



Ngai Hing Hong Company Limited
(Incorporated in Bermuda with limited liability)
Website: <http://www.nhh.com.hk>

FOR THE SIX MONTHS ENDED 31ST DECEMBER 2001 INTERIM RESULTS

The Board of Directors (the "Board") of Ngai Hing Hong Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st December 2001 as follows:

Condensed consolidated profit and loss account

		Unaudited	
		Six months ended	
		31st December	
		2001	2000
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1	368,734	433,929
Cost of sales		(318,156)	(381,753)
Gross profit		50,578	52,176
Other revenues	1	367	501
Distribution costs		(10,993)	(9,638)
Administrative expenses		(24,582)	(28,038)
Operating profit	2	15,370	15,001
Finance costs	3	(805)	(2,243)
Profit before taxation		14,565	12,758
Taxation	4	(1,548)	(1,996)
Profit after taxation		13,017	10,762
Minority interests		(803)	(346)
Profit attributable to shareholders		12,214	10,416
Earnings per share	6	HK cents 4.07	HK cents 3.47

1. Segment information

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.

An analysis of the Group's revenues and results for the period by geographical segment is as follows:

Six months ended 31st December 2001
The
People's
Republic

	Hong Kong	of China excluding Hong Kong (PRC)	Elimination	Group
	<i>HK\$'000</i>	<i>(HK\$'000)</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	357,332	84,770	(73,368)	368,734
Other revenues	367	--	--	367
Total revenues	357,699	84,770	(73,368)	369,101
Segment results	7,886	7,332		15,218
Unallocated costs				(653)
Profit before taxation				14,565
Taxation				(1,548)
Profit after taxation				13,017
Minority interests				(803)
Profit attributable to shareholders				12,214

Six months ended 31st December 2000

	Hong Kong	PRC	Elimination	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	430,208	92,672	(88,951)	433,929
Other revenues	501	--	--	501
Total revenues	430,709	92,672	(88,951)	434,430
Segment results	8,423	4,883		13,306
Unallocated costs				(548)
Profit before taxation				12,758
Taxation				(1,996)
Profit after taxation				10,762
Minority interests				(346)
Profit attributable to shareholders				10,416

Turnover are based on the operating locations of group companies. Unallocated costs represent corporate expenses.

2. Operating profit

Operating profit is stated after charging:

	Unaudited Six months ended 31st December	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation:		
Owned fixed assets	5,099	5,373
Leased fixed assets	46	1,686

3. Finance costs

**Unaudited Six months
ended 31st December**

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	760	2,029
Interest element of finance leases	45	214
	805	2,243

4. Taxation

(a) Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the period. The Group's subsidiaries operating in the 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.

5. Dividends

The directors declare an interim dividend of HK 2 cents per share for the period (2000: Nil).

6. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$12,214,000 (2000: HK\$10,416,000) and 300,000,000 (2000: 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.

INTERIM DIVIDEND

The directors are pleased to declare an interim dividend of Hong Kong 2 cents per share for the six months ended 31st December 2001 to members whose names appear on the Register of Members on 19th April 2002. The dividend will be paid on or before 30th April 2002.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 17th April 2002 to Friday, 19th April 2002 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Abacus Share Registrars Limited, 5th floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on Tuesday, 16th April 2002.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 31st December 2001, the Group recorded a turnover of HK\$368,734,000 (2000: HK\$433,929,000) and profit attributable to shareholders of HK\$12,214,000 (2000: HK\$10,416,000). Earnings per share for the period amounted to HK 4.07 cents (2000: HK 3.47 cents). The Board has recommended an interim dividend of HK 2 cents per share.

During the period under review, the stagnant global economic conditions persisted. The U.S. economy has deteriorated by the 911 terrorist attacks. Despite this unfavourable business environment and the fall in the aggregate turnover of the Group as compared with the figure recorded in the corresponding period of the preceding year, the Group yet managed to report an increase in profit, due to the contribution of the colourant manufacturing business and the implementation of effective cost controls.

Through the Group's continuing commitment in research and development, the Group managed to produce cost-effective and customized products, including tailor-made engineering plastics. The responses have been overwhelming. Gross profit margin of the colourant manufacturing business has grown as compared with that of the corresponding period of the preceding year. This was mainly due to the committed efforts of the procurement team in searching for lower priced raw materials and the fall in the price of crude oil.

During the period the Group has continued its pursuit of prudent credit control measures, its commitment to reduce its bad debts and accelerate the recovery of its account receivables. Hence, not only its liquidity position had improved but its finance expenses also had substantially reduced.

With China's entry to the WTO, it is confident that China's regulatory systems will further approaching global standard in the foreseeable future and taxes, duties and other levies will also be reduced. The immense market potential will certainly create numerous business opportunities for plastics trading and colourant manufacturing. The Group therefore plans to set up a new establishment in China to further enhance its business status in this respect. It will also continue to search for high value-added products to generate better return.

Tsing Tao Ngai Hing Plastic Materials Co., Ltd., the joint venture formed by the Group and the Haier Group, commenced its colourant manufacturing immediately upon the completion of the plant in June 2001, creating a new source of income for the Group. For the purposes of future expanding into the northern part of China and increasing the Group's production capacity, the Group has commenced the construction of a new plant in Shanghai on the land which the Group has acquired to replace its existing rented plant. The new plant is expected to be ready for production by the end of 2002.

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

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 2001, the Group has available aggregate bank loan facilities of approximately HK\$89,800,000, of which HK\$17,442,000 have been utilized and were secured by corporate guarantee issued by the Company and legal charges on certain leasehold land 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 2001 amounted to approximately HK\$38,915,000. The Group's gearing ratio as at 31st December 2001 was approximately 6.9%, based on the total bank borrowings of approximately HK\$17,442,000 and the shareholders' funds of approximately HK\$253,042,000. 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.

Other than guarantees issued by the Company in respect of the due performance of a subsidiary under a contract manufacturing agreement to the extent of HK\$20,000,000 and guarantees for banking facilities granted to certain subsidiaries to the extent of approximately HK\$174,915,000 as at 31st December 2001, the Group and the Company had no other contingent liabilities.

As at 31st December 2001, the Group had capital commitments for property, plant and equipment contracted but not provided for and authorised but not contracted for amounting to HK\$867,000 and HK\$13,889,000 respectively.

EMPLOYEE INFORMATION

As at 31st December 2001, the Group employed a total of 700 full-time employees. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group has introduced 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 year. 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 CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKSE") throughout the six months period ended 31st December 2001 except that the term 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 which suggests that Independent Non-executive Directors should be appointed for a specific term.

AUDIT COMMITTEE

The Company has established an Audit Committee since January 1999 with guidelines recommended by The Hong Kong Society of Accountants. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedure of the Group. The Audit Committee comprises the two Independent Non-executive Directors, namely, Mr Lai Kam Wah and Dr Wong Chi Ying, Anthony. The condensed interim accounts have been reviewed by the Company's audit committee and, in accordance with Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Society of Accountants, by the Company's auditors.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF HKSE

The HKSE's website -- <http://www.hkex.com.hk> will contain all the information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 of the Rules Governing the Listing of Securities on HKSE on or before 30th March 2002.

On behalf of the Board
HUI Sai Chung
Chairman
Hong Kong, 19th March 2002