

# TARGET

## Intelligence Report

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T U E S D A Y

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### **NGAI HING HONG COMPANY LTD: TIMES ARE DEFINITELY TOUGH FOR THIS 29-YEAR-OLD PUBLICLY LISTED COMPANY**

On Wednesday, February 15, 2023, Management of Ngai Hing Hong Company Ltd (毅興行有限公司) (Code: 1047, Main Board, The Stock Exchange of Hongkong Ltd) published and disseminated a '**PROFIT WARNING**' announcement.

This announcement, signed by Mr Hui Sai Chung (許世聰), the Chairman of the Board of Directors of the Company, informed shareholders and prospective investors of the following:

*'This announcement is made by the Company pursuant to Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.'*

*'The Board wishes to inform the Shareholders and potential investors that, based on the preliminary assessment of the Group's unaudited management accounts for the six months ended 31st December 2022 and information currently available to the Board, the Group expects to record a loss attributable to the equity holders of the Company of not more than HK\$36,000,000 for the six months ended 31st December 2022, as compared to a profit attributable to the equity holders of the Company of HK\$33,979,000 for the six months ended 31st December 2021.'*

*'Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.'*

*'This announcement is made by Ngai Hing Hong Company Limited (the "Company" and together with its subsidiaries, the "Group") pursuant to Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) under Part XIVA of the Securities and Futures*

*Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and Rule 13.09(2)(a) of the Listing Rules.*

*‘The Board of Directors (the “Board”) of the Company wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on the preliminary assessment of the Group’s unaudited management accounts for the six months ended 31st December 2022 (the “Current Period”) and information currently available to the Board, the Group expects to record a loss attributable to the equity holders of the Company of not more than HK\$36,000,000 for the Current Period as compared to a profit attributable to the equity holders of the Company of HK\$33,979,000 for the six months ended 31st December 2021. Such change is mainly attributable to the decrease in sales volume and turnover of the Group caused by (i) impact of COVID-19 is not fully eradicated; (ii) soaring global inflation; and (iii) aggressive interest rate hikes by central banks in Europe and the US (The United States of America) to curb market demand. In addition, international crude oil prices dropped significantly during the period under review, with a corresponding decline in plastic raw material prices, gross profit margins declined. Besides, interest rate increased during the period under review, as a result, finance costs increased.*

*‘The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the Current Period and information currently available and such information has not been audited or reviewed by the Company’s auditor. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the Current Period which is expected to be issued on 27th February 2023.*

*‘Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.’*

## **THE 2021/2022 ANNUAL REPORT OF NGAI HING HONG COMPANY LTD**

On or about Monday, October 17, 2022, Management of Ngai Hing Hong Company Ltd published and disseminated its 2021/2022 Annual Report in the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC).

The Chairman’s Statement covered six pages of the Annual Report so that this medium had to record only that which appeared to be of the most instructive.

### **‘RESULTS AND DIVIDEND**

*‘I hereby announce the audited results of Ngai Hing Hong Company Limited (“the Company”) and its subsidiaries (collectively “the Group”) for the year ended 30th June 2022. The Group recorded an audited consolidated turnover of HK\$1,738,775,000 (2021: HK\$1,971,074,000) and profit attributable to equity holders of the Company of*

*HK\$56,598,000 (2021: loss attributable to equity holders of the Company of HK\$89,865,000). Earnings per share for the year were HK15.33 cents (2021: Earnings per share HK24.34 cents)...*

## ***'MANAGEMENT DISCUSSION AND ANALYSIS***

### ***'Business Review***

*'The global landscape in 2021/22 was complex and volatile, with geopolitical tensions and a weak overall market and economy. In the first half of 2022, affected by supply risk concerns brought by the situation in Russia and Ukraine, international crude oil prices continued to rise, further pushing up plastic raw material prices. International shipping and supply chains have not yet recovered to pre-pandemic levels and the ongoing COVID-19 epidemic has also hindered economic recovery.*

*'Due to the uncertain economic environment, customers remained cautious about placing orders and adopted low inventory strategies, which affected the overall sales volume of the Group. For the year ended 30th June 2022, the Group's total turnover was HK\$1,738,775,000 (2021: HK\$1,971,074,000), a decrease of 11.8% over the previous year.*

*'During the year ... [CLICK TO ORDER FULL ARTICLE](#)*

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