



Ngai Hing Hong Delivers Outstanding Performance in 2017/18 Annual Results

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**Substantial Growth in Turnover by 26.3% to HK\$1,995,313,000
Profit Attributable to Equity Holders of the Company Rises by 34.1% to
HK\$46,171,000**

**Final Dividend of HK2.0 Cents per Share
Total Dividend for the Year of HK3.0 Cents per Share**

(Hong Kong, 27 September 2018) — 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 2018. During the year, by executing its proven strategies to enhance product quality and expand its customer base, the turnover of the Group’s three major businesses has recorded growth, delivering an outstanding business performance.

During the year, within a stable global economic environment, through successfully executing proven strategies, the Group has boosted both the selling price and quantity of products. The Group has recorded a total turnover amounting to HK\$1,995,313,000 (2017: HK\$1,580,329,000), representing a substantial year-on-year growth of 26.3%. Gross profit also grew by 16.7% to HK\$253,932,000 (2017: 217,524,000). The increase in income from the plastics trading business has changed the Group’s product mix in the year, and therefore, gross profit margin was adjusted to 12.7%. Nevertheless, the notable increase in shipments and product selling price of the business segment led to a surge of 34.1% in the profit attributable to equity holders of the Company to HK\$46,171,000 (2017: profit attributable to equity holders of the Company: HK\$34,430,000). Basic earnings per share were HK12.51 cents (2017: basic earnings per share: HK9.33 cents).

To reward shareholders for their unwavering support, the Board of Directors has 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 2017, the total dividend for the year was HK3.0 cents per share.

Mr. Hui Sai Chung, Chairman of Ngai Hing Hing, said, “In the past year, benefitting from favourable factors such as a basically stable Renminbi exchange rate and a steadily rising global oil price, the Group has achieved steady business growth. The Group’s efforts to deliver quality products and its strategy of broadening the customer base has paid off, with significant increases in both selling price and product quantity, and, in turn, driving satisfactory revenue growth.”

Among the Group’s three major businesses, the **plastics trading business** has achieved the strongest performance. The Group recorded an increase in segmental turnover by 34.6% year-on-year to HK\$1,431,478,000. The proportion of turnover from the plastics trading business has also risen from 67.3% last year to 71.7%. Gross profit margin rose by 0.7 percentage point and profit before taxation was recorded at HK\$25,694,000. These increases were mainly attributable to the success of the Group’s efforts to adjust its sales strategy, and its progressively maturing business model for its cooperation with world-renowned fast food restaurant chains. In addition to domestic sales, its products are now exported to ASEAN countries. Thus, the Group has secured a considerably greater volume of bulk orders when compared with last year. Besides, the Group has closely observed the raw material supply of new energy electric vehicles and noted that the market is demanding low petroleum consumption and low emission features in traditional internal combustion engine-powered automobiles. The Group is therefore striving to capture the opportunities arising from related market growth. Apart from serving traditional home appliance producers, the Group also provides necessary raw materials to a new generation of Internet of Things household product developers in order to create new income sources.

For the **engineering plastics business**, the Group has adjusted its business strategy. Apart from implementing measures to broaden income sources and reduce expenditure while investing more resources in Research and Development (“R&D”), the Group has also begun tapping the local market in Hong Kong and the export market in Europe, driving the continued increase of shipments within this business segment. A large volume of orders were received as the Group’s environmentally-friendly foldable household items and high-end infant toys have been well-received by branded customers, resulting in a 20.1% rise in turnover to HK\$238,672,000. Gross profit margin remained stable and profit before taxation surged 40.7%. The Group’s Shanghai and Dongguan branches reported the most satisfactory performance. Turnover from these two branches climbed 28.6% year-on-year and profit before taxation also soared 62.9%. The completion of optimisation at the production facilities has enhanced the production capacity and product quality as it further realises its strengths in production technologies and R&D and bolsters its overall profitability.

Due to the keen competition in the food packaging market and the impact of the consumer electronics product cycle, the turnover of the **colorants, pigments and compounded plastic resin business segment** has increased by 2.9% to HK\$324,730,000. Gross profit margin is 1.6 percentage points lower than last year. To enhance the overall business performance and mitigate potentially adverse effects arising from the external economic environment, the Group has strategically strengthened its cooperation with renowned automobile brands in China in order to capture a larger market share there. In regards to performance of different branches, the Xiamen branch continues to manufacture high quality sanitary products and provide value-added services while the Shanghai branch manufactures automobile-related products. By exploring more business prospects in China, the Group aims to open up new income sources and find new customers.

Looking ahead, the management remains cautious about the future development of the Group's overall business. The Group will continue to execute its set development direction to generate long-term stable income by broadening its customer base, creating new income sources, and exploring more markets and regions offering greater potential. At the same time, the Group will support China's national policy of boosting the domestic sales market as well as plan to work with new technical institutions to jointly invest in R&D resources in developing high value-added products with high margins. On the other hand, the Group is actively preparing to expand into the Greater Bay Area market in order to seize the development opportunities in different geographical markets and product segments through domestic and overseas business development. In addition, the Group will continue implementing strict cost control measures and will also promote electronic administration processes in full strength, thereby enhancing its overall profit performance.

Mr. Hui concluded, "The trade friction between China and the United States will cause uncertainties in the Chinese economy, and the fluctuation of the Renminbi exchange rate and the production costs in China will exert additional pressure on companies. Nonetheless, the Group's sound and pragmatic business strategies have proven effective enabling it to successfully withstand major and minor economic fluctuations, and I believe it can stand firm in the face of new challenges. The Group will strive its utmost to bring long-term, sustainable returns 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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