



Ngai Hing Hong Achieves Turnaround in 2016/17 Annual Results

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Gross Profit Grew by 16% to HK\$217,524,000

Profit Attributable to Equity Holders of the Company Rises to HK\$34,430,000

Final Dividend of HK2.0 Cents per Share

Total Dividend for the Year of HK3.0 Cents per Share

(Hong Kong, 28 September 2017) — Leading Hong Kong plastic resins and specialty colorants supplier **Ngai Hing Hong Company Limited** and its subsidiaries (the “Group”) (Stock Code: 1047) has announced its annual results for the year ended 30 June 2017. During the year, the Group managed to turn around its core businesses through its proven operating strategy of developing and selling higher margin products, as well as implementing strict cost control measures.

During the year, the Group has reported an improved overall business performance by capturing the opportunities arising from increasing market demand, selling higher margin products and carefully selecting customers. The Group’s total turnover was HK\$1,580,329,000 (2016: 1,506,063,000), representing a year-on-year growth of 4.9%. Gross profit grew by 16% to HK\$217,524,000 (2016: 187,550,000), while gross profit margin increased 1.3 percentage points to 13.8%. By implementing strict cost control measures, as well as adding the reversal of the impairment of deposit for acquisition of properties, profit attributable to equity holders of the Company was HK\$34,430,000 (2016: loss attributable to equity holders of the Company: HK\$26,492,000) and basic earnings per share were HK9.33 cents (2016: loss per share: HK7.18 cents). The Group was encouraged by such outstanding results.

To reward shareholders for their unwavering support, the Board of Directors recommended the payment of a final dividend of HK2.0 cents per share. Together with the paid interim dividend of HK1.0 cent per share for the six months ended 31 December 2016, the total dividend for the year was HK3.0 cents per share.

Mr. Hui Sai Chung, Chairman of Ngai Hing Hing, said, “During the past year, although international political and economic risks have remained as major concerns, the moderate recovery witnessed in the global economy made a positive impact on the Group’s business development. The Group was able to achieve turnaround of its core businesses by leveraging its technological edge, executing its operating strategy of developing and selling higher margins products, and its efforts in streamlining its business operations and resource allocation.”

The **engineering plastics business** delivered the most satisfactory performance. The segment's turnover surged by 9.3% year-on-year to HK\$198,649,000, while gross profit margin increased by 3.4 percentage points when compared with the corresponding period last year. Profit before taxation rose more than double. In particular, the Group's Dongguan office reported a satisfactory performance with profit before taxation more than twice that in the corresponding period last year. More new customers were secured, including overseas high-end toy and household goods brands that are required to observe higher international safety standards. Meanwhile, to enhance production efficiency and reduce labour costs, the Group optimised the production facilities at its plant and carried out an upgrade of its automated production system, and bolstered the capabilities of the research and development (R&D) centre at its factory in Dongguan. As the Group strengthens its existing technologies and continues to expand its factory in Shanghai, it is believed that its competitive edge of good product quality will steadily attract more domestic and overseas customers, thus creating more profit streams.

The Group's operational strategy of focusing on developing higher margin products was effective and related costs were reduced, enabling the **colorants, pigments and compounded plastic resin business** to record a turnover of HK\$315,619,000. Gross profit margin was 1.5 percentage points higher than the previous year and profit before taxation also grew by 13.1%. Due to the strong need for contemporary products and associated devices in the market and higher demand for better technology, the Group has actively worked with high-end mobile device manufacturers in Mainland China. On top of smartphones, it has also expanded into new product markets such as smart electronic products, electronic healthcare products and drones. Besides, the Group's electric vehicle-related products have been qualified for acceptance by a renowned international automobile brand, marking successful entry into the new energy electric vehicle market with a higher entry barrier. The Group has also liaised with companies engaging in the business of household goods and children and women's personal care products with the aim to expand its income stream and customer base. As the newly relocated plant in Xiamen has gradually ramped up operations, the Group can more effectively facilitate the integration of its resources, centralise inventory management to reduce logistics costs, as well as enhance both production capacity and product quality, thereby accelerating business growth and continuously contribute to profit.

As the Group's strategic adjustment of the **plastics trading business'** sales model started to deliver results together with prices of plastic raw materials climbing steadily, customers shifted from being conservative to a more aggressive approach in placing purchase orders. The Group strengthened its efforts in the Northern and Western China markets and focused on developing and producing high-end products such as automobile-related products to replace lower-margin plastic products. It also liaised with internationally-renowned fast food restaurant chains regarding the supply of raw materials to the manufacturers of their designated premiums, which brought stable and large sales orders to the Group. Hence, turnover of this segment increased by 8.4% to HK\$1,063,688,000 from last year, gross profit margin rose 2.1 percentage points and loss before taxation notably shrank to HK\$1,710,000. In addition, the use of alternative plastic raw materials of the "industrial pneumatic pump" product for application in heavy industries such as the petrochemical, automobile and construction sectors was officially launched and attracted considerable market attention. The Group believes the product will become a new income source and expand the customer base.

Looking ahead, the Group will continue to implement its set development direction and complement its corporate strategy of focusing on developing high value-added products with high margins and carefully selecting reputable customers, thereby enabling it to seize the development opportunities in different markets. Meanwhile, the Group will increase investment in R&D resources and enhance the quality of its products, so as to realise its first mover advantage among its peers and maintain stronger bargaining power over product prices. As for cost control, the Group will keep improving the production facilities of its plants, thereby boosting production efficiency and reducing labour costs. Its Shanghai plant will continue to expand while its newly relocated plant in Xiamen will commence production. With the doubling in size of the existing plant, this newly relocated factory in Xiamen not only will possess a larger production capacity, but will also better focus on inventory management and flexibly adjust its production strategy so as to carry out speedy delivery and proactively address the market trend in order to expand its business.

Mr. Hui concluded, "We will continue to closely adopt sound business strategies as in the past, to adhere to the development direction of focusing on high-tech and high-margin products, as well as to broaden its sales network. At the same time, the integration of internal and external resources and the continued execution of proven development plans will bolster overall profit performance, supporting the Group's long-term development and bringing lucrative rewards to shareholders."

(End)

About Ngai Hing Hong Company Limited (stock code of HKEX: 1047)

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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