



[Press release]

NGAI HING HONG ANNOUNCES 2013/14 INTERIM RESULTS

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TOTAL TURNOVER CONTINUOUSLY INCREASES TO HK\$942,371,000
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS DOUBLES TO HK\$10,118,000

(Hong Kong, February 27, 2014) -- Leading Hong Kong plastic resins and specialty colorants supplier **Ngai Hing Hong Company Limited** (the “Group”) (Stock code: 1047) today announced its interim results for the six months ended 31 December 2013.

During the period under review, the Group strived to seize the opportunities emerged from steady growth in Mainland China’s domestic consumption as well as continued to explore opportunities for collaboration with international brands, the Group’s total turnover increased by 2% to HK\$942,371,000 when compared to the same period last year, riding on the favourable momentum in the first half of 2013. Benefitting from stable prices of oil and plastic materials, the Group was able to better manage product pricing, which led to the increase in gross profit by 20% to HK\$102,491,000 (2012: HK\$85,604,000). Taking into account the net gains on forward foreign exchange contracts, coupled with the Group’s enhanced operational efficiency, the Group recorded a profit attributable to equity holders more than doubling to HK\$10,118,000 (2012: HK\$4,594,000). Basic earnings per share were HK 2.74 cents (2012: HK1.24 cents).

To reward shareholders for their ongoing support, the Board of Directors recommended the payment of an interim dividend of HK1.0 cent per share. (2012: HK1.0 cent per share).

Mr. Hui Sai Chung, Chairman of Ngai Hing Hong, said, “In Mainland China, stable economic growth remains the main development direction after the smooth transition of government leadership. Thus government policies have helped stimulate domestic demand, in turn facilitating the Group’s business expansion in Mainland China and boosting the continuous growth of total turnover. Meanwhile, the Group has implemented proven polices to streamline its business as well as allocate resources efficiently which collectively raised the Group’s economies of scale, therefore achieving more than doubled profit attributable to equity holders.”

During the period, colorants, pigments and compounded plastic resin business segment performed the best among the Group's three major business segments. Turnover was recorded at HK\$196,442,000, and profit before taxation surged by 33% to HK\$34,163,000. In Eastern China, the Group's Shanghai subsidiary showed the most outstanding performance. It has not only maintained good collaboration with customers in the food packaging and automobile sectors, but also has cooperated with international personal healthcare and toy brands to generate considerable profit. In Southern China, the Group's Dongguan subsidiary has secured new customers in local and overseas markets while expanding its sales network. The performance in these two regions has driven turnover growth within this business segment. By leveraging the strong domestic market demand from Mainland residents, this business segment will become one of its main business growth drivers.

As for the engineering plastics business, as the economy in Europe and the US has yet to recover completely, thus there is still scope for improved market demand. Compared with the corresponding period last year, turnover dropped slightly to HK\$100,614,000 while profit before taxation was HK\$3,848,000. The Group transformed its business during the period to directly export its plastic materials to the European and US markets in order to capture the generally higher gross profit generated from the local engineering plastics users. As a result, the Group recorded a gross profit margin level from this business segment similar to that of the same period last year. The full operations of the new production lines in Shanghai, the gradual business transformation as well as the continuous expansion of the customer base in Southern and Eastern China will improve segment business performance for the Group in the future.

In respect to the plastics trading business, the export markets in Europe and the US are in the course of reviving. However, as the Group continued to expand in the Mainland China market, its total turnover still grew by 6% to HK\$644,223,000. During the period, the Group also continued to develop more new products. On top of automobile parts, the Group will expand its product range into covering automobile applications technology. A greater product variety will enable the Group to enhance its income sources, thus reducing the reliance on markets for specific products. In addition, the Chongqing sales office which started operation in the first half of 2013 has been progressing well and is expected to contribute profit to the Group in the near future.

The management remains cautiously optimistic about the global economy, expecting tapering measures of quantitative easing by the US Government will proceed in an orderly way, which will help to stabilise the export market. Besides, the Group also expects that the prices of raw materials and oil will remain stable, which will benefit its pricing strategy and maintain overall profitability.

In the long term, the Group will continue to capture the opportunities in the Mainland China and expand its domestic market. At the same time, the Group will invest more resources on negotiating direct partnership opportunities with overseas customers, exporting plastic products to them. This direction can help the Group improve its profitability and create more potential clients in the export market. For the colorants, pigment and compounded plastic resin business segment, the Group will be negotiating and collaborating with internationally leading beverage brands, which will further facilitates exporting its products to overseas markets.

Mr. Hui concluded, “Looking ahead, the Group will continue to gradually increase its resource investment in the Mainland China market with the aim to capture the opportunities arising from increasing local market demand. The Group will also ride on its premium product quality, create new channels for exporting its products directly through collaborating with international brands and expanding its sales network. By adhering to the practical management principles by the professional management team, the Group will accelerate business expansion both in the Mainland China and overseas markets while enhancing the brand awareness of Ngai Hing Hong, leading 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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