

# **Tongda Hong Tai Holdings Limited**

Stock code : 02363.HK

## **2020 Annual Results Announcement**

29 March 2021

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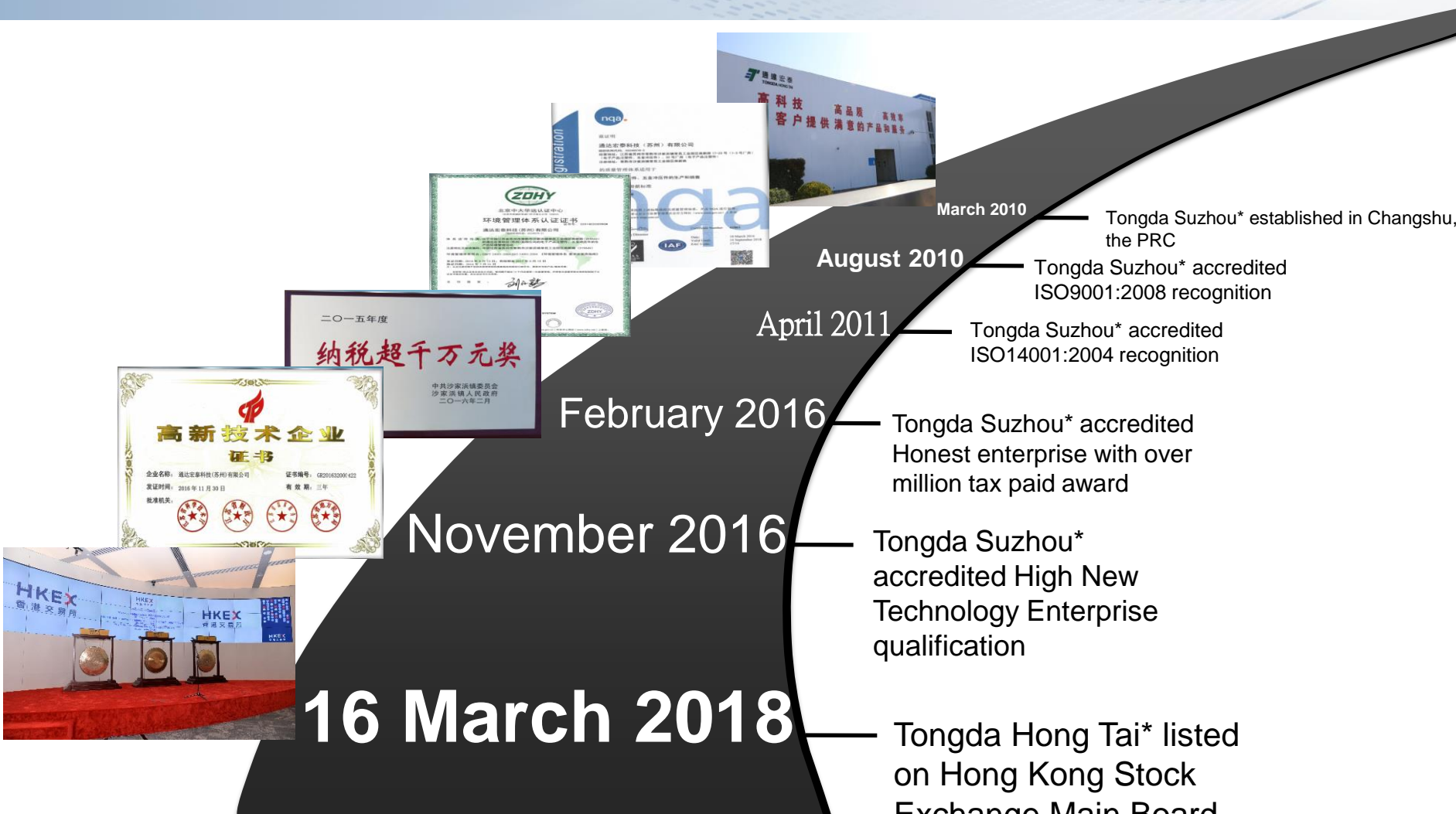
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March 2010 — Tongda Suzhou\* established in Changshu, the PRC

August 2010 — Tongda Suzhou\* accredited ISO9001:2008 recognition

April 2011 — Tongda Suzhou\* accredited ISO14001:2004 recognition

February 2016 — Tongda Suzhou\* accredited Honest enterprise with over million tax paid award

November 2016 — Tongda Suzhou\* accredited High New Technology Enterprise qualification

16 March 2018 — Tongda Hong Tai\* listed on Hong Kong Stock Exchange Main Board (stock code: 2363.HK)



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

# Executive Summary – Key to Success

Comprehensive “one-stop”  
manufacturing solution

Wide range of decorative methods  
+  
Enhanced automated production  
+  
Strong research and development  
capabilities

Strong relationship with leading OEM  
customers of first-tier international  
and domestic brand owners

## Major OEM Customers



wistron



## Major Ultimate Brand Owners

Lenovo

acer

NEC

ASUS



logitech



MOTOROLA

# Executive Summary – Use of listing proceeds

| <b>Purpose</b>  | <b>Percentage to total amount</b> | <b>Net proceeds HK\$ million</b> | <b>Utilised amount (as at 31 December 2020) HK\$ million</b> | <b>Unutilised amount (as at 31 December 2020) HK\$ million</b> |
|---|-----------------------------------|----------------------------------|--|--|
| Lease of factory  | 15.1%                             | 7.3                              | 1.7  | 5.6  |
| Refurbishment of the new factory as mentioned above                                   | 19.9%                             | 9.6                              | 9.6  | -  |
| Capital expenditure for additional production facilities and machineries              | 46.2%                             | 22.4                             | 20.8   | 1.6  |
| Capital expenditure for enhancing the automation in the Group's manufacturing process | 16.1%                             | 7.8                              | 7.8  | -  |
| Additional effort in sales and marketing activities                                   | 0.3%                              | 0.2                              | 0.2  | -  |
| Enhancement of research and development capabilities                                  | 2.4%                              | 1.2                              | 1.2  | -  |
| <b>Total</b>  | <b>100%</b>                       | <b>48.5</b>                      | <b>41.3</b>  | <b>7.2</b>   |

# Key Financial Figures

|  | For the year ended 31 December |                    |          |
|--|--------------------------------|--------------------|----------|
|  | 2020                           | 2019               | Change % |
| Revenue  | HK\$472.4million               | HK\$532.9 million  | -11.4%   |
| Gross Profit   | (HK\$17.5)million              | HK\$19.9 million   | -187.9%  |
| <i>Gross Profit Margin</i>   | -3.7%                          | 3.7%               | -7.4p.p  |
| Research & Development Costs   | HK\$22.3million                | HK\$21.6 million   | -5.3%    |
| <i>Research &amp; Development Costs / Revenue</i>                    | 4.7%                           | 4.0%               | +0.7p.p  |
| Loss Before Interest, Taxes, Depreciation, and Amortisation (LBITDA) | (HK\$132.0million)             | (HK\$29.3) million | N/A      |
| <i>EBITDA Margin</i>   | -27.9%                         | -5.5%              | -22.4p.p |
| Loss for the Period Attributable to Equity Holders of the Company    | (HK\$165.2million)             | (HK\$68.1) million | N/A      |
| <i>Net Loss Margin</i>   | -35.0%                         | -12.8%             | -22.2p.p |

# Key Financial Figures (Cont.)

|   | As at 31 December 2020   | As at 31 December 2019   |
|---|--------------------------|--------------------------|
| <b>CAPEX</b>  | <b>HK\$9.6 million</b>   | <b>HK\$21.1 million</b>  |
| <b>Net Assets</b>   | <b>HK\$144.0 million</b> | <b>HK\$299.1 million</b> |
| <b>Net Assets per Share</b>                                   | <b>HK\$0.76</b>          | <b>HK\$1.58</b>          |
| <b>Current Assets Ratio</b>                                   | <b>1.25 Times</b>        | <b>1.45 Times</b>        |
| <b>Cash and Bank Balances<br/>(Includes Pledged Deposits)</b> | <b>HK\$37.2 million</b>  | <b>HK\$31.2 million</b>  |
| <b>Interest-bearing Bank Borrowings</b>                       | <b>HK\$194.6 million</b> | <b>HK\$282.3 million</b> |
| <b>Gearing Ratio*</b>   | <b>163.8%</b>            | <b>84.0%</b>             |

\*Consolidated Net Debt/ Total Equity

# Key Financial Figures (Cont.)

|  | As at 31 December 2020 | As at 31 December 2019 | Change in days |
|--|------------------------|------------------------|----------------|
| Inventory Turnover Days <sup>1</sup>                         | 260.8                  | 251.7                  | +9.1           |
| Trade and Bills<br>Receivables Turnover<br>Days <sup>2</sup> | 193.7                  | 185.3                  | +8.4           |
| Trade and Bills Payable<br>Turnover Days <sup>3</sup>        | 90.2                   | 75.7                   | +14.5          |

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



# Key Financial Figures (Cont.)

| Inventories (HK\$'000) | As at 31 December 2020 | As at 31 December 2019 | Change %             |
|------------------------|------------------------|------------------------|----------------------|
| Raw Materials          | 48,612                 | 48,709                 | -0.2%                |
| Work in Progress       | 138,611                | 160,326                | -13.5%               |
| Finished Goods*        | 90,925                 | 132,930                | -31.6%               |
| <b>Total</b>           | <b><u>278,148</u></b>  | <b><u>341,965</u></b>  | <b><u>-18.7%</u></b> |

| Trade and Bills Receivables, net<br>Aging by invoice date (HK\$'000) | As at 31 December 2020 | As at 31 December 2019 | Change%             |
|--|------------------------|------------------------|---------------------|
| Within 3 Months  | 157,278                | 183,639                | +14.4%              |
| 4 to 6 Months, inclusive   | 82,459                 | 75,116                 | +9.8%               |
| 7 to 9 Months, inclusive   | 1,876                  | 598                    | >100%               |
| 10 to 12 Months, inclusive   | -                      | 10                     | N/A                 |
| More than 1 year   | -                      | 487                    | N/A                 |
| <b>Total</b>   | <b><u>241,614</u></b>  | <b><u>259,850</u></b>  | <b><u>-7.0%</u></b> |

|   | For the year ended<br>31 December |                  | Change  |
|---|-----------------------------------|------------------|---------|
|   | 2020<br>HK\$'000                  | 2019<br>HK\$'000 |         |
| REVENUE   | 472,368                           | 532,939          | -11.4%  |
| Cost of sales   | (489,832)                         | (513,063)        | -4.5%   |
| Gross profit  | (17,464)                          | 19,876           | ->100%  |
| Other income  | 1,987                             | 1,834            | +11.1%  |
| Selling and distribution expenses   | (9,064)                           | (10,227)         | -10.8%  |
| General and administrative expenses   | (65,527)                          | (64,875)         | +0.9%   |
| Other operating income, net   | (64,648)                          | 709              | ->100%  |
| Finance costs   | (10,558)                          | (15,438)         | -31.2%  |
| (Loss)/profit before tax  | (165,274)                         | (68,121)         | -142.7% |
| Income tax expense  | -                                 | -                | N/A     |
| (Loss)/profit for the year attributable to<br>equity holders of the Company | (165,274)                         | (68,121)         | ->100%  |

# 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).*

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**Thank You!**

## **Investor Relations Contact**

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