

Financial Year End	31/12/2016
Reporting Period Ending	31/12/2016
Reporting Quarter	4Q-2016

Recommendation	HOLD
Target Price (MYR)	0.26
Current Price (MYR)	0.28

Industry Group	Housewares
Industry Sub Group	Housewares

Key Company Statistics	
Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Capital (mn shares)	238.2
Market Capitalisation (MYR mn)	65.5
52 week High (MYR)	0.37
52 week Low (MYR)	0.26
Average Volume (3 month) '000	770.3
1 Yr Return (%)	-22.5

Major Shareholders (%)	
Hsiao Family	16.5

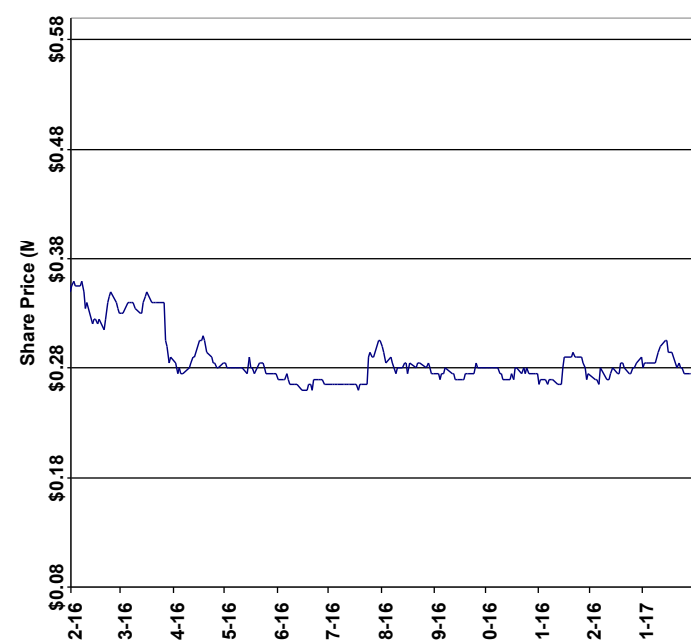
FTSE-BURSA INDEX MEMBERSHIP

FBM KLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

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SHARE PRICE LAST 12 MONTHS (MYR)



MALAYSIA EQUITY NI HSIN RESOURCES BHD

RESULTS REPORT

YTD 4Q FY16 revenue fell 17.7% vs YTD 4Q FY15. Cookware sales fell 25.6%, whilst clad metal sales fell 29.4%. Convex mirror sales rose 17.0% over the same period. Cookware sales remain very challenging in both local and export markets. The slowdown in global trade is making itself felt. NHR has done a commendable job in controlling costs, keeping its gross margins above 27% YTD 4Q 2016. Demand weakness in many key markets is keeping capacity utilisation low; however NHR is developing some new sales initiatives. See page five for details.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) significant weakening in the MYR exchange rate, ii) rising promotional costs, iii) a sharp slowdown in the general level of economic activity in Malaysia, Japan, elsewhere in Asia Pacific, and North America, and iv) a rise in stainless steel prices would be an additional concern. See page five for more details.

RECOMMENDATION

NHR has made very good progress in its marketing efforts; but weakened regional and global demand is starting to be felt. We maintain our HOLD recommendation but raise our fair value to MYR 0.26. At prices below MYR 0.22 value investors will want to accumulate this name.

NHR has regained its focus on its core business of cookware manufacturing. We are forecasting conservative sales growth in the quarters ahead, but if NHR beats our targets, we may well raise our target price. New agreements to sell cookware and convex mirrors in China and around the region has been signed. See page five for more details.

COMPANY PROFILE

Ni Hsin Resources Bhd ("NHR") is one of the leading cookware manufacturers listed in Malaysia. The company has its roots in Taiwan, and was incorporated in Malaysia in 1989 and listed in 2005. About 15% of total revenue is currently realised in Malaysia, with Japan and Asia Pacific accounting for the lion's share of the company's substantial export revenue. Group YTD 4Q FY16 revenue comprised 51.0% cookware products, 29.4% convex mirrors and 19.6% clad metal. (see page five)

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2015	2016	2017F	2018F
Revenue	45.9	37.8	42.4	57.0
Revenue g (%)	12.8	-17.7	12.2	34.3
Net Profit	2.2	-5.0	2.0	2.9
Net Profit g (%)	>100	na	na	47.9%
Dividends Paid	0.0	0.0	0.0	0.0
Owners' Equity	58.7	74.4	76.5	79.5
Total Liabilities	8.3	10.4	10.5	10.7
Debt/Equity (%)	14.2	14.0	13.8	13.4
EPS (sen)	0.9	-2.1	0.8	1.2
P-S (x)	1.6	1.7	1.5	1.1
P-E (x)	32.2	na	32.9	22.2
P-BV (x)	1.2	0.9	0.9	0.8
ROE %	3.8	-6.7	2.6	3.7

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)

FY Dec	4Q-16	4Q-15	Q-o-Q %chg	YTD FY16	YTD FY15	Y-o-Y %chg
Revenue	10.5	9.8	7.1	37.8	45.9	-17.7
Operating Profit	0.3	0.6	-51.5	-4.5	3.2	na
Other Income	0.0	0.0	na	0.0	0.0	na
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.7	-0.7	3.0	-2.8	-2.6	5.0
Finance Costs	0.0	0.0	18.2	0.0	-0.1	-38.8
Pre Tax Profit	0.3	0.6	-52.5	-4.6	3.1	na
Tax	-0.3	-0.4	-21.5	-0.5	-0.9	-48.0
Minority Interest	0.0	0.0	na	0.1	0.0	na
Net Profit to S'holders	0.0	0.1	na	-5.0	2.2	na
Dividends	0.0	0.0	na	0.0	0.0	na
EPS (sen)	0.0	0.1	na	-2.1	0.9	na
DPS (sen)	0.0	0.0	na	0.0	0.0	na
Operating Margin (%)	2.6	5.8	-54.7	-11.9	6.9	na
Net Margin (%)	-0.3	1.5	na	-13.1	4.8	na
Effective Tax Rate (%)	122.0	73.7	65.4	-10.1	28.5	na
NTA/share (RM)				0.24	0.25	-2.6

Comments
Revenue down 17.7% YTD 4Q 2016 vs. YTD 4Q 2015. Cookware sales fell 25.6% in sales value. Cookware sales are challenging in both domestic and export markets. Convex mirror sales increased 17.0% but clad metal sales decreased by 29.4%. Cookware accounts for about 51% of total revenue. Sales may have bottomed. See page five for more details.
Operating margins may have bottomed; if sales return to higher levels, as they should following the appointment of new distributors, margins should improve. See page five.

COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)

Current FY Ending	Ni Hsin Resources Bhd Dec-17	Cam Resources Dec-17
Revenue	42.4	200.0
Net Profit	2.0	2.6
Owners' Equity	76.5	105.6
Dividends	0.0	0.0
Market Cap	65.5	60.0
P-S (x)	1.5	0.3
P-E (x)	32.9	23.1
P-BV (x)	0.9	0.6
Div Yield (%)	0.0	0.0
Net Margins (%)	4.7	1.3
ROE (%)	2.6	2.5
Payout Ratio (%)	na	0.0
Debt/Equity (%)	13.8	58.7

*Consensus data used for peers where available

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

PROFIT & LOSS (All figures in MYR mn unless otherwise indicated)

FY Dec	2015	2016	2017F	2018F
Revenue	45.9	37.8	42.4	57.0
Operating Profit	3.2	-4.5	2.8	4.1
Other Income	2.1	0.8	0.8	0.8
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-2.6	-2.8	-3.2	-3.2
Finance Costs	-0.1	0.0	-0.2	-0.2
Pre Tax Profit	3.1	-4.6	2.7	3.9
Tax	-0.9	-0.5	-0.7	-1.0
Minority Interest	0.0	0.1	0.0	0.0
Net Profit to Shareholders	2.2	-5.0	2.0	2.9
Operating Margin (%)	6.9	-11.9	6.6	7.2
PBT Margin (%)	6.7	-12.1	6.2	6.9
Net Margin (%)	4.8	-13.1	4.7	5.2
Effective Tax Rate (%)	28.5	-10.1	25.0	25.0

BALANCE SHEET (All figures in MYR mn unless otherwise indicated)

FY Dec	2015	2016	2017F	2018F
Total Assets	67.0	84.8	87.0	90.1
Fixed Assets	31.4	49.3	51.3	53.3
Current Assets	29.1	29.1	29.3	30.3
Other LT Assets	6.4	6.4	6.4	6.4
Current Liabilities	6.1	6.6	6.7	6.7
LT Liabilities	2.2	3.8	3.9	3.9
Total Liabilities	8.3	10.4	10.5	10.7
Share Capital	47.3	47.7	47.7	47.7
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	58.7	74.5	76.5	79.5
Total Equity	58.7	74.4	76.5	79.5
Total Liabilities & Equity	67.0	84.8	87.0	90.1

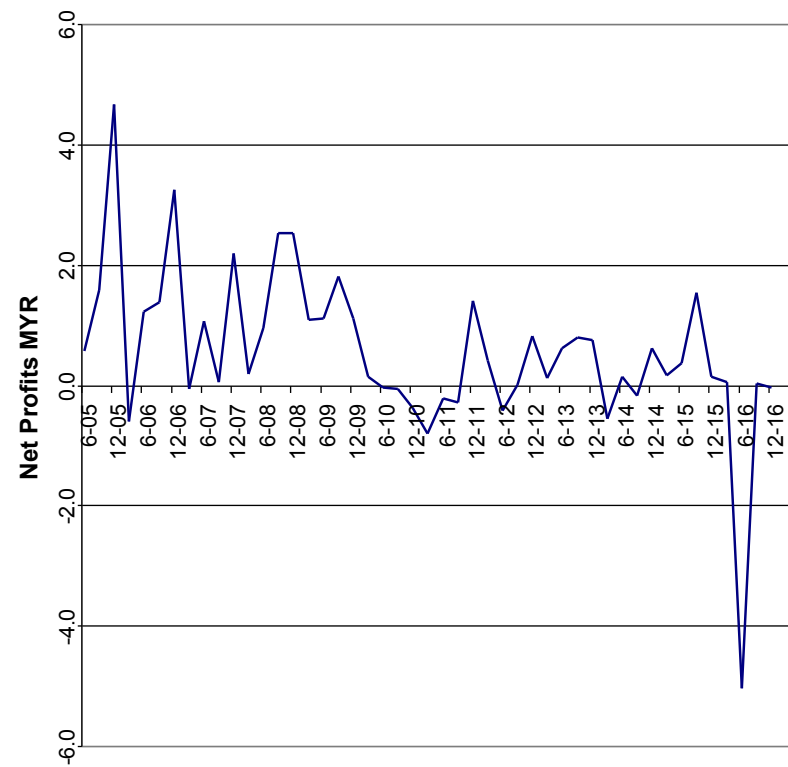
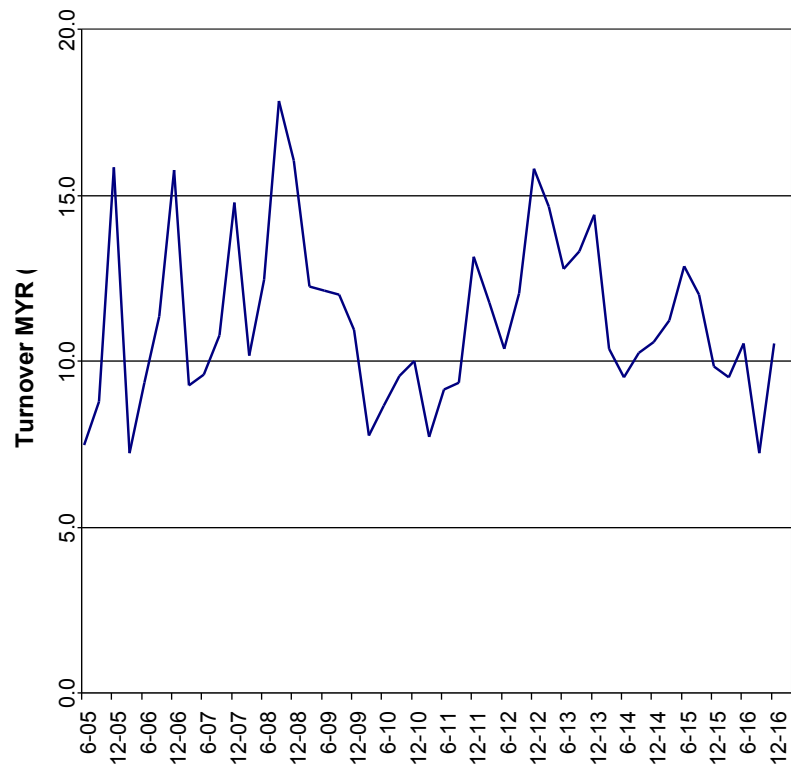
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2015	2016	2017F	2018F
Revenue	19.3	15.9	17.8	23.9
Cash Flow	2.0	-0.9	2.2	2.6
Earnings	0.9	-2.1	0.8	1.2
Dividends	0.0	0.0	0.0	0.0
Book Value	24.6	31.3	32.1	33.4
Payout (%)	na	na	na	na
P-S (x)	1.6	1.7	1.5	1.1
P-CF (x)	14.7	-29.8	12.6	10.7
P-E (x)	32.2	na	32.9	22.2
P-BV (x)	1.2	0.9	0.9	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0
ROE (%)	3.8	-6.7	2.6	3.7
Total Debt/Equity (%)	14.2	14.0	13.8	13.4

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

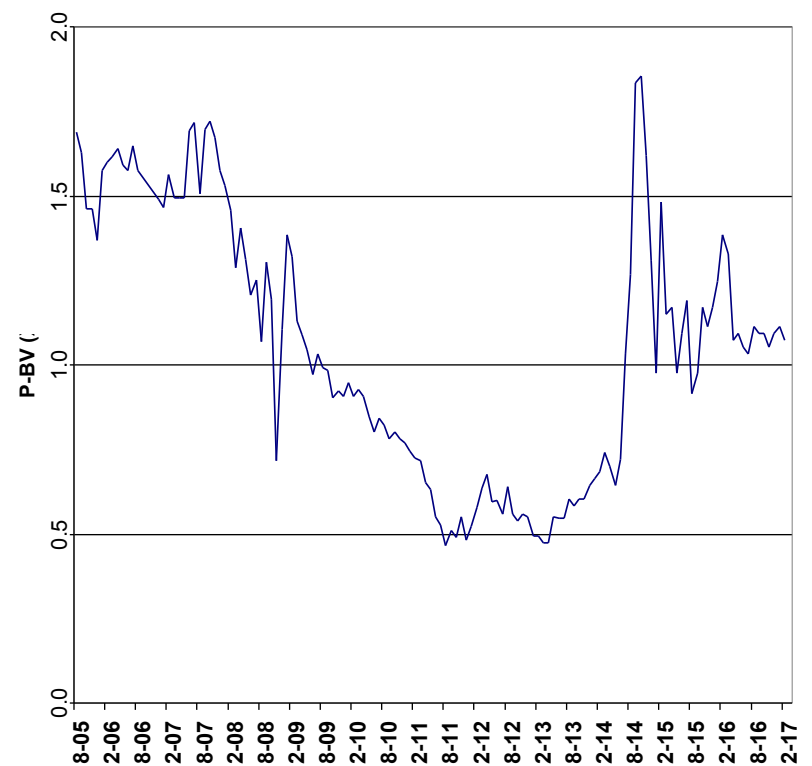
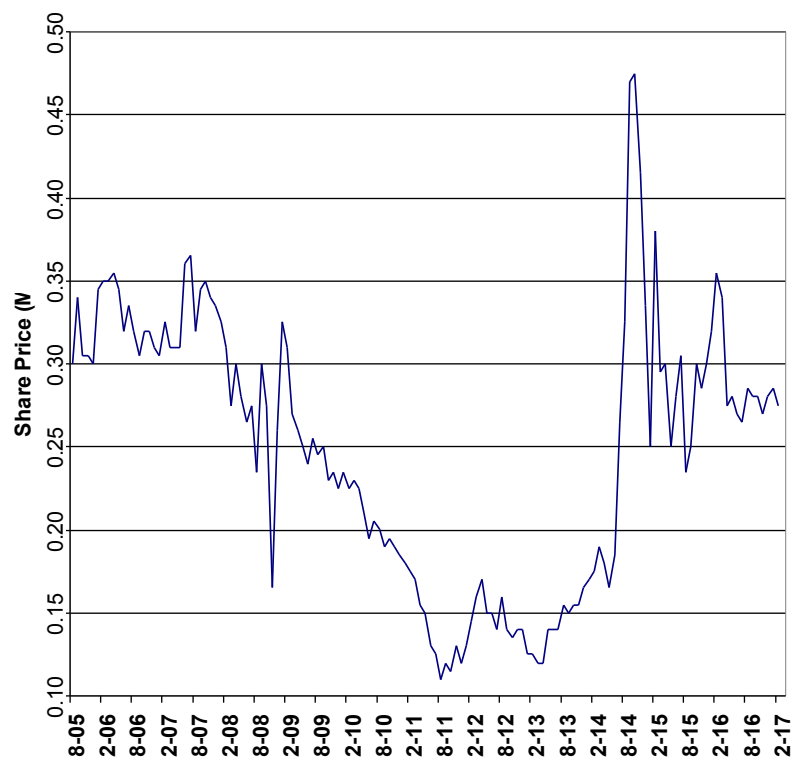
REVENUE - QUARTERLY LAST 11 YEARS (MYR mn)

NET PROFIT - Q'TERLY LAST 11 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 11 YEARS (MYR)

P-BV (X) - MONTHLY - LAST 11 YEARS



MALAYSIA EQUITY
NI HSIN RESOURCES BHD

SEGMENT RESULTS AND RECENT COMPANY NEWS

Sales By Segment

Cookware sales in NHR's Asia Pacific export markets have slowed down sharply YTD 4Q 2016, keeping pace with broad declines in global trade around the region. Asia Pacific and Japan saw particularly sharp declines in cookware sales, as did most other export markets. Meanwhile, convex mirror sales increased 17.0%, whilst clad metal sales fell 29.4%. Whilst convex mirror sales have been a bright spot, they presently account for less than 30% of total sales. Globally, NHR is one of a handful of listed companies that manufactures high quality stainless steel convex mirrors. Over the next quarters NHR plans to focus more resources on this segment, as global demand for convex mirrors remains solid. Meanwhile, the company embarked on two new initiatives that may prove rather exciting in the quarters to come.

Re-branding and Re-structuring. New selling platforms, new distributors and new markets.

In June 2016, NHR acquired 100% of Pentoli Sdn Bhd ("PSD"). NHR is using PSD to re-brand, manufacture and distribute NHR's kitchen equipment, electronic appliances and apparatus. NHR's former brand, Buffalo, has been rebranded as Pentoli. In Feb 2017, PSD entered into an exclusive distribution agreement with Mingkeda Group Holding Co Ltd ("MKD") to sell Pentoli cookware and Ni Hsin convex mirrors products in China. The terms of the agreement stipulate a minimum order of MYR 7 mn, MYR 15 mn and MYR 31 mn for the 1st, 2nd and 3rd years respectively. If MKD is able to fulfill these terms, NHR's total sales may hit MYR 57 mn by FY 2018, and by FY 2019 total sales may hit MYR 72 mn.

NHR also signed an agreement with GRAYNS Malaysia in early 2017 for GRAYNS to distribute starch-reducing rice cookers in Malaysia, Singapore, Hong Kong and China. NHR seems to be evolving into a more sales driven organisation, tapping new internet technologies and developing new selling partnerships.

MYR (000s)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017 E	FY17 / FY13 4yr cagr%
Cookware	33,699	21,614	25,917	19,317	23,300	-8.8%
Convex Mirror	8,496	9,883	10,521	12,028	13,000	11.2%
Clad Metal	22,366	17,853	20,265	13,042	13,000	-12.7%
Other	1,092	589	0	0	0	NA
Rev. Including Inter-segment	65,653	49,939	56,703	44,387	49,300	-6.9%
Eliminations	-10,503	-9,212	-10,767	-6,570	-6,800	-10.3%
Total Revenue	55,150	40,727	45,936	37,817	42,500	-6.3%
Annual Change	10.4%	-26.2%	12.8%	-17.7%	12.4%	

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Recommendation	Date	% Price Change Since Prior Recommendation
NHR MK Equity	19-Aug-13	BUY	0.18	0.14		-10.0%
NHR MK Equity	18-Nov-13	BUY	0.19	0.16		14.8%
NHR MK Equity	26-Feb-14	BUY	0.21	0.18		16.1%
NHR MK Equity	21-May-14	HOLD	0.18	0.17		-5.6%
NHR MK Equity	21-Aug-14	HOLD	0.22	0.33		91.2%
NHR MK Equity	19-Nov-14	HOLD	0.22	0.45		38.5%
NHR MK Equity	16-Feb-15	HOLD	0.22	0.41		-10.0%
NHR MK Equity	21-May-15	HOLD	0.22	0.30		-27.2%
NHR MK Equity	19-Aug-15	BUY	0.22	0.26		-11.9%
NHR MK Equity	18-Nov-15	BUY	0.30	0.36		38.5%
NHR MK Equity	25-Feb-16	BUY	0.30	0.36		0.0%
NHR MK Equity	18-May-16	HOLD	0.26	0.29		-20.8%
NHR MK Equity	24-Aug-16	HOLD	0.24	0.30		5.3%
NHR MK Equity	23-Nov-16	HOLD	0.23	0.28		-8.3%
NHR MK Equity	21-Feb-17	HOLD	0.26	0.28		0.0%
Return Last Three Years of Coverage						110.6%



ANALYST'S DISCLOSURE

BUY: Share price may exceed 10% over the next 12 months

TRADING BUY: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

HOLD: Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT: Target price has been attained. Look to accumulate at lower levels

SELL: Share price may fall by more than 10% over the next 12 months

NOT RATED (NR): Stock is not within regular research coverage

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