



# **Tongda Hong Tai Holdings Limited**

Stock code : 02363.HK

## **2019 Interim Results Announcement**

20 August 2019

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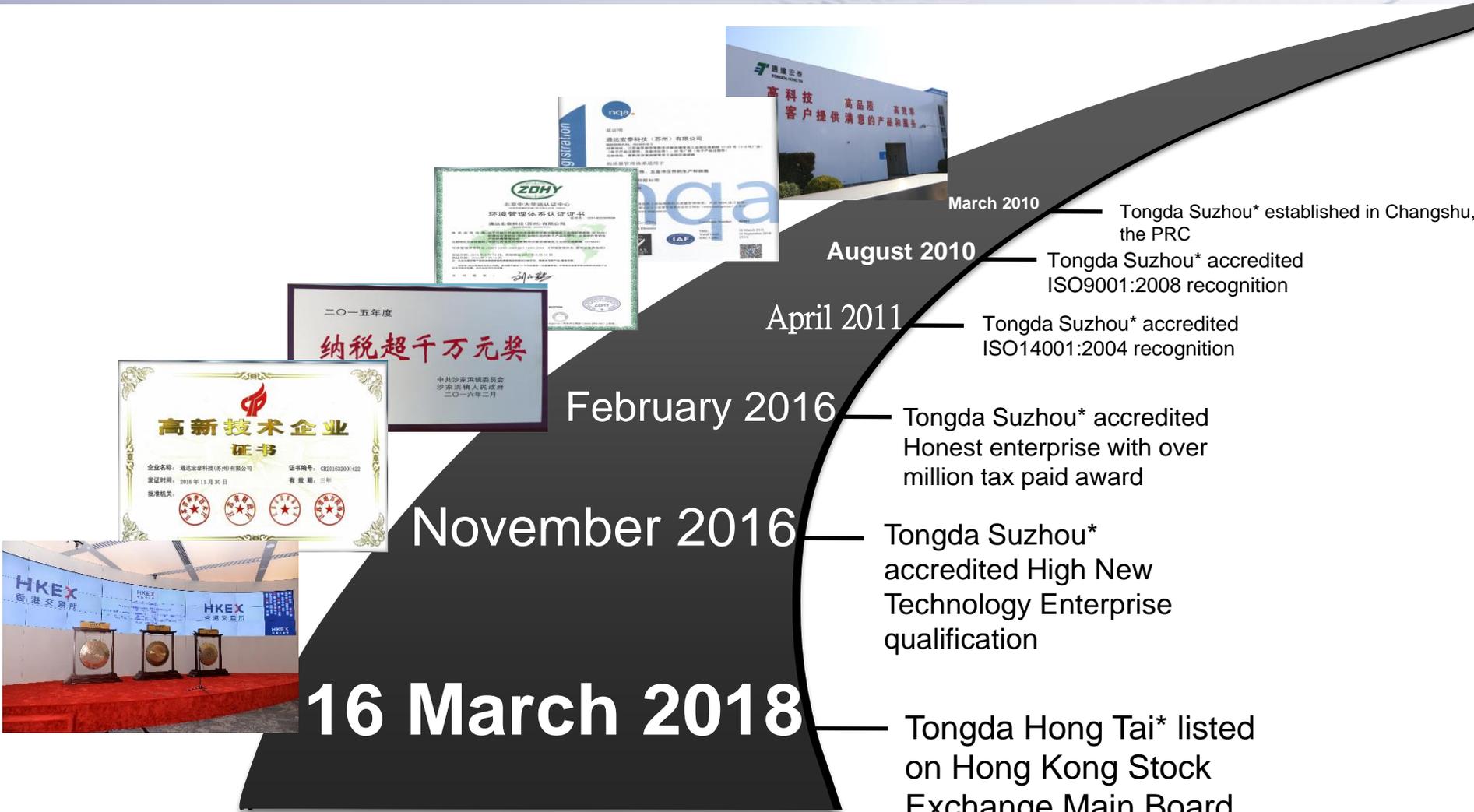
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# Mile Stone



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



## Major Ultimate Brand Owners



# 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 30 June 2019) HK\$ million</b>	<b>Unutilised amount (as at 30 June 2019) HK\$ million</b>
Lease of factory	15.1%	7.3	0.7	6.6
Refurbishment of the new factory as mentioned above	19.9%	9.6	3.2	6.4
Capital expenditure for additional production facilities and machineries	46.2%	22.4	15.0	7.4
Capital expenditure for enhancing the automation in the Group's manufacturing process	16.1%	7.8	6.5	1.3
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>26.8</b>	<b>21.7</b>

# Key Financial Figures

	Six months ended 30 June		
	2019	2018	Change %
Revenue	HK\$253.1 million	HK\$232.5 million	+8.9%
Gross Profit	HK\$36.0 million	HK\$46.7 million	-22.9%
<i>Gross Profit Margin</i>	14.2%	20.1%	-5.9 p.p.
Research & Development Costs	HK\$10.3 million	HK\$11.4 million	-9.6%
<i>Research &amp; Development Costs / Revenue</i>	4.1%	4.9%	-0.8 p.p.
Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA)	HK\$11.4 million	HK\$26.6 million	-57.1%
<i>EBITDA Margin</i>	4.5%	11.4%	-6.9 p.p.
(Loss)/profit for the Period Attributable to Equity Holders of the Company	HK\$(9.4) million	HK\$8.6 million	-209.3%
<i>Net Profit Margin</i>	N/A	3.7%	N/A

# Key Financial Figures (Cont.)

	As at 30 June 2019	As at 31 December 2018
<b>CAPEX</b>	<b>HK\$12.5 million</b>	<b>HK\$14.7 million</b>
<b>Net Assets</b>	<b>HK\$382.1 million</b>	<b>HK\$381.5 million</b>
<b>Net Assets per Share</b>	<b>HK\$2.02</b>	<b>HK\$2.02</b>
<b>Current Assets Ratio</b>	<b>1.56 Times</b>	<b>1.58 Times</b>
<b>Cash and Bank Balances (Includes Pledged Deposits)</b>	<b>HK\$52.5 million</b>	<b>HK\$64.8 million</b>
<b>Interest-bearing Bank Borrowings</b>	<b>HK\$328.3 million</b>	<b>HK\$341.3 million</b>
<b>Gearing Ratio*</b>	<b>72.2%</b>	<b>72.5%</b>

\*Consolidated Net Debt/ Total Equity

# Key Financial Figures (Cont.)

	As at 30 June 2019	As at 31 December 2018	Change in days
<b>Inventory Turnover Days<sup>1</sup></b>	<b>284.6</b>	<b>254.0</b>	<b>+30.6</b>
<b>Trade and Bills Receivables Turnover Days<sup>2</sup></b>	<b>186.9</b>	<b>179.4</b>	<b>+7.5</b>
<b>Trade and Bills Payable Turnover Days<sup>3</sup></b>	<b>72.7</b>	<b>71.2</b>	<b>+1.5</b>

*For 30 June 2019*

- 1. (Opening + Ending inventory) / 2 x 180 days / Revenue*
- 2. (Opening + Ending AR & BR) / 2 x 180 days / Revenue*
- 3. (Opening + Ending AP) / 2 x 180 days / Revenue*

*For 31 December 2018*

- 1. (Opening + Ending inventory) / 2 x 365 days / Revenue*
- 2. (Opening + Ending AR & BR) / 2 x 365 days / Revenue*
- 3. (Opening + Ending AP) / 2 x 365 days / Revenue*

# Key Financial Figures (Cont.)

Inventories (HK\$'000)	As at 30 June 2019	As at 31 December 2018	Change %
Raw Materials	50,245	43,852	+14.6%
Work in Progress	219,693	186,780	+17.6%
Finished Goods*	159,998	139,695	+14.5%
<b>Total</b>	<b><u>429,936</u></b>	<b><u>370,327</u></b>	<b><u>+16.1%</u></b>

\* As at 31 December 2018, moulds of HK\$421,000 are included in finished goods.

Trade and Bills Receivables, net Aging by invoice date (HK\$'000)	As at 30 June 2019	As at 31 December 2018	Change%
Within 3 Months	153,642	226,761	-32.2%
4 to 6 Months, inclusive	89,776	54,670	+64.2%
7 to 9 Months, inclusive	744	8	+9,200.0%
10 to 12 Months, inclusive	35	5	+600.0%
More than 1 year	33	3	+1,000.0%
<b>Total</b>	<b><u>244,230</u></b>	<b><u>281,447</u></b>	<b><u>-13.2%</u></b>

	For the period ended 30 June		Change
	2019 HK\$'000	2018 HK\$'000	
REVENUE	253,076	232,487	+8.9%
Cost of sales	(217,051)	(185,763)	+16.8%
Gross profit	36,025	46,724	-22.9%
Other income	230	3,108	-93.5%
Selling and distribution expenses	(5,140)	(7,621)	-32.9%
General and administrative expenses	(32,849)	(35,755)	-8.4%
Other operating income, net	1,064	8,324	-86.7%
Finance costs	(8,724)	(5,821)	+50.0%
(Loss)/profit before tax	(9,394)	8,959	-204.4%
Income tax expense	-	(342)	-100.0%
(Loss)/profit for the period attributable to equity holders of the Company	(9,394)	8,617	-209.3%

# 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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