



# **Tongda Hong Tai Holdings Limited**

Stock code : 02363.HK

## **2017 Annual Results Announcement**

28 March 2018

**1** Mile stones **P.3**

**2** Executive summary **P.4**

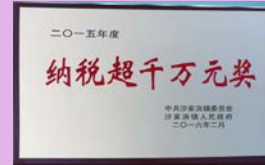
**3** Key financial figures **P.6**

**3** Appendix **P.11**

# Mile Stones



Tongda Suzhou\*  
accredited  
ISO9001:2008  
recognition



Tongda Suzhou\*  
accredited Honest  
enterprise with over  
million tax paid award



Tongda Hong Tai\*  
listed on Hong Kong  
Stock Exchange Main  
Board (stock code:  
2363.HK)

March 2010

August 2010

April 2011

February 2016

November 2016

16 March 2018



Tongda Suzhou\* was  
established in  
Changshu, the PRC



Tongda Suzhou\*  
accredited  
ISO14001:2004  
recognition



Tongda Suzhou\*  
accredited High New  
Technology  
Enterprise  
qualification

\* Tongda Suzhou is the major operating subsidiary of Tongda Hong Tai Holdings Limited ("Tongda Hong Tai").



# Executive Summary – Key to Success

*“Being a “one-stop” manufacturing solution provider, the Group served leading OEMs in the notebook and tablet manufacturing industry of first-tier international and domestic notebook and tablet brand owners”*

## Major OEM customers



**PEGATRON**  
和碩聯合科技

**wistron**

**LCFC**

## Major ultimate brand owner

**Lenovo**

**NEC** **acer**



**logitech** **G** **VAIO**



# Executive Summary – Future Plans

***“The Group is keen to capture the continuing growth opportunities to expand our market share and to enhance our profitability as well as maximising shareholder value”***



- Lease of new factory with a total floor area over 5,000 square metres for a term of ten years



- Renovation of factory area, office building, warehouse and establishing of cleanroom for production



- Purchase of additional production facilities and machineries



- Increase level of automation



- Enhance of research and development capabilities and additional efforts in sales and marketing activities

# Key Financial Figures

	As at 31 December 2017	As at 31 December 2016	Change %
Revenue	HK\$580.5 million	HK\$463.9 million	+25.1%
Gross profit	HK\$110.2 million	HK\$103.2 million	+6.8%
Gross profit margin	19.0%	22.3%	-3.3 p.p.
Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA)	HK\$57.2 million	HK\$58.4 million	-2.1%
EBITDA margin	9.9%	12.6%	+2.7 p.p.
Profit for the Owners of the Company	HK\$22.9 million	HK\$24.1 million	-5.0%
Net profit margin	3.9%	5.2%	-1.3 p.p.
Profit for the Owners of the Company (excluded listing expenses)	HK\$36.8 million	HK\$36.6 million	+0.5%

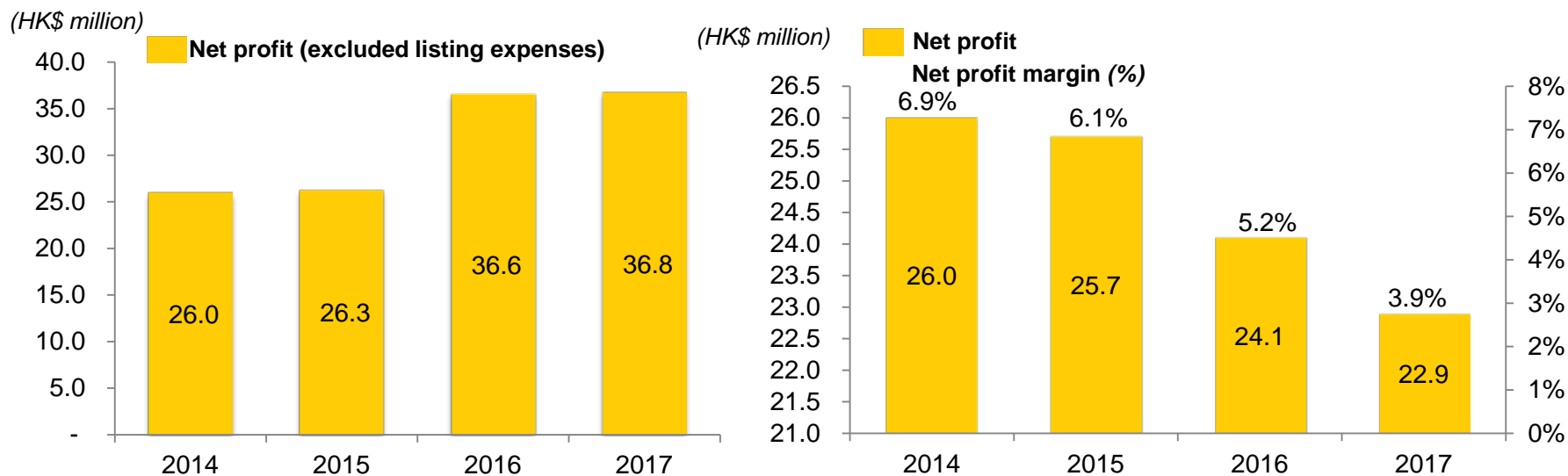
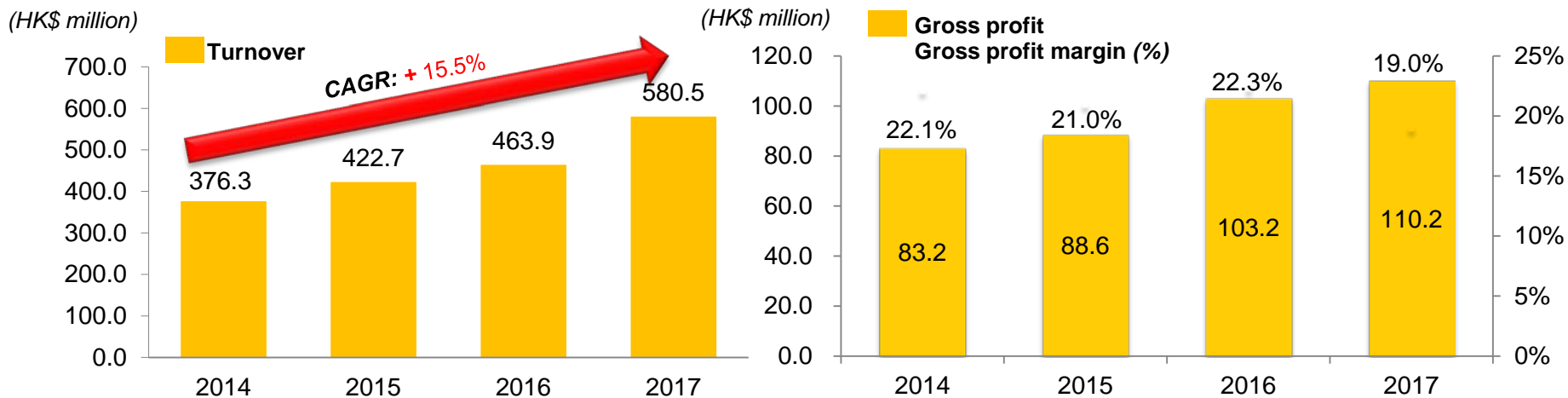
# Key Financial Figures (Cont.)

	As at 31 December 2017	As at 31 December 2016	Change %
CAPEX	HK\$18.5 million	HK\$8 million	+131.3%
Net Assets	HK\$267.5 million	HK\$242.0 million	+10.5%
Net Assets per Share	HK\$1.85	HK\$1.69	+9.7%
Current Assets Ratio	1.35 Times	1.33 Times	+1.6%
Cash and Bank Balances (Includes Pledged Deposits)	HK\$28.3 million	HK\$36.0 million	-21.4%
Interest-bearing Bank Borrowings	HK\$250.2 million	HK\$192.8 million	+29.8%
Gearing ratio*	82.9%	64.8%	+18.1 p.p.
Return on equity@	8.5%	10.0%	-1.5 p.p.

\*Consolidated Net Debt/ Total Equity

@Profit for the Year/ Shareholders Equity

# Key Financial Figures (Cont.)





# Key Financial Figures (Cont.)

	As at 31 December 2017	As at 31 December 2016	Change%
<b>Working Capital Turnover Days</b>	<b>265</b>	<b>274</b>	<b>-3.6%</b>
<b>Inventory Turnover Days<sup>1</sup></b>	<b>190</b>	<b>199</b>	<b>-4.5%</b>
<b>Trade and Bills Receivables Turnover Days<sup>2</sup></b>	<b>136</b>	<b>138</b>	<b>-1.4%</b>
<b>Trade and Bills Payable Turnover Days<sup>3</sup></b>	<b>61</b>	<b>63</b>	<b>-3.2%</b>

1.  $(\text{Opening} + \text{Ending inventory}) / 2 \times 365 \text{ days} / \text{Revenue}$

2.  $(\text{Opening} + \text{Ending AR \& BR}) / 2 \times 365 \text{ days} / \text{Revenue}$

3.  $(\text{Opening} + \text{Ending AP \& BP}) / 2 \times 365 \text{ days} / \text{Cost of sales}$

# Key Financial Figures (Cont.)

Inventories (HK\$'000)	As at 31 December 2017	As at 31 December 2016	Change %
Raw Materials	34,298	28,608	+19.9%
Work in Progress	132,278	71,342	+85.4%
Finished Goods	168,280	169,762	-0.3%
<b>Total</b>	<b><u>335,856</u></b>	<b><u>269,712</u></b>	<b><u>+24.5%</u></b>

\* As at 31 December 2017, moulds of HK\$1,970,000 (2016: HK\$1,950,000) are included in finished goods.

Trade and Bills Receivables, net by Age (HK\$'000)	As at 31 December 2017	As at 31 December 2016	Change%
Within 3 Months	213,291	184,392	+15.7%
4 to 6 Months (Inclusive of the First and the Last Month)	3,413	30,567	-88.8%
<b>Total</b>	<b><u>217,424</u></b>	<b><u>214,959</u></b>	<b><u>+1.1%</u></b>

## CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December		Change
	2017	2016	
	HK\$'000	HK\$'000	
<b>REVENUE</b>	<b>580,481</b>	<b>463,937</b>	<b>25.1%</b>
<b>Cost of sales</b>	<b>(470,258)</b>	<b>(360,692)</b>	<b>30.4%</b>
<b>Gross profit</b>	<b>110,223</b>	<b>103,245</b>	<b>6.8%</b>
<b>Other income and gains</b>	<b>4,757</b>	<b>1,500</b>	<b>217.1%</b>
<b>Selling and distribution expenses</b>	<b>(11,393)</b>	<b>(9,954)</b>	<b>14.5%</b>
<b>General and administrative expenses</b>	<b>(64,229)</b>	<b>(55,781)</b>	<b>15.1%</b>
<b>Other operating expenses, net</b>	<b>(3,349)</b>	<b>(937)</b>	<b>257.4%</b>
<b>Finance costs</b>	<b>(8,870)</b>	<b>(6,583)</b>	<b>34.7%</b>
<b>Profit before tax</b>	<b>27,139</b>	<b>31,490</b>	<b>-13.8%</b>
<b>Income tax expense</b>	<b>(4,276)</b>	<b>(7,386)</b>	<b>-42.1%</b>
<b>Profit for the year attributable to equity holders of the Company</b>	<b>22,863</b>	<b>24,104</b>	<b>-5.1%</b>

# Forward-Looking Statement

**FORWARD LOOKING STATEMENT:** *This presentation contains “forward-looking statements” which are statements that refer to expectations and plans for the future and include, without limitation, statements regarding Tongda Hong Tai’s future results of operations, financial condition or business prospects as well as other statements based on projections, estimates and assumptions. In some cases, these statements can be identified by terms such as “expect,” “intend,” “plan,” “believe,” “estimate,” “may,” “will,” “should” and comparable words (including the negative of such words).*

*The statements in this presentation are based on current expectations, forecasts and assumptions involving risks and uncertainties that could cause actual outcomes and results to differ materially. Many risks, uncertainties and other factors, some of which are unpredictable and beyond Tongda Hong Tai’s control, could affect the matters discussed in these forward-looking statements. These risks and uncertainties include, but are not limited to: our determination as we finalize our financial results of fiscal year 2017 that our financial results and conditions differ from our current preliminary unaudited numbers set forth herein; fluctuations in our stock’s market price; fluctuations in operating results and cash flows; unexpected, adverse seasonal impacts on demand; changes in macroeconomic conditions, both in China and internationally; changes in applicable laws and regulation; the occurrence of, success and expected financial results from, the expected multiple product trends; our financial performance during and after the current economic conditions; our ability to maintain and improve costs, risks and costs inherent in litigation; quality and delivery for our customers; pricing trends and competition; ability to service customers and labor relations; our ability to take advantage of perceived benefits of offering customers vertically integrated services; whether our realignment of our capacity will adversely affect our cost structure; changes in technology; competition; anticipated growth for us and our industry that may not occur; managing rapid growth; managing rapid declines in customer demand and other related customer challenges that may occur; our ability to successfully consummate acquisitions and divestitures; managing the integration of businesses we acquire; risks associated with international sales and operations; retaining key personnel; our dependence on a limited number of large customers; business and competitive factors generally affecting the casings manufacturing services industry, our customers and our business; other factors that we may not have currently identified or quantified; and other risks, relevant factors and uncertainties identified in our Annual Report. Tongda Hong Tai disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements in this presentation are qualified by reference to this paragraph.*



## **Disclaimer**

The material contained herein is a presentation of general background information about the Company's activities at the date of the presentation, and is not an offer of securities for sales. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to potential investors. This presentation may not be reproduced or redistributed to any other person and you agree to keep the contents herein confidential. No representation or warranty, express or implied is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented herein.

## **Confidentiality**

The documents being given to you are given to you on a confidential basis and must not be passed to, or their contents disclosed to, any other person.



**Thank You!**

**Investor Relations Contact**

**Tongda Hong Tai Holdings Limited**

Rm1203, 12/F, Shui On Centre,  
6-8 Harbour Road, Wanchai, Hong Kong

Contact Person:	Mr. Paan Chan
Tel :	( 852 ) 3188-1681
Fax :	( 852 ) 3585-3822
Email :	info@hongtai.com.hk