



## Ngai Hing Hong 2020/21 Annual Results Turnaround in Profit

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### Profit Attributable to the Company's Equity Holders Reaches to HK\$89,865,000 Gross Profit Spikes by 84% to HK\$347,217,000

(Hong Kong, 28 September 2021) — Leading Hong Kong plastic resins and specialty colorants supplier **Ngai Hing Hong Company Limited** (the “Company”, together with its subsidiaries as the “Group”) (Stock Code: 1047) has announced its annual results for the year ended 30 June 2021.

During the period under review, international oil prices rose from a trough, which in turn drove the prices of plastic materials to continuously higher levels, as well as appropriate Group's business development strategy, the Group's total turnover increased 24.8% over the previous year, to HK\$1,971,074,000 (2020: HK\$1,578,998,000). Meanwhile, the Group continued to optimise its product portfolio, endeavored to develop new customer sources and stepped up efforts to minimise costs. Consequently, overall gross profit has increased significantly since the fourth quarter of last year, rising by 84% year-on-year to HK\$347,217,000 (2020: HK\$188,729,000). Gross profit margin grew by 5.7 percentage points to 17.6% over the last year. The Group successfully achieved a turnaround in profit during the year. Profit attributable to equity holders of the Company amounted to HK\$89,865,000 (2020: loss attributable to equity holders of the Company of HK\$6,212,000). Basic earnings per share were HK 24.34 cents (2020: basic loss per share of HK 1.68 cents).

To reward shareholders for their unwavering support of the Group, the Board of Directors has recommended the payment of a final dividend of HK1.0 cent per share (2020: Nil) and a special dividend of HK3.0 cents per share.

**Mr. Hui Sai Chung, Chairman of Ngai Hing Hong**, said, “During the year, the pandemic was basically under control in Mainland China, and the Group's production lines and sales network were able to resume full operation. In addition, with respect to the COVID-19 pandemic, with vaccination drives launched across different regions in the first quarter of this year, the impact of the pandemic began to ease, and the global economy gradually returned to normal, stimulating the demand for raw materials. As a result, overseas orders soared, and led the Group successfully achieved a turnaround in profit during the year.”

The **plastic trading business** has recorded the most significant improvement among the Group's three major businesses. The pandemic has raised public awareness of health and hygiene, leading to a sharp rise in demand for post-pandemic products such as medical equipment and air filtration systems. In addition, the automotive and certain heavy industries have benefited from the economic recovery, which in turn has led to demand soaring for plastic materials from various industries. During the year under review, the turnover of the plastic trading business increased by 22.2% year-on-year to HK\$1,333,415,000 (2020: HK\$1,090,886,000). Profit before taxation amounted to HK\$53,484,000 (2020: loss of HK\$30,605,000). General consumer electronics and traditional automobile manufacturer customers continued to submit a steady stream of orders to the Group. The Group also broadened its clientele and successfully secured new customers such as developers of smart products, household goods and high-end kitchenware. Its revenue stream was expanded accordingly. In addition, the price of plastic materials has continued to rise during the year. As the Group was able to effectively utilise its inventory, the inventory situation has improved significantly. Consequently, the gross profit margin has risen by 4.9 percentage points when compared with last year."

Owing to the sharp rise in the price of raw materials, instability in the plastics supply market, and increased orders from new customers, the turnover of the **engineering plastic business** grew by 48.5% year-on-year to HK\$262,923,000 (2020: HK\$177,051,000). Gross profit margin climbed by 5 percentage points. Profit before taxation surged by 94.6% to HK\$38,912,000 year-on-year (2020: HK\$20,000,000). The introduction of various anti-pandemic measures by different countries according to their pandemic situation have caused dramatic changes to people's work and life patterns. More companies have adopted flexible work-at-home arrangements, greatly increasing the length of time ordinary consumers stay at home, thus creating a series of "new" demands. The demand for general home appliances, such as kitchenware, has continued to rise. In light of this, the Group has flexibly adjusted its marketing strategy. It continues to receive orders from internationally renowned brands, while providing suitable plastic solutions to new customers from various industries. It will continue to enrich its existing product portfolio and enter the engineering plastic markets for high-end kitchenware products with higher margins to meet customers' needs for more and larger orders.

The **colorant, pigment and compounded plastic resin business** has also recorded growth in performance. Turnover increased by 20.5% year-on-year to HK\$374,736,000 (2020: HK\$311,061,000). Gross profit margin grew by 3.6 percentage points. Profit before taxation rose by 54.5% to HK\$29,719,000 (2020: HK\$19,238,000). Customers of the Group's colorant, pigment and compounded plastic resin business come from different industries and regions, and are mainly engaged in the automobile application, food packaging and construction materials sectors. Therefore, orders have been relatively stable and less affected by external economic factors. The Group will continue to focus on producing high-end sanitary products and electronic products. It will also constantly raise the production capacity of its factories to secure high gross profit margin orders and maintain stable business development.

Looking ahead, as the international oil prices have been persistently high and raw material shortages have continued, and the global economy is expected to continue improving as the vaccination rate rises. However, the traditional peak season for Christmas orders is coming to an end. The Group expects overseas suppliers will become more cautious and will take a wait-and-see attitude in accordance with the trends in raw material prices and international shipping rates. Hence, the number of orders and the prices of products may fall modestly at the end of this year. In view of the generally uncertain conditions, however, the Group will adopt a more prudent strategy in relation to the receipt of orders and the management of inventory, so as to reduce risks associated with rising inventory, accounts receivable and number of related turnover days.

**Mr. Hui concluded**, “Given that domestic circulation will be the main theme of development in Mainland China, the tremendous domestic market demand will help drive the recovery. However, the dark cloud of the COVID-19 pandemic still hangs heavily over the European and American markets, and some regions are even facing different virus variants. Therefore, the outlook for global economic growth remains uncertain. Barring any large-scale COVID-19 outbreak, the Group's businesses are expected to sustain stable development in the first half of 2022. And the management is cautiously optimistic about the long-term development of its businesses in the future. The Group will direct greater resources toward exploring and attracting new customers while continuing to keep abreast of the needs of existing customers. At the same time, it will make good use of its advantages and years of industry experience, and continue to invest resources in enhancing its product quality and strengthening high-end production technologies, as well as in improving the overall gross profit margin and further optimising the product mix. The Group will continue to implement stringent cost control measures, actively improve overall administrative and operational efficiency, and pragmatically manage its financial position in order to promote the sustainable and steady development of the Company.”

*(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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