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

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2000

		Unaudited	
		Six months ended 31st December	
	Note	2000	1999
		HK\$'000	<i>HK\$'000</i>
Turnover	2	433,929	314,957
Cost of sales		(380,778)	(266,684)
Gross profit		53,151	48,273
Other revenues		501	405
Distribution costs		(9,638)	(6,874)
Administrative expenses		(29,013)	(19,644)
Operating profit	3	15,001	22,160
Finance costs	4	(2,243)	(1,255)
Profit before taxation		12,758	20,905
Taxation	5	(1,996)	(3,000)
Profit after taxation		10,762	17,905
Minority interests		(346)	(75)
Profit attributable to shareholders		10,416	17,830
Earnings per share	6	HK cents 3.47	HK cents 5.94

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

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 2000

	Note	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Fixed assets		81,547	81,877
Current assets			
Inventories		77,905	64,779
Trade receivables	7	144,393	163,750
Other receivables, deposits and prepayments		13,597	6,817
Cash and bank balances		26,542	14,173
		<u>262,437</u>	<u>249,519</u>
Current liabilities			
Trade payables	8	29,401	33,594
Other payables		11,196	8,984
Accruals		6,566	3,504
Taxation		4,049	3,961
Obligations under finance leases – current portion	9	4,044	3,890
Trust receipt loans – secured		46,950	35,385
Proposed dividend		–	9,000
		<u>102,206</u>	<u>98,318</u>
Net current assets		160,231	151,201
Total assets less current liabilities		241,778	233,078
Financed by			
Share capital	10	30,000	30,000
Reserves		210,103	199,687
Shareholders' funds		240,103	229,687
Minority interests		1,496	1,150
Non-current liabilities	9	179	2,241
		<u>241,778</u>	<u>233,078</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2000

	Unaudited	
	Six months ended 31st December	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Net cash inflow from operating activities	<u>20,324</u>	<u>2,080</u>
Net cash outflow from returns on investments and servicing of finance	<u>(11,037)</u>	<u>(1,198)</u>
Total taxation paid	<u>(1,908)</u>	<u>(855)</u>
Net cash outflow from investing activities	<u>(6,729)</u>	<u>(2,638)</u>
Net cash inflow from financing	<u>154</u>	<u>119</u>
Increase (decrease) in cash and cash equivalents	804	(2,492)
Cash and cash equivalents at 1st July	<u>(21,212)</u>	<u>206</u>
Cash and cash equivalents at 31st December	<u>(20,408)</u>	<u>(2,286)</u>
Analysis of balance of cash and cash equivalents:		
Cash and bank balances	26,542	18,630
Trust receipts loans	<u>(46,950)</u>	<u>(20,916)</u>
	<u>(20,408)</u>	<u>(2,286)</u>

NOTES TO CONDENSED INTERIM ACCOUNTS

1. Accounting policies

These unaudited condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, "Interim Financial Reporting", issued by the Hong Kong Society of Accountants, and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 30th June 2000 except that the Group has adopted revised SSAP No. 14, "Leases" which became effective for the period, in the preparation of these interim accounts. Revised SSAP No.14 prescribes the accounting policies and disclosure requirements in relation to finance and operating leases. The adoption of revised SSAP No.14 by the Group does not have any impact on these interim accounts except that certain comparative figures and disclosures in the notes 9 and 12(b) have been extended.

2. Turnover

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the trading and manufacturing of plastic materials, pigments, colourants and compounded plastic resins.

No geographical analysis on turnover is provided as less than 10% of the consolidated turnover of the Group are attributable to market outside Hong Kong. No analysis of contribution by geographical location is provided as no contribution to profit from any of the markets is substantially out of line with the normal ratio of profit to turnover.

3. Operating profit

Operating profit is stated after charging:

	Unaudited	
	Six months ended 31st December	
	2000	1999
	HK\$'000	HK\$'000
Depreciation:		
Owned fixed assets	5,373	5,321
Leased fixed assets	1,686	1,686
	<u>7,059</u>	<u>7,007</u>

4. Finance costs

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

5. Taxation

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

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

6. Earnings per share

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

7. Trade receivables

The aging analysis of trade receivables is as follows:

	31st December	30th June
	2000	2000
	HK\$'000	HK\$'000
Below 90 days	132,532	152,524
91 – 180 days	9,606	14,503
Over 180 days	15,570	10,675
Provision for bad debts	(13,315)	(13,952)
	<u>144,393</u>	<u>163,750</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.

8. Trade payables

The aging analysis in trade payables is as follows:

	31st December 2000 HK\$'000	30th June 2000 HK\$'000
Below 90 days	28,866	32,921
91 – 180 days	25	219
Over 180 days	510	454
	<u>29,401</u>	<u>33,594</u>

9. Long-term liabilities

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Obligations under finance leases (note 9(a))	163	2,225
Deferred taxation (note 5(b))	16	16
	<u>179</u>	<u>2,241</u>

9. Long-term liabilities (Cont'd)

(a) Obligations under finance leases - minimum lease payments:

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Within one year	4,248	4,247
In the second year	179	2,213
In the third to fifth year	15	104
	<u>4,442</u>	<u>6,564</u>
Future finance charges on finance leases	(235)	(449)
Present value of obligations under finance leases	<u>4,207</u>	<u>6,115</u>
The present value of obligations under finance leases is as follows:		
Within one year	4,044	3,890
In the second year	150	2,137
In the third to fifth year	13	88
	<u>4,207</u>	<u>6,115</u>
Less: Amount repayable within one year shown under current liabilities	<u>(4,044)</u>	<u>(3,890)</u>
	<u>163</u>	<u>2,225</u>

10. Share capital

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Authorised:		
800,000,000 (30th June 2000: 800,000,000) ordinary share of HK\$0.10 each	<u>80,000</u>	<u>80,000</u>
Issued and fully paid:		
300,000,000 (30th June 2000: 300,000,000) ordinary share of HK\$0.10 each	<u>30,000</u>	<u>30,000</u>

11. Contingent liabilities

As at 31st December 2000, the Company had the following contingent liabilities:

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Guarantee in respect of the due performance of a subsidiary under a contract manufacturing agreement	20,000	20,000
Guarantees given to banks for banking facilities granted to its subsidiaries	114,915	100,000
	134,915	120,000

12. Commitments

- (a) As at 31st December 2000, the Group had capital commitments in respect of property, plant and equipment contracted but not provided for amounting to approximately HK\$8,750,000 (30th June 2000: HK\$1,442,000)
- (b) Commitments under operating leases

As at 31st December 2000, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings which expire as follows:

	Unaudited 31st December 2000 HK\$'000	Audited 30th June 2000 HK\$'000
Within one year	1,937	2,239
In the second to fifth year inclusive	5,138	5,416
After the fifth year	4,496	5,138
	11,571	12,793

BUSINESS REVIEW AND PROSPECTS

For the six months ended 31st December, 2000, the Group recorded a turnover of HK\$433,929,000 (1999: HK\$314,957,000) and profit attributable to shareholders of HK\$10,416,000 (1999: HK\$17,830,000). Earnings per share for the period amounted to 3.47 HK cents (1999: 5.94 HK cents). The Directors have resolved not to pay any interim dividend for the six months ended 31st December 2000 (1999: HK\$Nil).

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

However, Hong Kong's export industry has suffered from the slowdown of the US economy since the fourth quarter of 2000, which inevitably led to the decrease in selling price of plastic resins and the gross profit margins of trading of plastic materials dampened accordingly. The gross profit margins of manufacturing operation also decreased due to the increase in fuel expenditure under the crude oil price pressure and the keen competition in the plastic industry.

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

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

Finally, the Board would like to take this opportunity to thank the Group's shareholders, valued customers, committed management and dedicated staff for their continuing support and contribution.

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 2000, the Group has available aggregate bank loan facilities of approximately HK\$87,900,000, of which HK\$46,950,000 have been utilized and were secured by corporate guarantee issued by the Company and legal charges on certain leasehold and buildings in the PRC and Hong Kong owned by the Group. The Group's cash and bank balances and short term bank deposits as at 31st December 2000 amounted to approximately HK\$26,542,000. The Group's gearing ratio as at 31st December 2000 was approximately 19.6%, based on the total bank borrowings of approximately HK\$46,950,000 and the shareholders' funds of approximately HK\$240,103,000. As the Group's borrowings and cash balances are primarily denominated in Hong Kong dollars, the Group has no significant exposure to foreign currency fluctuations.

Details of the Group's contingent liabilities are disclosed in note 11 to condensed interim accounts.

EMPLOYEE INFORMATION

As at 31st December 2000, the Group employed a total of 640 full-time employees. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group has introduced a performance bonus scheme to its employees as an incentive to encourage their contribution, subject to the profit of the Group and the performance of the employees. Some social and medical insurance coverage as well as access to a provident fund scheme is offered to our employees in different locations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 securities during the period.

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31st December 2000, the interests of Directors, chief executives and their associates had the following interests in the share capital of the Company or any its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name of Directors	Number of shares of the Company beneficially held			
	Personal interests	Corporate interests	Family interests	Other interests
Mr HUI Sai Chung	11,008,000	158,000,000 (a)	–	–
Mr HUI Kwok Kwong	11,716,000	154,735,000 (b)	–	–
Mr NG Siu Kuen, Nelson	210,000	1,230,000 (c)	–	(e)
Mr LIU May Kwan, Peter	–	22,500 (d)	–	(e)
Madam LIU Sau Lai	1,102,500	–	–	(e)

Notes:

- (a) 153,000,000 of these shares are held by Good Benefit Limited (“Good Benefit”), a company in which Ever Win Limited (“Ever Win”) holds a 44% interest (note (e)). In addition, 5,000,000 shares are held by Ever Win directly.

50,000 ordinary shares of one Canadian dollar each in Ever Win are held by a trustee on behalf of a discretionary trust, the discretionary objects of which include Mr HUI Sai Chung and his family members. Mr HUI Sai Chung and his spouse further own 30,834 and 5 class A non-convertible redeemable preferred shares of no par value in Ever Win.

- (b) 153,000,000 of these shares are held by Good Benefit, a company in which Evergrow Company Limited (“Evergrow”) holds a 44% interest (note (e)). In addition, 1,735,000 shares are held by Evergrow directly.

50,000 ordinary shares of one Canadian dollar each in Evergrow are held by a trustee on behalf of a discretionary trust, the discretionary objects of which include Mr HUI Kwok Kwong and his family members. Mr HUI Kwok Kwong further owns 30,823 class A non-convertible redeemable preferred shares of no par value in Evergrow.

- (c) These shares are held by Gain Time Investments Limited, the entire issued share capital of which is beneficially owned by Mr NG Siu Kuen, Nelson.

- (d) These shares are held by Goldwell International Inc., the entire issued share capital of which is beneficially owned by Mr LIU May Kwan, Peter.

- (e) The beneficial interests of the Directors in the share capital of Good Benefit, which held 153,000,000 shares of the Company as at 31st December 2000, are as follows:

Name of Directors	Number of shares	Percentage of holding
Mr HUI Sai Chung	4,400	44.00
Mr HUI Kwok Kwong	4,400	44.00
Mr NG Siu Kuen, Nelson	900	9.00
Mr LIU May Kwan, Peter	225	2.25
Madam LIU Sau Lai	75	0.75
	<hr style="border-top: 1px solid black;"/> 10,000 <hr style="border-top: 3px double black;"/>	<hr style="border-top: 1px solid black;"/> 100.00 <hr style="border-top: 3px double black;"/>

At 31st December 2000, the following Directors owned interests in non-voting deferred shares in Ngai Hing Hong Plastic Materials Limited, which are subject to an option granted to Ngai Hing (International) Company Limited to acquire the said non-voting deferred shares.

Name of Directors	Number of non-voting deferred shares held	
	Personal interests	Other interest
Mr HUI Sai Chung	200,000	50,000 (i)
Mr HUI Kwok Kwong	200,000	50,000(ii)

Notes:

- (i) These shares are held by Ever Win.
- (ii) These shares are held by Evergrow.

Save as disclosed above and other than certain nominee shares in the subsidiaries of the Company held by certain Directors of the Company in trust for the Group as at 31st December 2000, none of the Directors, chief executives and their associates have any beneficial or non-beneficial interests in the share capital of the Company and associated corporations required to be disclosed pursuant to the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the Company's share option scheme which became effective on 29th March 1994, the Board of Directors of the Company may at their discretion grant options to directors and employees of the Company or any of its subsidiaries to subscribe for shares in the Company subject to the terms and conditions stipulated therein. No share options were granted for the six months ended or outstanding as at 31st December 2000.

Apart from the above,

- (a) at no time during the period was the Company, its holding company or its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate; and
- (b) none of the Directors, chief executives, their spouses or children under the age of 18 had been granted any right to subscribe for shares in or debentures of the Company, or exercised any such right.



SUBSTANTIAL SHAREHOLDERS

As at 31st December 2000, other than the interests disclosed above in respect of the Directors, no other person is recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance as having 10% or more of the issued share capital of the Company.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The terms of office for the Independent Non-executive Directors of the Company are subject to retirement by rotation and re-election at the Annual General Meeting in accordance with the Company's Bye-laws. This does not comply with Paragraph 7 of the Code of Best Practice as set out in Appendix 14 of the Listing Rules which suggests that Independent Non-executive Directors should be appointed for a specific term. Save as disclosed above, the directors are of the opinion that the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the six months ended 31st December 2000.

AUDIT COMMITTEE

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

On behalf of the Board
Hui Sai Chung
Chairman

Hong Kong,
21st March 2001