



[Press release]

## NGAI HING HONG ANNOUNCES 2012/13 ANNUAL RESULTS

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**OVERALL TURNOVER REACHES A RECORD HIGH OF HK\$1,868,990,000**  
**PROFIT ATTRIBUTABLE TO EQUITY HOLDERS JUMPED 16 TIMES TO HK\$22,059,000**

(Hong Kong, September 26, 2013) -- Leading Hong Kong plastic resins and specialty colorants supplier **Ngai Hing Hong Company Limited** (the “Group”) (Stock code: 1047) today announced its annual results for the year ended 30 June 2013.

During the period under review, as the global economy stabilised and opportunities emerged from steady growth in Mainland China’s domestic market, the Group recorded an outstanding sales performance. The Group’s overall turnover surged by 13.9% to a record high of HK\$1,868,990,000. Its gross profit rose 29.9% to HK\$183,890,000 (2012: HK\$141,520,000), attributable to the stability in both plastic material and oil prices in turn contributing to favourable product pricing. Gross profit margin increased to 9.8% from 8.6% last year. Thanks to effective cost control measures, profit before taxation climbed three times to HK\$36,002,000, and profit attributable to equity holders jumped sixteen times to HK\$22,059,000 (2012: HK\$1,365,000). Basic earnings per share were HK 5.97 cents (2012: HK 0.37 cents).

The Board of Directors recommended the payment of a final dividend of HK1.0 cent per share. Together with the interim dividend of HK1.0 cent per share, the total dividend for the year was HK2.0 cents (2012: Nil).

**Mr. Hui Sai Chung, Chairman of Ngai Hing Hong**, said, “China’s economy has shown signs of picking up after the smooth transition in the leadership of the PRC government, which has helped the Group to increase its domestic market share. Subsequently, the Group’s turnover in China’s market surged 33%, boosting overall turnover to a historic high. Moreover, the Group has employed stringent cost controls and initiated procedures in a bid to achieve greater economies of scale that have enhanced the Group’s profitability while delivering outstanding performance.”

Among the three major businesses of the Group, the colorants, pigments and compound plastic resin business segment has achieved the most satisfactory performance. Turnover grew by 10.6% to HK\$398,956,000 year-on-year, and profit before taxation surged by 43% to HK\$47,321,000. During the year, the Group's Shanghai subsidiary has successfully entered the international toy and personal healthcare brand market and further enhanced its penetration in the food packaging and automobile markets in Eastern China. The Group has also entered the construction materials market by providing anti-UV materials to customers. Elsewhere, operations in Southern China have generated a satisfactory sales contribution to the Group. The performance in these two regions have driven turnover growth within this business segment.

With the global economy stabilising, the Group's engineering plastics business has improved in the second half of the year over the first half. Turnover for the year was HK\$211,971,000 and profit before taxation amounted to HK\$17,059,000. During the period under review, the Group has developed application technology utilising engineering plastics to replace wood and metal enabling successful entry into the furniture and automobile markets making a sales contribution. Full operation of the new production line in Shanghai has not only boosted the Group's overall operating efficiency, its leading-edge product technology has also enhanced its competitive advantage, meeting the rising standards of Mainland customers for greater product quality.

The intensifying competition in the plastics trading business has reduced product prices accordingly. However, benefitting from the strong market demand in Mainland China and steady growth of its customer base, sales of the Group's products rose, in turn increasing turnover by 20% to HK\$1,255,620,000 when compared to last year. During the period under review, the Group has developed new product lines, in particular providing specialty plastics for electronic meters, automatic electronic appliances and automobile parts in order to expand into these segments with growth potential. Meanwhile, the Group's Chongqing sales office targeting Northwestern China has commenced service which should further enlarge its market share.

Although the Group will continue to face challenges in the second half of 2013, the recovery of the US economy has helped stabilise exports in China, which the management believes will present opportunities to the global market. Meanwhile, the price of raw materials is expected to stabilise, which will help consolidate the Group's overall profitability.

In respect to its colorant and compounded plastic resin products, through the close ties with the International Colour Alliance, the Group has secured orders from internationally-renowned brands in the toy, personal healthcare products and automobile parts sectors. Looking ahead, the Group intends to work towards long-term cooperation with more international brands while enriching its product mix, which should facilitate the healthy growth of its business. In its engineering plastics business, the Group is initiating contact directly with overseas manufacturers so as to improve its bargaining power and explore business possibilities with more potential export customers. The Group is also expanding into markets in Italy, Germany and across Southwestern Europe to build a more diversified and international customer base, thereby reducing the risk of relying on a very few markets. In addition, the Group is developing products with higher profit margins to drive its profit growth.

**Mr. Hui** concluded, “Mainland China remains the Group’s key future development focus thus we will accelerate the expansion of our sales network there. We will do so by building on our successful sales bases in Eastern and Southern China, extending our reach to Northeastern and Western China while integrating the sales network of our various businesses to realise greater synergies and ultimately bolster market penetration throughout the country. The Group’s outstanding and professional management team will continue to chart an aggressive yet pragmatic development course while flexibly adjusting its business strategies to better capture future opportunities and bring the Group’s business to new heights.”

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**About Ngai Hing Hong Company Limited**

Ngai Hing Hong provides a total solution to plastic products manufacturers with services and products ranging from plastic resins (including polymers and engineering plastics) selection, complementary computerised colour matching services, on the spot technical advice, to the supply of custom-made plastic colourants and engineering plastics for the plastics industry.

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