

Financial Year End	31/12/2015
Reporting Period Ending	31/12/2015
Reporting Quarter	4Q-2015

Recommendation	BUY
Target Price (MYR)	0.30
Current Price (MYR)	0.36

Industry Group	Housewares
Industry Sub Group	Housewares

Key Company Statistics

Bloomberg Ticker	NHR MK
Bursa Stock Code	7215
Issued Capital (mn shares)	223.1
Market Capitalisation (MYR mn)	80.3
52 week High (MYR)	0.49
52 week Low (MYR)	0.22
Average Volume (3 month) '000	3,793.0
1 Yr Return (%)	-21.6

Major Shareholders (%)

Hsiao Family	16.5
Ng Shw u Ching	0.3

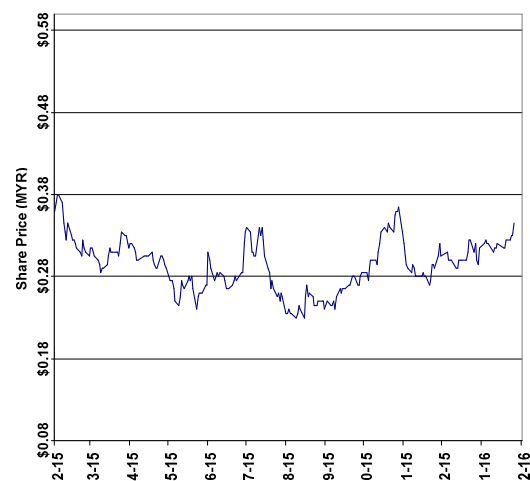
FTSE-BURSA INDEX MEMBERSHIP

FBM KLCI	FBM 70	FBM EMAS	FBM HIJRAH
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 FY15 revenue rose 12.8% vs YTD 4Q FY14. Cookware sales were much improved, as were clad metal sales. Sales momentum continues to build for both cookware and clad metals. NHR recently signed a shareholders agreement with MyAngkasa Holdings Sdn Bhd, a unit of National Cooperative Bhd. This venture is on track to raise another MYR 10mn in local sales over the next six quarters. Meanwhile, NHR is also making very good headway in Japan and USA/Canada. The low value of the MYR is visibly helping drive demand for NHR's products.

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. Also, the sales mix has shifted from 90% exports to about 77% as at 4Q 2015.

RECOMMENDATION

NHR has made very good progress in its marketing efforts; even with weak consumer markets around the region, sales have been growing impressively. We maintain our BUY recommendation and maintain our fair value at MYR 0.30. At prices below MYR 0.28 value investors will want to accumulate this name.

NHR has regained its focus on its core business of cookware manufacturing. It is useful to note that growth in unit sales of cookware came in at high double digits. Capacity utilisation is likely to increase further in the quarters ahead, and thus net margins may rise above our indicated level of 4% for FY 2016. Though sales growth exceeded 12% in FY 2015, there are growing signs of demand weakness both here in Malaysia and abroad. We are forecasting lower sales growth in the quarters ahead, but if NHR beats our targets, we may well raise our target price.

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 10% 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 FY15 revenue comprised 45.7% cookware products, 35.7% clad metal and 18.5% convex mirrors. (see page five)

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2014	2015	2016F	2017F
Revenue	40.7	45.9	47.2	51.7
Revenue g (%)	-26.2	12.8	2.8	9.6
Net Profit	0.1	2.2	2.1	2.2
Net Profit g (%)	>100	>100	-6.9%	6.5
Dividends Paid	1.2	0.0	1.1	1.1
Owners' Equity	59.3	58.7	59.6	60.6
Total Liabilities	10.9	8.3	8.4	8.5
Debt/Equity (%)	18.4	14.2	14.1	14.0
EPS (sen)	0.0	1.0	0.9	1.0
P-S (x)	1.9	1.5	1.7	1.6
P-E (x)	>100	30.2	38.9	36.5
P-BV (x)	1.3	1.1	1.3	1.3
ROE %	0.1	3.8	3.5	3.6

MALAYSIA EQUITY
NI HSIN RESOURCES BHD

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

FY Dec	4Q-15	4Q-14	Q-o-Q %chg	YTD FY15	YTD FY14	Y-o-Y %chg
Revenue	9.8	10.6	-7.1	45.9	40.7	12.8
Operating Profit	0.6	0.7	-15.1	3.2	0.8	>100
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	-0.6	11.6	-2.6	-2.6	1.8
Finance Costs	0.0	0.0	-77.1	-0.1	-0.2	-62.4
Pre Tax Profit	0.6	0.6	-10.3	3.1	0.6	>100
Tax	-0.4	0.0	>100	-0.9	-0.5	71.5
Minority Interest	0.0	0.0	na	0.0	0.0	na
Net Profit to S'holders	0.1	0.6	-76.0	2.2	0.1	>100
Dividends	0.0	1.2	-100.0	0.0	1.2	-100.0
EPS (sen)	0.1	0.3	-76.0	1.0	0.0	>100
DPS (sen)	0.0	0.5	-100.0	0.0	0.5	-100.0
Operating Margin (%)	5.8	6.3	-8.7	6.9	1.9	>100
Net Margin (%)	1.5	5.7	-74.2	4.8	0.1	>100
Effective Tax Rate (%)	73.7	1.9	>100	28.5	90.0	-68.4
NTA/share (RM)				0.26	0.26	-2.6

Comments
Revenue up 12.8% YTD 4Q 2015 vs YTD 4Q 2014. Cookw are sales improved nicely, led by much higher sales in Malaysia, Japan and USA/Canada.
Convex mirror and clad metal sales also grew a bit over the same period.
Operating margins are stabilising; we expect them to remain in the 4-6% range for some time to come.

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

Current FY Ending	Ni Hsin Resources Bhd Dec-16	Cam Resources Dec-16
Revenue	47.2	220.0
Net Profit	2.1	7.3
Owners' Equity	59.6	105.3
Dividends	1.1	4.0
Market Cap	80.3	54.1
P-S (x)	1.7	0.2
P-E (x)	38.9	7.4
P-BV (x)	1.3	0.5
Div Yield (%)	1.4	7.4
Net Margins (%)	4.4	3.3
ROE (%)	3.5	6.9
Payout Ratio (%)	53.3	54.8
Debt/Equity (%)	14.1	58.9

*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	2014	2015	2016F	2017F
Revenue	40.7	45.9	47.2	51.7
Operating Profit	0.8	3.2	2.9	3.1
Other Income	1.5	2.1	1.0	1.0
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-2.6	-2.6	-3.2	-3.2
Finance Costs	-0.2	-0.1	-0.1	-0.1
Pre Tax Profit	0.6	3.1	2.8	2.9
Tax	-0.5	-0.9	-0.7	-0.7
Minority Interest	0.0	0.0	0.0	0.0
Net Profit to Shareholders	0.1	2.2	2.1	2.2
Operating Margin (%)	1.9	6.9	6.1	5.9
PBT Margin (%)	1.4	6.7	5.8	5.7
Net Margin (%)	0.1	4.8	4.4	4.2
Effective Tax Rate (%)	90.0	28.5	25.0	25.0

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

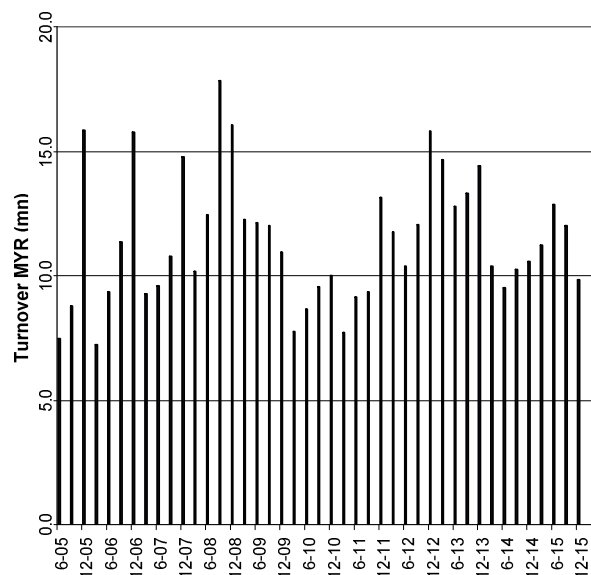
FY Dec	2014	2015	2016F	2017F
Total Assets	70.2	67.0	68.0	69.1
Fixed Assets	32.5	31.4	32.7	34.0
Current Assets	32.5	29.1	28.9	28.7
Other LT Assets	5.1	6.4	6.4	6.4
Current Liabilities	8.8	6.1	6.1	6.2
LT Liabilities	2.1	2.2	2.3	2.3
Total Liabilities	10.9	8.3	8.4	8.5
Share Capital	47.3	47.3	47.3	47.3
Minority Interest	0.0	0.0	0.0	0.0
Owners' Equity	59.3	58.7	59.6	60.6
Total Equity	59.3	58.7	59.6	60.6
Total Liabilities & Equity	70.2	67.0	68.0	69.1

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

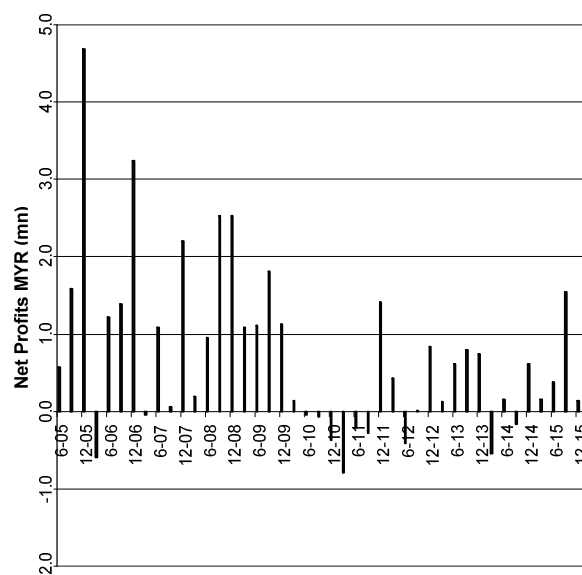
FY Dec	2014	2015	2016F	2017F
Revenue	18.3	20.6	21.2	23.2
Cash Flow	1.2	2.2	2.4	2.4
Earnings	0.0	1.0	0.9	1.0
Dividends	0.5	0.0	0.5	0.5
Book Value	26.6	26.3	26.7	27.2
Payout (%)	2026.3	>100	>100	>100
P-S (x)	1.9	1.5	1.7	1.6
P-CF (x)	28.6	13.8	15.3	14.9
P-E (x)	1330.8	30.2	38.9	36.5
P-BV (x)	1.3	1.1	1.3	1.3
Dividend Yield (%)	1.5	0.0	1.4	1.4
ROE (%)	0.1	3.8	3.5	3.6
Total Debt/Equity (%)	18.4	14.2	14.1	14.0

**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

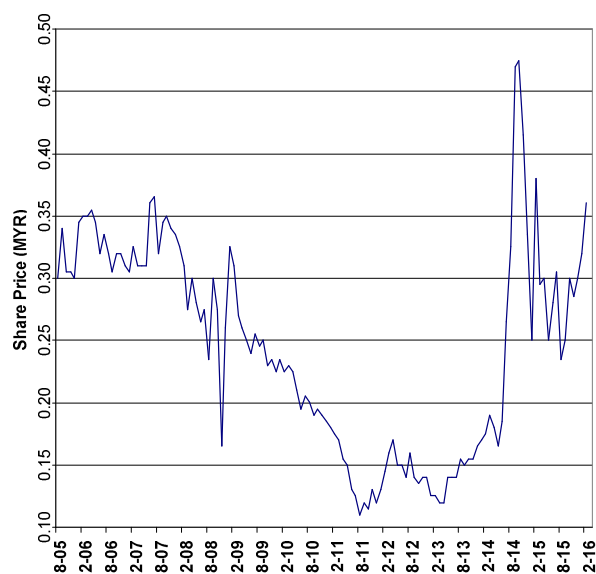
REVENUE - QUARTERLY LAST 10 YEARS (MYR mn)



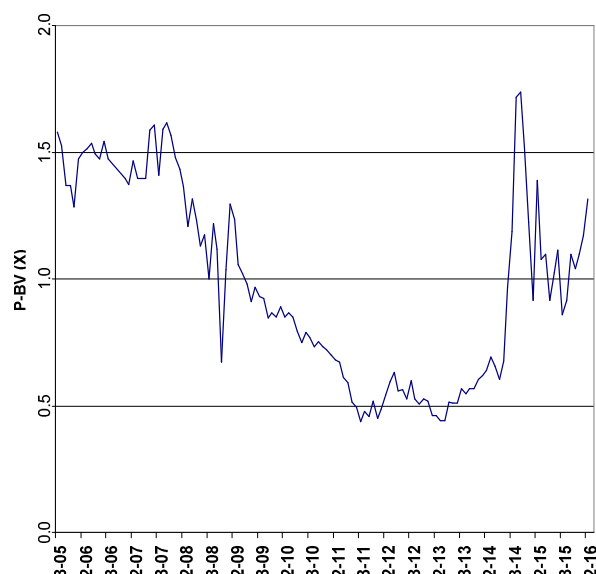
NET PROFIT - Q'TERLY LAST 10 YRS (MYR mn)



SHARE PRICE - MONTHLY - LAST 10 YEARS (MYR)



P-BV (X) - MONTHLY - LAST 10 YEARS



MALAYSIA EQUITY
NI HSIN RESOURCES BHD

SEGMENT RESULTS AND RECENT COMPANY NEWS

Sales By Segment

Cookware sales in NHR's export markets such as Japan and USA/Canada have seen very good results YTD 4Q 2015 owing to the lower value of the MYR. Meanwhile, NHR has made excellent progress in Malaysia over the same period, where sales growth exceeded 50%. Meanwhile, clad metal sales and convex mirror sales were also in positive growth territory. Though NHR has made remarkable progress over the last few quarters, there is growing evidence of demand weakness in many markets, thus our conservative sales forecast.

Re-focusing on core competency in cookware manufacturing

On 23 November 2015 NHR signed a shareholders agreement with MyAngkasa Holdings Sdn Bhd to set up a new company to market and distribute stainless steel cookware. NHR has a 70% stake and MyAngkasa Holdings 30% in the new company called MyAngkasa Ni Hsin Sdn Bhd, which will market and distribute stainless steel cookware under the brand name of "Pentoli". The partners are eyeing RM10 million sales for the new company by the end of 2016. MyAngkasa Holdings is a unit of National Cooperative Bhd (Angkasa), the apex body of the cooperative movement in Malaysia, which represents about 12,000 cooperatives nationwide. MyAngkasa Ni Hsin managing director Datin Ida Suzaini said the new brand has the potential to enter other foreign markets, including China. As NHR's managing director Chen Shien Yee expected, the new company has leveraged on the customer network of Angkasa and widened its reach to other markets. His expectations for local sales to increase to 20% of the company's total sales have already been met. At present, exports contribute about 77% to the company's sales.

MYR (000s)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016 E	FY15 / FY11 5yr cagr%
Cookware	31,181	33,699	21,614	25,917	27,790	0.1%
Convex Mirror	9,427	8,496	9,883	10,521	10,942	5.5%
Clad Metal	15,505	22,366	17,853	20,265	21,076	10.1%
Other	3,366	1,092	589	0	0	NA
Rev. Including Inter-segment	59,479	65,653	49,939	56,703	59,808	3.8%
Eliminations	-9,546	-10,503	-9,212	-10,767	-12,584	8.2%
Total Revenue	49,933	55,150	40,727	45,936	47,223	2.9%
Annual Change	25.5%	10.4%	-26.2%	12.8%	2.8%	

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Recommendation Date	% 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%
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%
Return Since Inception of Coverage					136.7%



**MALAYSIA EQUITY
NI HSIN RESOURCES BHD**

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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J Charles Wilson
Head of Research

QUESTIONS? CONTACT THE INVESTMENT ADVISER:

Wilson & York Global Advisers Sdn Bhd
Suite B-11-3A, Level 11, Block B, Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Malaysia

Tel: +603 6203 2280
Fax: +603 6203 2281

E-mail info@wygainvestments.com
Website: www.wygainvestments.com

CONTACT THE COMPANY:

Ni Hsin Resources Berhad
No. 45, Jalan Taming Dua
Taman Taming Jaya
43300 Seri Kembangan
Selangor, Malaysia.

Tel: +603 8961 6815
Fax: +603 8961 3941

Website: www.ni-hsin.com.my