

Financial Year End	31/12/2013
Reporting Period Ending	31/12/2013
Reporting Quarter	4Q-2013

Recommendation	BUY
Target Price (MYR)	0.21
Current Price (MYR)	0.18

Industry Group	Housewares
Industry Sub Group	Housewares

Key Company Statistics	
Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Capital (mn shares)	236.6
Market Capitalisation (MYR mn)	42.6
52 week High (MYR)	0.20
52 week Low (MYR)	0.12
Average Volume (3 month) '000	46.2
1 Yr Return (%)	53.8

Major Shareholders (%)	
Hsiao Family	59.1
Ng Shw u Ching	0.3
Yiew Kiang Chong	0.0

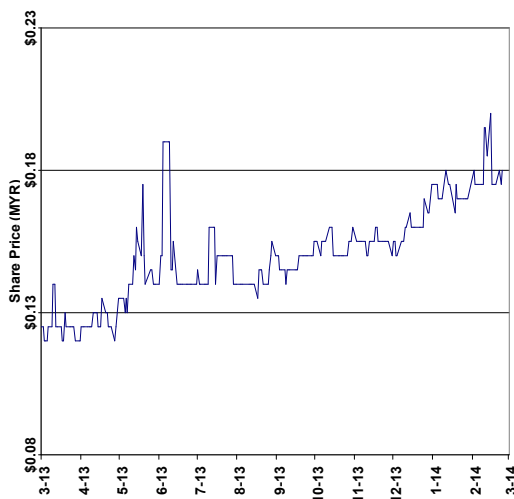
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

REPORT INDEX

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SHARE PRICE LAST 12 MONTHS (MYR)



MALAYSIA EQUITY NI HSIN RESOURCES BHD

RESULTS REPORT

YTD 4Q FY13 revenue rose 10.4% vs YTD 4Q FY12. Sales in Asia Pacific ex-Japan are growing strongly and now account for more than 39% of total sales. Over the last several quarters NHR has been developing new markets in North America, Europe and Australia with very good results. In particular, clad metal sales in Europe are doing very well. NHR's investments in its own marketing organisation appear to be bearing fruit - sales are growing nicely and operating margins increased to 7.2% YTD 4Q 2013 vs 3.4% YTD 4Q 2012. Should operating margins rise back up and remain at the 10-15% level, a 50-75% increase in the share price from current levels would not be unreasonable.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) significant strengthening in the MYR exchange rate, ii) rising promotional costs, iii) a sharp slowdown in the general level of economic activity in Malaysia, Japan, North America, Europe or Australia, and iv) continued rises in stainless steel prices would be an additional concern.

RECOMMENDATION

Ni Hsin Resources Bhd continues to make good progress in its marketing efforts, relying more on its own efforts rather than other channels. Management is not only developing new in-house products but is also penetrating new overseas markets. Growth in North America, Europe and Australia has more than offset weaker sales in China/HK and Singapore. We continue to rate the shares a BUY and raise our fair value to MYR 0.21. Any further weakness in the Ringgit would be a benefit.

The company's up to date manufacturing assets alone are worth some MYR 0.15 per share. The balance sheet is very clean, and management should be able to maintain dividends at the current level. Moreover, should stainless steel prices come off, or capacity utilisation increase further in the quarters ahead, net margins could trend toward levels of 9-11%, possibly higher. At current prices NHR yields more than 6%.

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 20% of total revenue is realised in Malaysia, with Japan and Europe accounting for the lion's share of the company's substantial export revenue. Group YTD 4Q FY13 revenue comprised 51.3% cookware products, 12.9% convex mirrors, 34.1% clad metal and 1.7% other. (see page five)

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2012	2013	2014F	2015F
Revenue	49.9	55.2	60.7	66.7
Revenue g (%)	26.0	10.4	10.0	10.0
Net Profit	0.9	2.3	3.0	3.3
Net Profit g (%)	na	>100	30.5%	8.4%
Dividends Paid	2.3	2.3	2.8	2.8
Owners' Equity	60.4	60.1	60.3	60.8
Total Liabilities	12.8	15.4	15.6	15.7
Debt/Equity (%)	21.3	25.6	25.8	25.9
EPS (sen)	0.4	1.0	1.3	1.4
P-S (x)	0.7	0.7	0.7	0.6
P-E (x)	38.5	16.9	14.1	13.0
P-BV (x)	0.5	0.6	0.7	0.7
ROE %	1.4	3.9	5.0	5.4

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

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

FY Dec	4Q-13	4Q-12	Q-o-Q %chg	YTD FY13	YTD FY 12	Y-o-Y %chg
Revenue	14.4	15.8	-8.6	55.2	49.9	10.4
Operating Profit	1.4	0.8	81.2	3.9	1.7	na
Other Income	0.0	0.0	33.3	0.0	0.0	-22.6
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-0.7	-0.6	10.0	-2.7	-2.8	-4.7
Finance Costs	-0.1	-0.1	27.5	-0.3	-0.2	53.4
Pre Tax Profit	1.4	0.7	88.1	3.6	1.5	>100
Tax	-0.6	0.1	na	-1.4	-0.6	>100
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	0.7	0.8	-17.5	2.3	0.9	>100
Dividends	1.2	2.3	-50.0	2.3	2.3	0.0
EPS (sen)	0.3	0.4	-17.5	1.0	0.4	>100
DPS (sen)	0.5	1.0	-50.0	1.0	1.0	0.0
Operating Margin (%)	9.9	5.0	98.2	7.2	3.4	>100
Net Margin (%)	4.8	5.3	-9.8	4.2	1.7	>100
Effective Tax Rate (%)	45.5%	-20.0%	na	37.4%	39.2%	-4.7
NTA/share (RM)				0.24	0.25	-2.6

Comments
Revenue up 10.4% YTD 4Q 2013 vs YTD 4Q 2012. Lower sales in Japan offset by solid growth in Asia Pacific and Europe. FY13 clad metal sales rose more than 44% over the same period last year.
YTD profits more than doubled versus last year.
Operating margins are much improved vs last year.

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

Current FY Ending	Ni Hsin Resources Bhd Dec-14	Cam Resources Dec-14
Revenue	60.7	183.5
Net Profit	3.0	2.7
Owners' Equity	60.3	96.3
Dividends	2.8	0.0
Market Cap	42.6	43.3
P-S (x)	0.7	0.2
P-E (x)	14.1	15.8
P-BV (x)	0.7	0.4
Div Yield (%)	6.6	0.0
Net Margins (%)	5.0	1.5
ROE (%)	5.0	2.8
Payout Ratio (%)	92.7	0.0

*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	2012	2013	2014F	2015F
Revenue	49.9	55.2	60.7	66.7
Operating Profit	1.7	3.9	4.3	4.6
Other Income	0.0	0.0	0.0	0.0
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-2.8	-2.7	-3.2	-3.2
Finance Costs	-0.2	-0.3	-0.3	-0.3
Pre Tax Profit	1.5	3.6	4.0	4.4
Tax	-0.6	-1.4	-1.0	-1.1
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	0.9	2.3	3.0	3.3
Operating Margin (%)	3.4	7.2	7.1	7.0
PBT Margin (%)	3.0	6.6	6.6	6.5
Net Margin (%)	1.7	4.2	5.0	4.9
Effective Tax Rate (%)	na	na	25.0	25.0

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

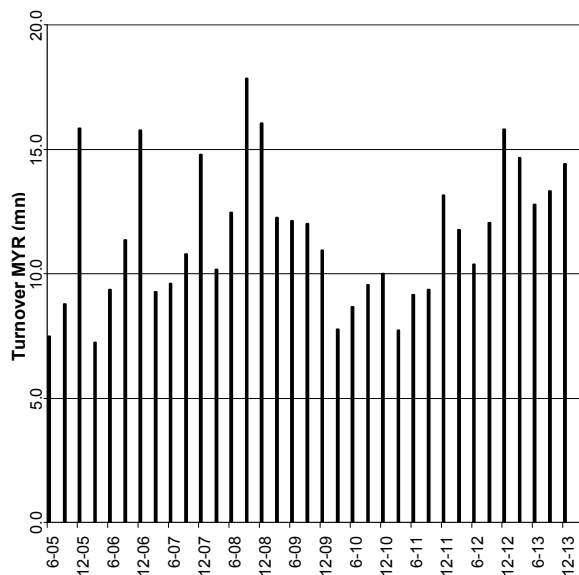
FY Dec	2012	2013	2014F	2015F
Total Assets	73.2	75.5	75.9	76.5
Fixed Assets	35.1	34.1	35.5	36.9
Current Assets	33.0	36.3	35.3	34.5
Other LT Assets	5.1	5.1	5.1	5.1
Current Liabilities	11.0	13.2	13.3	13.5
LT Liabilities	1.9	2.2	2.2	2.3
Total Liabilities	12.8	15.4	15.6	15.7
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	60.4	60.1	60.3	60.8
Total Equity	60.4	60.1	60.3	60.8
Total Liabilities & Equity	73.2	75.5	75.9	76.5

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

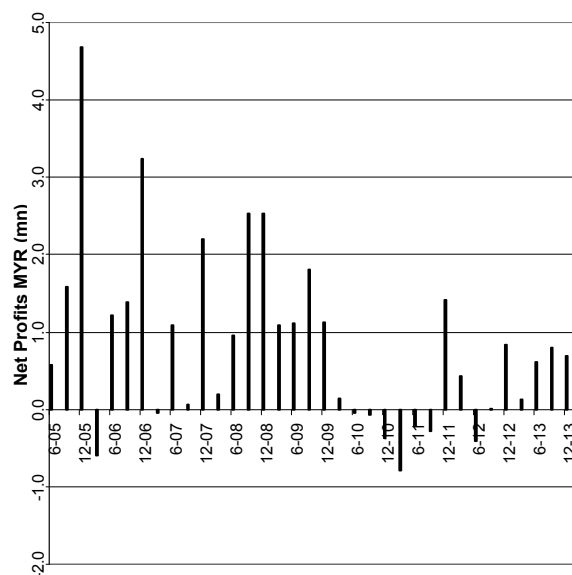
FY Dec	2012	2013	2014F	2015F
Revenue	21.1	23.3	25.6	28.2
Cash Flow	1.5	2.1	2.6	2.7
Earnings	0.4	1.0	1.3	1.4
Dividends	1.0	1.0	1.2	1.2
Book Value	25.5	25.4	25.5	25.7
Payout (%)	na	na	92.7	85.5
P-S (x)	0.7	0.7	0.7	0.6
P-CF (x)	9.1	7.9	6.8	6.6
P-E (x)	38.5	16.9	14.1	13.0
P-BV (x)	0.5	0.6	0.7	0.7
Dividend Yield (%)	7.0	5.9	6.6	6.6
ROE (%)	1.4	3.9	5.0	5.4
Total Debt/Equity (%)	21.3	25.6	25.8	25.9

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

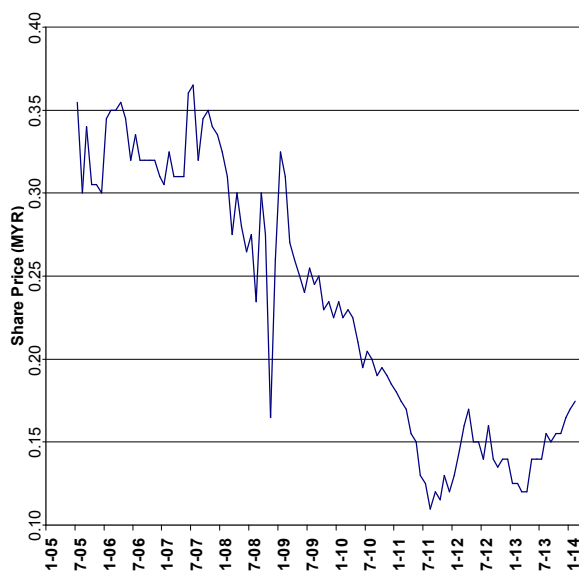
REVENUE - QUARTERLY LAST 9 YEARS (MYR mn)



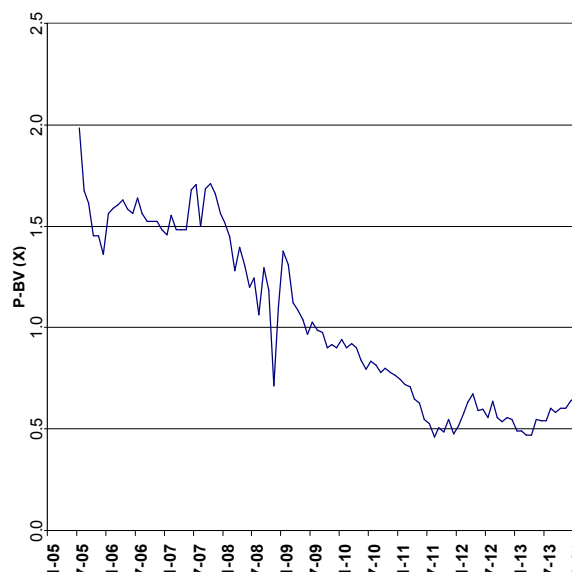
NET PROFIT - Q'TERLY LAST 9 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 9 YEARS (MYR)



P-BV (X) - MONTHLY - LAST 9 YEARS



MALAYSIA EQUITY
NI HSIN RESOURCES BHD

RECENT COMPANY NEWS

Commercial Cookware

Within ASEAN and Europe, NHR continues to focus on their in-house 'Buffalo' brand of cookware. NHR's distributor base continues to be increased, reducing the company's reliance on OEMs and ODMS. On the product side, NHR has begun development of a range of commercial cookware ranging from fry pans to pressure cookers. The company's commercial cookware will be branded under the name "Kit-Zen" and will be marketed to restaurants and hotels where high quality cookware is a "must have". The company has also successfully developed pressure cookers with a capacity of 30 litres to cater to the commercial segment.

Clad Metal

NHR is making very good progress in its clad metal division. Most of the sales are made to European premium cookware manufacturers for the manufacture of premium multi-ply stainless steel cookware. Clad metal sales hit a new all time high in FY 13, rising 44.3% over FY 12.

MYR (000s)		FY 2009	FY 2010	FY2011	FY 2012	FY 2013	FY13 / FY12
Cookware		37,077	24,689	25,766	31,181	33,699	8.1%
Convex Mirror		4,747	7,066	8,051	9,427	8,496	-9.9%
Clad Metal		16,067	11,119	12,498	15,505	22,366	44.3%
Other		0	210	742	3,366	1,092	na
Rev. Including Inter-segment		57,891	43,084	47,057	59,479	65,653	10.4%
Eliminations		-10,578	-7,109	-7,274	-9,546	-10,503	10.0%
Total Revenue		47,313	35,975	39,783	49,933	55,150	10.4%
Annual Change		-16.3%	-24.0%	10.6%	25.5%	10.4%	

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Recommendation	% Price Change Since Prior Recommendation
NHR MK Equity	24-Feb-11	HOLD	0.17	0.17	
NHR MK Equity	11-Apr-11	BUY	0.27	0.15	-11.8%
NHR MK Equity	19-May-11	BUY	0.23	0.15	0.0%
NHR MK Equity	16-Aug-11	BUY	0.23	0.12	-23.3%
NHR MK Equity	21-Nov-11	BUY	0.23	0.12	0.0%
NHR MK Equity	27-Feb-12	BUY	0.23	0.13	13.0%
NHR MK Equity	23-May-12	HOLD	0.20	0.18	34.6%
NHR MK Equity	24-Aug-12	HOLD	0.18	0.16	-8.6%
NHR MK Equity	20-Nov-12	HOLD	0.18	0.14	-15.6%
NHR MK Equity	20-Feb-13	BUY	0.18	0.12	-11.1%
NHR MK Equity	22-May-13	HOLD	0.18	0.15	25.0%
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%
Return Since Inception of Coverage					23.2%



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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QUESTIONS?

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