



Ngai Hing Hong 2020/21 Interim Results Improve Steadily

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Gross Profit Spikes by 44% to HK\$150,875,000

Profit Attributable to the Company's Equity Holders Jumps to HK\$37,114,000

(Hong Kong, 25 February 2021) — 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 2020. The improved operating environment during the period under review, the Group effectively implemented the strategy of continuously optimising its product mix, exerting greater efforts in clearing inventory and streamlining costs. Hence, the Group’s business has steadily improved, driving the consistent growth of its profit.

During the period under review, stabilised oil prices and increased demand for raw materials became conducive to rising plastic material prices, as well as appropriate Group’s business development strategy, the Group’s total turnover amounted to HK\$951,987,000 (2019: HK\$906,580,000), 5% higher than the previous year. The overall gross profit spiked by 44% to HK\$150,875,000 (2019: HK\$104,763,000) while the gross profit margin rose by 4.3 percentage points to 15.8% compared to the level in the last corresponding period. Profit attributable to the Company’s equity holders increased by 63.2 times to HK\$37,114,000 (2019: HK\$587,000). Basic earnings per share were HK10.05 cents (2019: HK0.16 cents).

To reward shareholders for their unwavering support, the Board of Directors (“the “Board”) recommended the payment of an interim dividend of HK1.0 cent per share (2019: Nil) and a special dividend of HK1.0 cent per share.

Mr Hui Sai Chung, Chairman of Ngai Hing Hong, said, “The pandemic continued spreading across the world and disabled global economies from returning to normal. However, stabilised oil prices, as well as the simulation of the inner circulation policy in Mainland China, its economy posted gradual recovery. International capital inflows to Mainland China led to the Renminbi exchange rate’s appreciation. Thus, the Group’s profitability has maintained and business has steadily improved despite global economic headwinds.”

Among the Group's three major businesses, the **plastics trading business** has achieved the most significant improvement during the period under review. Domestic consumption was fully restored, driven by the inner circulation policy. Moreover, increasing public awareness to hygiene due to the pandemic outbreak boosted surging demand for post-pandemic products, such as medical devices and air filter systems, generating more orders for the Group's plastic material trading business. Consequently, turnover grew by 5.5% to HK\$652,386,000 compared to the same period last year. Apart from maintaining close ties with existing customers and continuously producing electrical appliances and traditional automobiles to bring stable orders, the Group also provided materials to the developers of smart products, household goods and high-end kitchenware to open up income sources. Rising oil prices resulted in growing demand for raw materials, thereby leading to increasing plastic material prices. Due to the Group's effective reduction and control of inventory, inventory level has improved. Gross profit margin climbed by 3.6 percentage points compared to the same period in the previous year.

The work-from-home mode in different countries across the world that encouraged citizens to stay home and to go out less became the new normal, thus reshaping people's way of living and driving up the continued increase in demand for general home appliances such as kitchenware. Facing changes in consumers' consumption categories and habits, the Group's export customers also changed their sales strategy and shifted to the export of high-end kitchenware in order to explore new income streams. Meanwhile, the Group also flexibly modified its existing product portfolio to meet the huge order demand from customers. As a result, turnover of the **engineering plastic product business** jumped by 21.5% to HK\$122,640,000, while gross profit margin grew by 4.3 percentage points and profit before taxation surged by 44.2% to HK\$16,938,000 when compared to the same period in the previous year. Apart from maintaining its orders from internationally-renowned brands, the Group continued to enrich its product portfolio, leverage its business advantages, focus on promoting higher-margin products, and actively approach and engage in discussions with end customers, all in a bid to explore new income streams and expand its customer base.

The pandemic has caused delays in the date of completion of various property projects. These delays, coupled with short-term demand for food packaging and basic necessities gradually returning to normal level, have led to a drop in the turnover of the **colorants, pigments and compounded plastic resins** segment to HK\$176,961,000 during the period. However, with the rise in plastic material prices, its gross profit margin increased by 4.8 percentage points, while profit before taxation was maintained at a similar level as that during the same period in the previous year. With the market undergoing consolidation in which only competent enterprises are able to survive, small enterprises, engaged in low-end manufacturing businesses with relatively lower cost control ability and lower technical standards, have been acquired and phased out. In this regard, the Group will continue implementing its proven business strategies and centralise resources in the production of high-end sanitary and electronic products. It will also raise the production capacity of its factories to secure high gross profit margin orders and maintain stable business development.

Looking ahead, the management is cautiously optimistic in the Group's long term development. As the post-COVID-19 new normal emerges, the Group believes kitchenware will become its growth driver in the future, particularly those which employ high-production technologies that will grab market attention. In addition to producing traditional products, the Group will draw on its corporate advantage and years of extensive industry experience to invest in resources that will advance high-end production technologies so as to further optimise its product mix. At the same time, the Group will continue implementing stringent cost control measures as for cost control. It will also enhance overall administrative efficiency by sharing internal resources to achieve greater synergies and a solid financial position.

Mr. Hui concluded, "In the first half of 2021, Mainland China will continue focusing on the 'domestic circulation' development strategy and rely on strong domestic demand to support economic recovery, while the global economic growth remains highly uncertain. If no widespread outbreak recurs going forward, the Group expects to see stable business development in the first half of 2021. As always, the Group will continue exerting relentless efforts to achieve long-term and stable growth as well as generate long-term returns for 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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