close relationship with customers in the decorative construction materials market. In view of the increasing demand for high value-added products in the consumer market in Southern China, the Group has continued to allocate more resources to secure higher-margin customers for trendy and sophisticated products such as smart electronic healthcare products. These efforts have helped to contribute a satisfactory segmental performance with turnover up 1.1% to HK\$380,173,000. The Group has also made use of its existing technological edge to capture the opportunities from higher domestic demand for quality sanitary accessories. With an expanded customer base, its Xiamen office registered a satisfactory performance with turnover up 50% year-on-year to nearly HK\$40,000,000. The Group has also formed a dedicated team for its automobile customers in Eastern and Northern China aimed at offering them a series of high quality automobile-related products and services, as well as sharing resources with other business segments to boost overall profit growth. Meanwhile, the Group has continued to strictly control of its costs and consequently, gross profit margin has increased by one percentage point during the year under review. However, profit before taxation decreased by 29% year-on-year to HK\$33,349,000 due to rising labour, transportation and warehousing costs.

The weaker macroeconomies both domestically and in Europe have seriously impacted the Group's engineering plastics business. The volatility of the Renminbi exchange rate has made customers more cautious in their procurement operations. Despite these negative factors, the Group's transformation of its sales model has started to reap benefits with the engineering plastics business recording a bottoming out with turnover up slightly to HK\$187,886,000 during the year. Profit before taxation also increased by 8.4% year-on-year. The Group has continued to broaden its product mix to develop business with more potential export customers, including the provision of food-related equipment and tools for internationally-renowned food manufacturers, thereby creating new profit contributions. During the year, the Group has also continued to produce and sell metal substitutes which are mainly used in kitchenware and automobiles in order to support the business transformation of local customers and continue to bring in profit contribution. In addition, the Group's office in Dongguan achieved an encouraging performance with profit before taxation more than doubling when compared with the corresponding period last year. The Group's leading-edge product technology remained as its competitive advantage enabling it to outperform its peers by meeting the increasingly stringent requirements of customers from Mainland China and overseas for product quality. This advantage has also helped the Group to expand its customer base in Southern and Eastern China.

Owing to its higher susceptibility to changes in the market environment, the plastics trading business has recorded a turnover of HK\$1,047,604,000, a decrease of 12% as compared to the corresponding period last year. Nevertheless, the Group has leveraged its technological advantage to increase the proportion of high-margin products with unique value-added technology and more specialised applications such as three-dimensional ("3D") printing materials and public transportation systems, as well as carefully qualifying financially-stable customers. As a result, gross profit margin increased by one percentage point year-on-year. The Group has also focused on expanding its customer base in heavy industry such as automobile manufacturers. The sales office in Tianjin has achieved the best results with a turnover of nearly HK\$40,000,000 during the year, an increase of 90% as compared with the same period last year. In addition, its sales office in Chongqing targeting the Western China market has begun contributing revenue to the Group, driving overall profit. The Group believes that the implementation of growth strategy by focusing on the development of high-margin products by leveraging its diverse product mix and technological advantages can capture the growth opportunities across various regions in China.

PROSPECTS

As the macroeconomic environment continues to face challenges, the Group's management is prudent about the prospects of its future development. The more notable fluctuation of oil prices and Renminbi exchange rates in July and August this year and the impact of the chemical explosions in the Binhai new area of Tianjin on the customers in Northern China added uncertainties to the course of the Group's development. The Group will continue its strategy of developing high value-added products with higher margin, work selectively with creditworthy customers and prudently manage its inventory to combat the potential adverse effects of external uncertainties and boost its overall profitability.

The management believes that the Group's top product quality has been widely recognised by international brands. This high quality of its high value-added products is expected to gain promising growth for the Group as the U.S. economy continues to recover. On the other hand, Mainland China still has huge market potential in the long term. The Group will focus on producing the necessities with rigid market demand such as personal healthcare products and food packaging, while at the same time producing the products targeting customer segments with higher discretionary spending. These two products are less affected by economic cycles and can enable the Group to maintain stable development amidst the challenging economic environment. While seeking more cooperation opportunities with international brands, the Group will adhere to its development objectives of capturing opportunities in Mainland China and expand its domestic market and gain market share in surrounding areas through leveraging its existing market presence.

In order to maintain cost controls, as the fluctuation of oil prices and exchange rates and the rising labour costs still present challenges to its operations, the Group will continue to adopt sound business strategies and a prudent financial management approach aimed at effectively managing production costs and also realising greater synergies through sharing internal resources in order to advance its long-term development.

Calling on its wealth of industry experience accumulated over many years, the professional management team will continue to lead the Group to overcome future challenges and seize opportunities across a wide range of markets and ultimately bring satisfactory returns to its shareholders.

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 2015 the Group has available aggregate banking facilities of approximately HK\$679,746,000, of which approximately HK\$312,735,000 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 2015 amounted to approximately HK\$88,048,000. The Group's gearing ratio as at 30th June 2015 was approximately 64%, based on the total bank borrowings of approximately HK\$317,469,000 and the shareholders' funds of approximately HK\$497,095,000.

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 2015, 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:

	2015	2014
	HK\$'000	HK\$'000
Sell HK dollars for US dollars	<u>2,269,800</u>	<u>1,131,000</u>
Sell US dollars for HK dollars	<u>15,600</u>	<u>15,600</u>
Sell US dollars for Renminbi	<u>1,070,628</u>	<u>1,297,140</u>

EMPLOYEE INFORMATION

As at 30th June 2015, the Group had approximately 733 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.

BASIS OF DETERMINING EMOLUMENT TO DIRECTORS

The same remuneration philosophy is applicable to the Directors of the Company. Apart from benchmarking against the market, the Company looks at individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Directors similar to those offered to other employees of the Group.

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.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday, 19th November 2015 and the Notice of Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

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 emphasises on maintaining and carrying out sound, solid and effective corporate governance principles and structures.

The Company has complied with all the applicable code provisions as set out in Corporate Governance Code and Corporate Governance Report to the Appendix 14 of the Listing Rules (the "CG Code") throughout the year ended 30th June 2015, except for the deviation as mentioned below.

According to the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer (chief executive for CG Code) should be separate and should not be performed by the same individual. Up to the date of this announcement, the Board has not appointed any individual to be the chief executive. The roles of the chief executive 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 as chief executive when it thinks appropriate.

AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) provides an important link between the Board 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 2015 with the Directors.

REMUNERATION COMMITTEE

The Company has formulated written terms of reference for the remuneration committee of the Company (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 2015.

NOMINATION COMMITTEE

A nomination committee of the Company (the “Nomination Committee”) was established on 26th March 2012 with written terms of reference in accordance with the requirements of HKSE. The Nomination 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 Nomination Committee is responsible for reviewing the structure, size and composition of the Board (including the skills, knowledge and experience) on a regular basis and make recommendations to the Board regarding any proposed changes; identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; assessing the independence of independent non-executive Directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors. The Nomination Committee would review the Board's composition from time to time where Board diversity would be considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of services.

The Nomination Committee meets at least once a year to assess the structure, size and composition of the Board. The Nomination Committee held two meetings during the year ended 30th June 2015 to review the structure, size and composition (including the skills, knowledge and experience) of the Board.

CORPORATE GOVERNANCE COMMITTEE

A corporate governance committee of the Company (the "Corporate Governance Committee") was established on 26th March 2012 with written terms of reference in accordance with the CG Code. The Corporate Governance Committee consists of all independent non-executive Directors, namely Mr HO Wai Chi, Paul, Mr CHAN Dit Lung, and Mr CHING Yu Lung.

The Corporate Governance Committee is responsible for developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board; reviewing and monitoring the training and continuous professional development of Directors and senior management; reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and reviewing the Group's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company.

The Corporate Governance Committee meets at least once a year to review the corporate governance functions. The Corporate Governance Committee held two meetings during the year ended 30th June 2015 to review the corporate governance policy in the Group and recommend the training arrangement on corporate governance to the employees of the Group.

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.hkexnews.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.hkexnews.hk>) and the Company (<http://www.nhh.com.hk>) in due course.

On behalf of the Board

HUI Sai Chung

Chairman

Hong Kong, 24th September 2015

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.