

Tongda Hong Tai Holdings Limited

Stock code : 02363.HK

2020 Annual Results Announcement

29 March 2021

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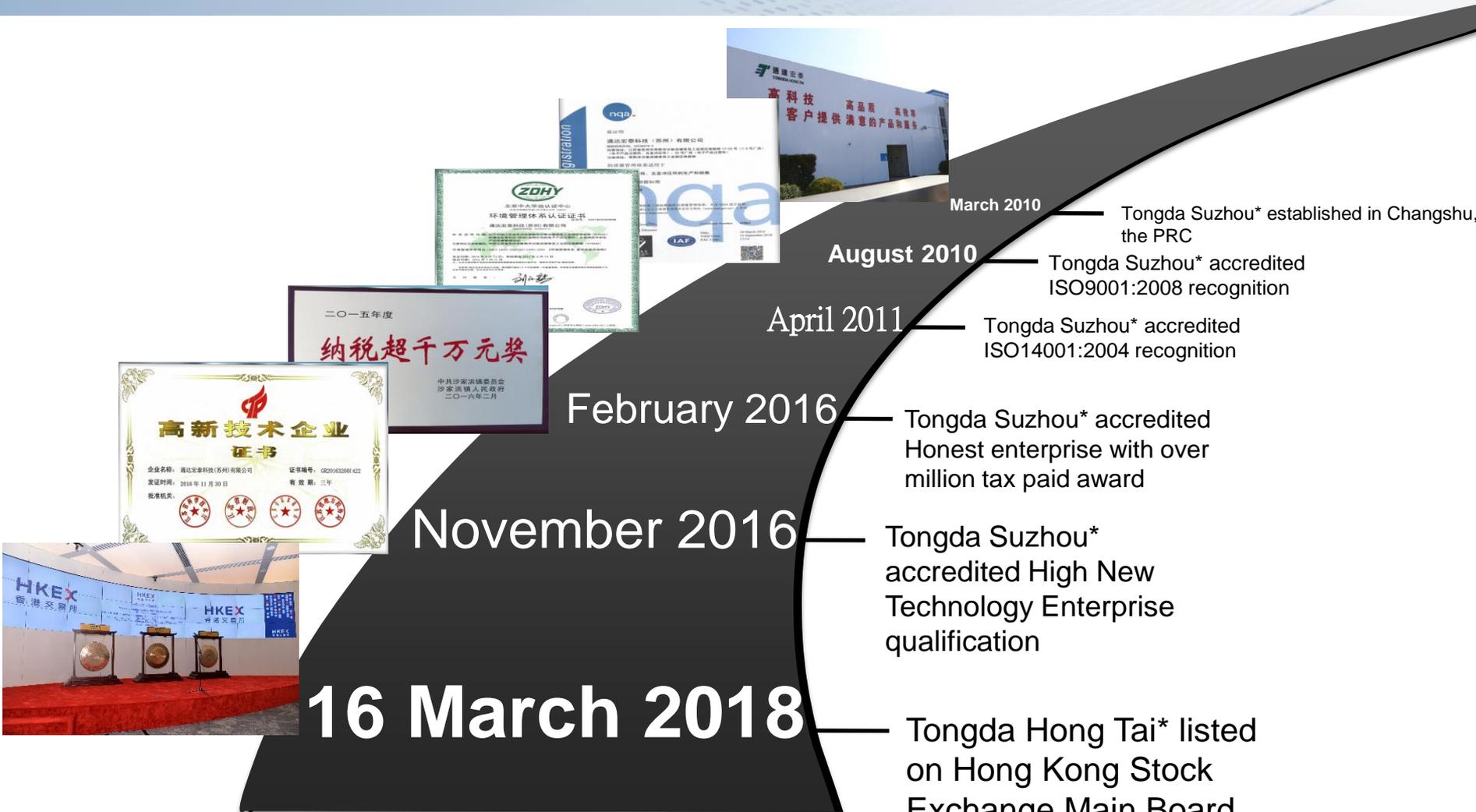
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* Tongda Suzhou is the major operating subsidiary of Tongda Hong Tai Holdings Limited ("Tongda Hong Tai").

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

Purpose	Percentage to total amount	Net proceeds HK\$ million	Utilised amount (as at 31 December 2020) HK\$ million	Unutilised amount (as at 31 December 2020) HK\$ million
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	-
Total	100%	48.5	41.3	7.2

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 & 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
CAPEX	HK\$9.6 million	HK\$21.1 million
Net Assets	HK\$144.0 million	HK\$299.1 million
Net Assets per Share	HK\$0.76	HK\$1.58
Current Assets Ratio	1.25 Times	1.45 Times
Cash and Bank Balances (Includes Pledged Deposits)	HK\$37.2 million	HK\$31.2 million
Interest-bearing Bank Borrowings	HK\$194.6 million	HK\$282.3 million
Gearing Ratio*	163.8%	84.0%

*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 ¹	260.8	251.7	+9.1
Trade and Bills Receivables Turnover Days ²	193.7	185.3	+8.4
Trade and Bills Payable Turnover Days ³	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%
Total	<u>278,148</u>	<u>341,965</u>	<u>-18.7%</u>

Trade and Bills Receivables, net 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
Total	<u>241,614</u>	<u>259,850</u>	<u>-7.0%</u>

	For the year ended 31 December		Change
	2020 HK\$'000	2019 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 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!

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