



Ngai Hing Hong 2017/18 Interim Results Register a Solid Performance

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Gross Profit Grew by 22.3% to HK\$133,608,000
Profit Attributable to Equity Holders of the Company
Rises 13.6% to HK\$22,569,000

(Hong Kong, 26 February 2018) — Leading Hong Kong plastic resins and specialty colorants supplier **Ngai Hing Hong Company Limited** and its subsidiaries (the “Group”) (Stock Code: 1047) have announced the interim results for the six months ended 31 December 2017. During the period under review, the Group has continued to improve its product quality, expand its customer base and implement effective cost control measures. Thus, the Group’s business has steadily improved, driving the consistent growth of its profit.

During the period under review, the global economy gradually gained growth momentum, and the Group’s business strategy of continuous improvement of internal production and operating efficiency has proven effective. Thus, the Group’s total turnover amounted to HK\$985,116,000 (2016: HK\$770,443,000), 27.9% higher than the corresponding period last year. The Group’s gross profit also increased by 22.3% to HK\$133,608,000 (2016: HK\$109,224,000), while its gross profit margin was 13.6% (2016: 14.2%). Profit attributable to equity holders of the Company climbed 13.6% to HK\$22,569,000 (2016: HK\$19,870,000). Basic earnings per share were HK6.11 cents (2016: HK5.38 cents).

To reward its shareholders for their unwavering support, the Board of Directors has recommended the payment of an interim dividend of HK1.0 cent per share (2016: HK1.0 cent per share).

Mr Hui Sai Chung, Chairman of Ngai Hing Hong, said, “Although international political and economic risk factors remain uncertain, the global economy was steadily growing in the past year. Besides, the exchange rate of the Renminbi has stabilised and an equilibrium between supply and demand in global oil markets has been achieved, all of which have facilitated the Group’s steady development. The Group’s revenue has maintained a satisfactory growth by leveraging its technological edge, continuously improving product quality in line with the strategy, securing a wider range of customers, and implementing strict cost control measures.”

Among the Group's three major businesses, the performance of the **plastics trading business** has been particularly noteworthy, achieving a turnaround in the period under review. Segmental turnover has surged 37% to HK\$694,936,000 over the last corresponding period and gross profit margin also rose by 0.5 percentage points, and profit before taxation of HK\$17,235,000. The Group's strategic moves including liaising directly with end-customers and world-renowned fast food restaurant chains have started to yield positive results, generating more bulk orders compared with the same period last year. At the same time, the Group has strived to enrich its product mix and expand into other technological applications for new energy. In the future, as the cooperation model of liaising directly with end-customers matures, the Group plans to continue to execute this strategy, and explore more opportunities to work with these customers in order to realise new profit streams.

In the **engineering plastics business**, the Group has entered markets with high development potential. The Group has introduced sophisticated products that comply with rigorous production and design safety standards for areas such as environmentally-friendly foldable household items and high-end infant toy brands that successfully stand out among its peers. During the period under review, turnover of this segment increased by 19.6% to HK\$116,613,000. Gross profit margin remained stable, while profit before taxation increased by 40.3%. The Dongguan branch has achieved the most satisfactory performance. Apart from the water treatment pump for industrial use and traditional large plastic toys that have been well-received in the market, substantial orders were also generated for other customised products contributing to the Group's income so profit before taxation of the Dongguan branch more than doubled. As the Group completes optimisation of its production facilities, the resulting enhanced production capacity and product quality should be reflected in its 2018 results and consequently bolster its overall profitability.

Despite keen competition within certain market segments such as the food packaging market, the turnover of the **colorants, pigments and compounded plastic resin business segment** increased by a modest 5.3% to HK\$173,134,000. Gross profit margin decreased 1.7 percentage points. With the rising costs of administration and R&D, profit before taxation declined by 63.8% comparing with the same period last year. Its Xiamen branch has maintained a stable business performance with a 20% growth in turnover. In order to attract domestic and overseas customers and broaden its customer base and income streams in the long run, the Group is continuing to expand the number of domestic customers for its high quality sanitary accessories. At the same time, the Group is developing electric vehicle-related products and providing value-added products and services with an internationally renowned automobile brand.

Looking ahead, the management is optimistic about the prospects for its business development. The Group will continue to follow its current strategic direction. It will increase investment in R&D resources, facilitate the development of high value-added products with high gross profit margins, broaden its customer base in order to bring a long-term stable income to the Group. At the same time, the improvement project of the Group's Shanghai production base should be completed in the second half of this year while its newly-relocated plant in Xiamen is scheduled to commence production. The production capacity will be increased. Besides, the transformation and upgrade of automated production systems will reduce labour costs after the optimisation of its factories. Consequently, the Group will better focus on inventory management and flexibly adjust its production strategy, so as to realise a more cost-effective operations model and more effectively address the market trends in order to expand its business.

Mr. Hui concluded, "We believe that high quality products and attentive service not only enhances our corporate image, but also enables the Group to better develop good relationships with customers. We will execute sound, pragmatic and aggressive business strategies as we have previously done in an effort to achieve long-term stable growth and bring promising returns to our 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 and on-the-spot technical advice to the supply of custom-made plastic colourants and engineering plastics for the plastics industry.

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