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## NGAI HING HONG COMPANY LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1047)**

Website: <https://www.nhh.com.hk>

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER 2024

The Board of Directors (the “Board”) of Ngai Hing Hong Company Limited (the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31st December 2024 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31st December</b>	
		<b>2024</b>	<b>2023</b>
	<b>Note</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from contracts with customers	3	705,051	649,296
Cost of sales		(595,940)	(559,383)
Gross profit		109,111	89,913
Other income		3,817	4,231
Other gains, net	4	3,438	184
Distribution costs		(41,773)	(42,815)
(Provision for)/reversal of loss allowance on trade receivables		(253)	1,559
Administrative expenses		(61,738)	(56,595)
Operating profit/(loss)	5	12,602	(3,523)
Finance income	6	886	683
Finance costs	6	(12,995)	(12,158)
Finance costs, net		(12,109)	(11,475)
Profit/(loss) before income tax		493	(14,998)
Income tax expense	7	(6,335)	(4,474)
Loss for the period		(5,842)	(19,472)

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>31st December</b>	
		<b>2024</b>	<b>2023</b>
	Note	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Attributable to:			
Equity holders of the Company		<b>(6,803)</b>	(18,412)
Non-controlling interests		<b>961</b>	(1,060)
		<u><b>(5,842)</b></u>	<u>(19,472)</u>
Loss per share for loss attributable to			
the equity holders of the Company during the period			
(expressed in HK cent per share)			
– Basic	9	<u><b>(1.84)</b></u>	<u>(4.99)</u>
– Diluted	9	<u><b>(1.84)</b></u>	<u>(4.99)</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended	
	31st December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	(5,842)	(19,472)
Other comprehensive loss:		
<u>Item that will not be reclassified subsequently to</u>		
<u>income statement:</u>		
Fair value loss of financial asset at fair value through		
other comprehensive income	—	(292)
<u>Item that may be reclassified subsequently to</u>		
<u>income statement:</u>		
Currency translation differences	(14,140)	—
Other comprehensive loss for the period	(14,140)	(292)
Total comprehensive loss for the period	(19,982)	(19,764)
Total comprehensive loss attributable to:		
Equity holders of the Company	(20,736)	(18,622)
Non-controlling interests	754	(1,142)
	(19,982)	(19,764)

## CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 31st December 2024 HK\$'000	Audited 30th June 2024 HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		96,632	93,059
Right-of-use assets		18,236	21,850
Investment properties		157,708	158,233
Intangible assets		—	—
Financial asset at fair value through other comprehensive income		2,684	2,684
Financial asset at fair value through profit and loss		6,103	5,959
Deferred income tax assets		9,413	9,805
Deposits and prepayment for property, plant and equipment and renovation costs		3,004	5,245
		<u>293,780</u>	<u>296,835</u>
<b>Current assets</b>			
Inventories		242,916	300,277
Trade and bills receivables	10	248,198	243,833
Other receivables, prepayments and deposits		28,590	31,754
Income tax recoverable		669	3,294
Restricted bank deposits		36,193	36,657
Cash and bank balances		134,713	104,233
		<u>691,279</u>	<u>720,048</u>
<b>Total assets</b>		<u><b>985,059</b></u>	<u><b>1,016,883</b></u>

		Unaudited 31st December 2024 HK\$'000	Audited 30th June 2024 HK\$'000
	Note		
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		36,920	36,920
Share premium		62,466	62,466
Other reserves		(6,926)	7,007
Retained earnings		383,931	390,734
		<u>476,391</u>	<u>497,127</u>
<b>Non-controlling interests</b>		<u>20,539</u>	<u>22,170</u>
<b>Total equity</b>		<u><u>496,930</u></u>	<u><u>519,297</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		3,398	4,928
Lease liabilities		432	1,344
		<u>3,830</u>	<u>6,272</u>
<b>Current liabilities</b>			
Trade payables	11	66,632	53,478
Other payables, deposits received and accruals		42,060	39,711
Lease liabilities		3,228	5,075
Bank borrowings		360,671	385,873
Derivative financial instruments		653	736
Income tax payable		11,055	6,441
		<u>484,299</u>	<u>491,314</u>
<b>Total liabilities</b>		<u><u>488,129</u></u>	<u><u>497,586</u></u>
<b>Total equity and liabilities</b>		<u><u>985,059</u></u>	<u><u>1,016,883</u></u>
<b>Net current assets</b>		<u><u>206,980</u></u>	<u><u>228,734</u></u>
<b>Total assets less current liabilities</b>		<u><u>500,760</u></u>	<u><u>525,569</u></u>

## 1 Basis of preparation

The condensed consolidated interim financial information for the six months ended 31st December 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 30th June 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30th June 2024, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### 2.1 New and amended standards adopted by the Group

The Group has applied the following new standards and amendments to standards for the first time for the annual period beginning on 1st July 2024:

HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendment)	Non-current Liabilities with Covenants
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Amendment)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7 (Amendment)	Supplier Finance Arrangements

The adoption of the above new standards and amendments to standards did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## 2.2 *Impact of standards issued but not yet applied by the Group*

The following new and amended HKFRSs have been issued, but are not effective for the Group's accounting period beginning on 1st July 2024 and have not been early adopted:

HKAS 21 and HKFRS 1 (Amendment)	Lack of Exchangeability <sup>(1)</sup>
HKFRS 9 and HKFRS 7 (Amendment)	Classification and Measurement of Financial Instruments <sup>(2)</sup>
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>(2)</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>(3)</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>(3)</sup>
Hong Kong - Interpretation 5 (Amendment)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>(3)</sup>
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(4)</sup>

<sup>(1)</sup> Effective for annual periods beginning on or after 1st January 2025

<sup>(2)</sup> Effective for annual periods beginning on or after 1st January 2026

<sup>(3)</sup> Effective for annual periods beginning on or after 1st January 2027

<sup>(4)</sup> To be determined

The Group has commenced, but not yet completed, an assessment of the impact of the new standards and amendments to standards on its results of operations and financial position. However, none of the above new standards and amendments to standards is expected to have a significant effect on the Group's financial performance and position.

### 3 Revenue from contracts with customers and segment information

	<b>Unaudited</b>	
	<b>Six months ended 31st December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Revenue from contracts with customers		
Sales of goods	<b><u>705,051</u></b>	<b><u>649,296</u></b>

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

The Group derived revenue from the sales of goods at a point in time.

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 plastic”) 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 condensed consolidated interim financial information.

The CODM assesses the performance of the operating segments based on a measure of revenue from contracts with customers and operating profit including corporate expenses, which is in a manner consistent with that of the condensed consolidated interim financial information.



The segment information provided to the CODM for the reportable segments for the six months ended 31st December 2024 is as follows:

	Unaudited				
	Trading	Colorants	Engineering plastic	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers					
– Gross revenue	477,121	185,903	72,214	—	735,238
– Inter-segment revenue	(27,949)	(1,606)	(632)	—	(30,187)
Revenue from external customers	<u>449,172</u>	<u>184,297</u>	<u>71,582</u>	<u>—</u>	<u>705,051</u>
Operating (loss)/profit	<u>(3,083)</u>	<u>11,059</u>	<u>7,437</u>	<u>(2,811)</u>	<u>12,602</u>
Finance income	530	31	325	—	886
Finance costs	(12,053)	(585)	(241)	(116)	(12,995)
(Loss)/profit before income tax	<u>(14,606)</u>	<u>10,505</u>	<u>7,521</u>	<u>(2,927)</u>	<u>493</u>
Other information:					
Capital expenditures	62	7,606	2,535	28	10,231
Depreciation of property, plant and equipment	226	4,420	2,567	212	7,425
Depreciation of rights-of-use assets	157	2,197	491	103	2,948
(Reversal of)/provision for impairment of inventories, net	(1,192)	480	(162)	—	(874)
(Reversal of)/provision for loss allowance on trade receivables	(571)	775	49	—	253
Fair value gains on financial asset through profit and loss	—	—	—	(144)	(144)
Fair value gains on derivative financial instruments	<u>(266)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(266)</u>

The segment information provided to the CODM for the reportable segments as at 31st December 2024 is as follows:

	Unaudited				
	Trading	Colorants	Engineering plastic	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>405,237</u>	<u>312,231</u>	<u>113,990</u>	<u>153,601</u>	<u>985,059</u>
Segment liabilities	(71,388)	(36,327)	(15,920)	(3,823)	(127,458)
Segment borrowings	<u>(305,204)</u>	<u>(35,383)</u>	<u>(15,740)</u>	<u>(4,344)</u>	<u>(360,671)</u>
	<u>(376,592)</u>	<u>(71,710)</u>	<u>(31,660)</u>	<u>(8,167)</u>	<u>(488,129)</u>

The segment information provided to the CODM for the reportable segments for the six months ended 31st December 2023 is as follows:

	Unaudited				
	Trading <i>HK\$'000</i>	Colorants <i>HK\$'000</i>	Engineering plastic <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue from contracts with customers					
– Gross revenue	428,976	186,307	65,136	—	680,419
– Inter-segment revenue	(30,185)	(938)	—	—	(31,123)
Revenue from external customers	<u>398,791</u>	<u>185,369</u>	<u>65,136</u>	<u>—</u>	<u>649,296</u>
Operating (loss)/profit	<u>(13,543)</u>	<u>14,883</u>	<u>(1,253)</u>	<u>(3,610)</u>	<u>(3,523)</u>
Finance income	388	281	14	—	683
Finance costs	(10,524)	(742)	(789)	(103)	(12,158)
(Loss)/profit before income tax	<u>(23,679)</u>	<u>14,422</u>	<u>(2,028)</u>	<u>(3,713)</u>	<u>(14,998)</u>
Other information:					
Capital expenditures	269	3,845	2,365	8	6,487
Depreciation of property, plant and equipment	172	4,225	2,723	570	7,690
Depreciation of rights-of-use assets	157	2,221	492	104	2,974
Provision for impairment of inventories, net	718	216	4,861	—	5,795
Reversal of provision for loss allowance on trade receivables	(489)	(948)	(122)	—	(1,559)
Fair value gains on derivative financial instruments	<u>(100)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(100)</u>

The segment information provided to the CODM for the reportable segments as at 30th June 2024 is as follows:

	Audited				
	Trading <i>HK\$'000</i>	Colorants <i>HK\$'000</i>	Engineering plastic <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Segment assets	<u>411,697</u>	<u>325,612</u>	<u>127,458</u>	<u>152,116</u>	<u>1,016,883</u>
Segment liabilities	(56,118)	(38,657)	(12,834)	(4,104)	(111,713)
Segment borrowings	<u>(334,046)</u>	<u>(30,414)</u>	<u>(16,952)</u>	<u>(4,461)</u>	<u>(385,873)</u>
	<u>(390,164)</u>	<u>(69,071)</u>	<u>(29,786)</u>	<u>(8,565)</u>	<u>(497,586)</u>

The entity is domiciled in Hong Kong. The revenue from external customers from Hong Kong for the six months ended 31st December 2024 is approximately HK\$158,519,000 (six months ended 31st December 2023: HK\$169,033,000) and the total of its revenue from external customers from other locations (mainly in Mainland China) is approximately HK\$546,532,000 (six months ended 31st December 2023: HK\$480,263,000).

At 31st December 2024, the total of non-current assets other than financial instruments and deferred income tax assets located in Hong Kong is approximately HK\$170,186,000 (as at 30th June 2024: HK\$174,869,000) and the total of these non-current assets located in other locations (mainly in Mainland China) is approximately HK\$105,394,000 (as at 30th June 2024: HK\$103,518,000).

#### 4 Other gains, net

	<b>Unaudited</b>	
	<b>Six months ended 31st December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net exchange gain/(loss)	<b>1,033</b>	(772)
Fair value gains from derivative financial instruments	<b>266</b>	100
Fair value gains/(losses) from financial asset through profit and loss	<b>144</b>	(1,535)
Others	<b>1,995</b>	2,391
	<b>3,438</b>	184

#### 5 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting) the following:

	<b>Unaudited</b>	
	<b>Six months ended 31st December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of inventories recognised as expenses included in cost of sales	<b>549,590</b>	506,806
Depreciation of property, plant and equipment	<b>7,425</b>	7,690
Depreciation of rights-of-use assets	<b>2,948</b>	2,974
Short-term lease rentals in respect of land and buildings	<b>3,179</b>	4,050
Employee benefit expenses, including Directors' emoluments	<b>68,862</b>	65,839
Provision for/(reversal of) loss allowance on trade receivables	<b>253</b>	(1,559)
(Reversal of)/provision for impairment of inventories, net	<b>(874)</b>	5,795

## 6 Finance income and costs

	<b>Unaudited</b>	
	<b>Six months ended 31st December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance income:		
– Interest income from bank deposits	574	338
– Net exchange gains on financing activities	312	345
	<u>886</u>	<u>683</u>
Finance costs:		
– Interests on bank borrowings	(12,854)	(11,981)
– Interests on lease liabilities	(141)	(177)
	<u>(12,995)</u>	<u>(12,158)</u>
Finance costs, net	<u>(12,109)</u>	<u>(11,475)</u>

## 7 Income tax expense

Hong Kong profit tax has been provided for at the rate of 16.5% (2023: no profit tax provided) for the period. Income tax on the Group's subsidiaries established and operate in Mainland China has been calculated on the estimated assessable profit for the period at the rates of taxation as applicable to the relevant subsidiaries.

The amount of income tax charged to the interim consolidated income statement represents:

	<b>Unaudited</b>	
	<b>Six months ended 31st December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax		
– Hong Kong profits tax	532	—
– Mainland China corporate income tax	6,840	7,409
	<u>7,372</u>	<u>7,409</u>
Deferred income tax credit	<u>(1,037)</u>	<u>(2,935)</u>
	<u>6,335</u>	<u>4,474</u>

Deferred income tax assets are recognised for tax losses carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31st December 2024, the Group had unrecognised tax losses to be carried forward against future taxable income amounted to HK\$485,330,000 (as at 30th June 2024: HK\$464,533,000). Aside from tax losses generated from certain subsidiaries incorporated in Mainland China amounted to HK\$46,317,000 (as at 30th June 2024: HK\$51,898,000) with expiry dates from 2025 to 2029, the remaining tax losses have no expiry date. The potential deferred income tax assets in respect of these tax losses which have not been recognised amounted to approximately HK\$84,016,000 (as at 30th June 2024: HK\$81,059,000).

## **8 Dividends**

On 28th February 2024, the Directors resolved not to declare any interim dividend for the six months ended 31st December 2023.

On 27th September 2024, the Directors resolved not to declare any final dividend for the year ended 30th June 2024.

On 27th February 2025, the Directors resolved not to declare any interim dividend for the six months ended 31st December 2024.

## **9 Loss per share**

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company for the period of HK\$6,803,000 (six months ended 31st December 2023: HK\$18,412,000) and 369,200,000 ordinary shares in issue during the period (six months ended 31st December 2023: 369,200,000).

Dilutive loss per share for the period ended 31st December 2024 and 2023 equal basic loss per share as there was no dilutive potential ordinary share as at and for the period ended 31st December 2024 and 2023.

## 10 Trade and bills receivables

	Unaudited 31st December 2024 HK\$'000	Audited 30th June 2024 HK\$'000
Trade receivables	200,452	206,908
Less: loss allowance	(4,357)	(4,188)
	<u>196,095</u>	<u>202,720</u>
Bills receivables	52,103	41,113
	<u>248,198</u>	<u>243,833</u>

At 31st December 2024, the aging analysis of trade receivables, based on invoice date, is as follows:

	Unaudited 31st December 2024 HK\$'000	Audited 30th June 2024 HK\$'000
Below 90 days	195,168	198,199
91-180 days	1,125	5,070
Over 180 days	4,159	3,639
	<u>200,452</u>	<u>206,908</u>

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.

Bill receivables are mainly with maturity period within 180 days.

At 31st December 2024, there are bills of exchange of HK\$39,302,000 (as at 30th June 2024: HK\$25,880,000) factored to banks with recourse in exchange for cash. The transactions had been accounted for as collateralised bank advances.

## 11 Trade payables

At 31st December 2024, the aging analysis of trade payables, based on invoice date, is as follows:

	Unaudited 31st December 2024 HK\$'000	Audited 30th June 2024 HK\$'000
Below 90 days	65,159	49,774
91-180 days	775	2,479
Over 180 days	698	1,225
	<u>66,632</u>	<u>53,478</u>

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 31st December 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### ***BUSINESS REVIEW***

In the second half of 2024, the global political and economic landscape remained tense, the foreign exchange market was volatile, the Fed rate cuts fell short of expectations, and the price of plastic materials hovered at a low level. Despite the challenging external environment, the Group was able to continuously enhance its operational and revenue efficiency by implementing prudent strategies, optimising its product portfolio, and effectively capturing market opportunities. The Group recorded a total turnover of HK\$705,051,000 for the six months ended 31st December 2024 (2023: HK\$649,296,000), an increase of 8.6% against the same period last year.

During the period under review, the Group's overall gross profit increased by 21.4% to HK\$109,111,000 (2023: HK\$89,913,000). Continuing to implement stringent cost trimming measures, gross profit margin of the Group widened by 1.7 percentage points against the same period last year to 15.5%. Loss attributable to equity holders of the Company narrowed significantly to HK\$6,803,000 (2023: loss attributable to equity holders of the Company: HK\$18,412,000). Basic loss per share was HK1.84 cents (2023: basic loss per share: HK4.99 cents). In addition, by executing an effective operating strategy, the Group's operating performance steadily improved in the second half of 2024. Compared with the operating loss of HK\$3,523,000 recorded in the same period last year, the Group achieved a turnaround during the period, with an operating profit of HK\$12,602,000.

To reserve funds for business development, the Board of Directors does not recommend payment of interim dividend.

During the period under review, the end products of the engineering plastic products business, such as general household electrical appliances, household products and high-end kitchenware, continued to show steady development owing to a solid customer base and stable market demand. It is worth noting that the engineering plastics business for tailor-made toys, which was under pressure during the epidemic, benefited from the economic recovery and saw a surge in orders, signalling an upturn. Bolstered by this momentum, the Group's sales team also seized the opportunity to actively expand the customer base and optimise the pricing strategy, achieving growth in both sales volume and price during the period, driving an 9.9% year-on-year increase in turnover to HK\$71,582,000 (2023: HK\$65,136,000), with gross profit margin increase of 12.1 percentage points. Profit before taxation soared to HK\$7,521,000 (2023: loss before taxation of HK\$2,028,000). The business has returned to profitability.

The Group has a broad customer base and diverse product channels for the colorants, pigments, and compounded plastic resins business. In addition to its traditional business in industries such as automotive applications, food packaging and new energy, the Group provides high-value-added colorants processing services to international automotive brands and ICT products. During the period, the Group actively engaged with its overseas customers who had previously returned to domestic production and consistently strengthened collaborative ties with them, resulting in a similar trend in order volume as the previous year. Turnover remained largely unchanged from the same period of last year, reaching HK\$184,297,000 (2023: HK\$185,369,000), with gross profit margin similar to that of the same period last year. Profit before taxation was HK\$10,505,000 (2023: HK\$14,422,000).

As international crude oil price continued to weaken during the period, the price of plastic materials experienced industry-wide pressure. Against this backdrop, the management team continued to capitalise on the low-cost opportunity, driving a slight increase in overall sales, which boosted the turnover of the plastic raw material trading business by 12.6% against the same period last year to HK\$449,172,000 (2023: HK\$398,791,000), with gross profit margin recording a slight increase of 0.5 percentage point. Amidst the high-interest rate environment, the market sentiment was relatively weak, and the business continued to be affected by persistently high finance costs; however, segment loss before taxation narrowed to HK\$14,606,000 (2023: HK\$23,679,000).

## ***PROSPECTS***

Looking ahead at 2025, the Group will continue to face multiple challenges from global political and economic uncertainties. In view of this, the Group will adhere to the strategic principle of “seeking progress while ensuring stability”, closely monitoring the adjustments in international developments, monetary policies, and the downstream supply chain, so as to optimise its business strategy in a timely manner. Moreover, it will leverage sound business strategy and prudent financial management to consistently promote business growth and steadily enhance profitability. The management is cautiously optimistic about future development.



Regarding the engineering plastic products business, while ensuring the ongoing development of the traditional end-product business, the Group will also focus on the recovery trends in the tailor-made toy consumption and premium/gift market, continue to expand high-value-added application scenarios, and consistently improve order delivery efficiency and product premium capabilities. For the colorants, pigments and compounded plastic resins business, the Group will further optimise its product portfolio and deepen its strategic synergy with customers in the international automotive and electronics industries. On the other hand, it will also seize opportunities arising from the return of manufacturing to China, and deeply explore the increasing demand in market segments to promote the stability and growth in order volume. Furthermore, as the current macro environment is complex, changeable and unpredictable, the Group will continue to observe a conservative and prudent strategy for the plastic raw material trading business, so as to lay a solid foundation for the market recovery in the future.

At the end of June 2024, the Group established its first sales point in the ASEAN market in Vietnam. The Vietnamese market has substantial domestic demand and a strong manufacturing index, and presents potential for overseas industrial relocation, expecting to contribute considerable revenue to the Group in the future. Considering the current uncertain political and economic climate, the Group will adopt an approach of “assessment in stages and implementation at the opportune time”, closely tracking regional policy trends and provisionally implementing an asset-light strategy to further advance its production capacity layout when conditions are ripe.

At present, the Group’s financial position is stable, and its performance continues to improve. Its profit before taxation turned around during the period. In terms of cost control, the Group will continue to implement stringent cost control measures, including the reduction of administrative, distribution and production costs, to conserve resources and maintain capital strength to meet the challenges and opportunities of turbulent times.

Although the external environment remains unclear and full of challenges, under the leadership of a professional management team and the hard work and dedication of all employees, the Group’s business development has continued to forge ahead, maintaining steady and sustainable progress. As always, the Group will uphold its professional and prudent management strategy and pragmatic approach, striving for long-term stable growth of the Group and optimum returns to 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 31st December 2024, the Group has available aggregate bank loan facilities of approximately HK\$731,266,000 of which HK\$321,369,000 have been utilised and were secured by corporate guarantee issued by the Group and legal charges on certain leasehold land and buildings, investment properties and machinery and equipment in Mainland China and Hong Kong owned by the Group. The Group's cash and bank balances as at 31st December 2024 amounted to approximately HK\$134,713,000. The Group's gearing ratio as at 31st December 2024 was approximately 31.3%, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

## FOREIGN EXCHANGE RISK

The Group's bank borrowings and cash and cash equivalents 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.

The maximum notional amount for the outstanding settlement committed by the Group in respect of forward contracts in order to manage the Group's exposure in foreign currencies from its operations is as follows:

	<b>31st December 2024 HK\$'000</b>	<b>30th June 2024 HK\$'000</b>
Sell HK dollars for US dollars	<b><u>218,400</u></b>	<b><u>304,200</u></b>

## EMPLOYEE INFORMATION

As at 31st December 2024, the Group employed a total of approximately 638 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 and 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 period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiry to all Directors and all Directors confirmed that they had complied with the required standard of dealings set out therein 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 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 C1 of the Listing Rules (the "CG Code") throughout the six months ended 31st December 2024, except for the deviation as mentioned below.

According to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Up to the date of this interim results 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 to chief executive when it thinks appropriate.

For the purpose of enhancing the risk management and internal control systems, the Company has engaged an external consultant to assist the Board and the audit committee of the Company (the "Audit Committee") in ongoing monitoring and in performing the internal audit functions for the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

The Board has reviewed and considered the Group's risk management and internal control systems were effective and adequate during the period. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## **NOMINATION COMMITTEE**

The Company has formulated written terms of reference for the nomination committee of the Company (the "Nomination Committee") in accordance with the requirements of the Stock Exchange. The Nomination Committee consists of all Independent Non- executive Directors, namely Mr. CHING Yu Lung, Mr. YU Chi Kwong and Ms. LIU Sau Lai 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.

## **Board Diversity Policy**

The Board has updated a board diversity policy in July 2022 which sets out the approach to achieve diversity on the Board.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Board has reviewed the current composition and is committed to achieve gender diversity on the Board by maintaining an appropriate level of female members on the Board and to provide the Company with a good balance and diversity of skills and experience appropriate to the requirements of its business. The Board has appointed a female Director on 20th December 2024. The Board will continue to review its composition from time to time taking into consideration specific needs for the Group's business.

### **Independence**

The Board includes a balanced composition of Executive, Non-executive and Independent Non-executive Directors so that there is a strong element of independence in the Board. The Independent Non-executive Directors shall be of sufficient caliber and stature for their views to carry weight.

### **Gender and age**

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, race, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

### **Skills and experience**

The Board members should possess a balance of skills appropriate for the requirements of the business of the Group, including the Independent Non-executive Directors possessing professional accounting and other qualifications. The Directors have a mix of finance, academic and management backgrounds that taken together provide the Group with considerable experience in a range of activities including varied industries, education, government, investment and the professions.

### **AUDIT COMMITTEE**

The Company has formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee consists of all Independent Non-executive Directors, namely Mr. CHING Yu Lung, Mr. YU Chi Kwong and Ms. LIU Sau Lai.

The principal duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditor of the Company. The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and Listing Rules.

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 unaudited condensed consolidated interim financial information for the six months ended 31st December 2024 with the Directors.

## **REMUNERATION COMMITTEE**

The Company has updated the written terms of reference for the remuneration committee of the Company (the “Remuneration Committee”) in September 2023 in accordance with the requirements of the Stock Exchange. The Remuneration Committee consists of three Independent Non-executive Directors, namely Mr. CHING Yu Lung, Mr. YU Chi Kwong and Ms. LIU Sau Lai and an Executive Director, Mr. HUI Sai Chung.

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and making recommendations to the Board on the remuneration packages of the individual executive Director and senior management. This includes benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. 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.

## **Remuneration Policy**

The remuneration of employees (including the Directors and Senior Management) of the Group are generally structured by reference to market terms and individual merits, which is reviewed on a regular basis. The Group also provides various other benefits to designated staff, including discretionary bonus, social insurance or medical insurance, share option scheme, continuing education and training programmes. The Group also launched key performance indicators assessment scheme and annual bonus scheme to boost individual performance and operational efficiency.

## **CORPORATE GOVERNANCE COMMITTEE**

The Company has formulated written terms of reference for the corporate governance committee of the Company (the “Corporate Governance Committee”) in accordance with the CG Code. The Corporate Governance Committee consists of all Independent Non-executive Directors, namely Mr. CHING Yu Lung, Mr. YU Chi Kwong and Ms. LIU Sau Lai.

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.

## **INTERNAL CONTROL AND RISK MANAGEMENT**

The Board is responsible for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness. The Group has formulated and adopted a risk management process which includes risk identification, risk evaluation, risk mitigation, risk monitoring and reporting. At least on an annual basis, the management of the Company identifies risks that would adversely affect the achievement of the Group’s objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans are then established for those risks considered to be significant, which include regular reporting to the Audit Committee and the Board.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors. In addition, the Group has established internal control protocols and control self-assessment process on major operations. Assessment results are submitted to the Board for ongoing monitoring purpose.

For the purpose of enhancing the risk management and internal control systems, the Company has engaged an external consultant to assist the Board and the Audit Committee in ongoing monitoring and in performing the internal audit functions for the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.



The Board has reviewed and considered the Group's risk management and internal control systems were effective and adequate during the period. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## **WHISTLE BLOWING POLICY**

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability. The Company has formulated the Whistle Blowing Policy in accordance with the requirements of the Stock Exchange. It was approved and adopted by the Board of Directors of the Company, with the authority and responsibility being delegated to the Audit Committee. Details of the Whistle Blowing Policy of the Company are disclosed on the Company's corporate website <https://www.nhh.com.hk>.

External parties may raise concerns about the relevant matter against the Company by using below channel:

**Email:** [auditcommittee@nhh.com.hk](mailto:auditcommittee@nhh.com.hk)

## **ANTI-CORRUPTION POLICY**

The Group is committed to achieving the highest standards of business conduct and has zero tolerance for corruption and related malpractice. The Company has formulated the Anti-Corruption Policy and it was approved and adopted by the Board of Directors of the Company in accordance with the requirements of the Stock Exchange. Details of the Anti-Corruption Policy of the Company are disclosed on the Company's corporate website <https://www.nhh.com.hk>.

On behalf of the Board  
**Ngai Hing Hong Company Limited**  
**HUI Sai Chung**  
*Chairman*

Hong Kong, 27th February 2025

*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, Mr. NG Chi Ming, Mr. HUI Yan Kuen, Mr. HUI Man Wai and Mr. HUI Yan Lung, Geoffrey and three Independent Non-executive Directors, namely Mr. CHING Yu Lung, Mr. YU Chi Kwong and Ms. LIU Sau Lai.*