



Tongda Hong Tai Holdings Limited

Stock code : 02363.HK

2019 Annual Results Announcement

17 March 2020

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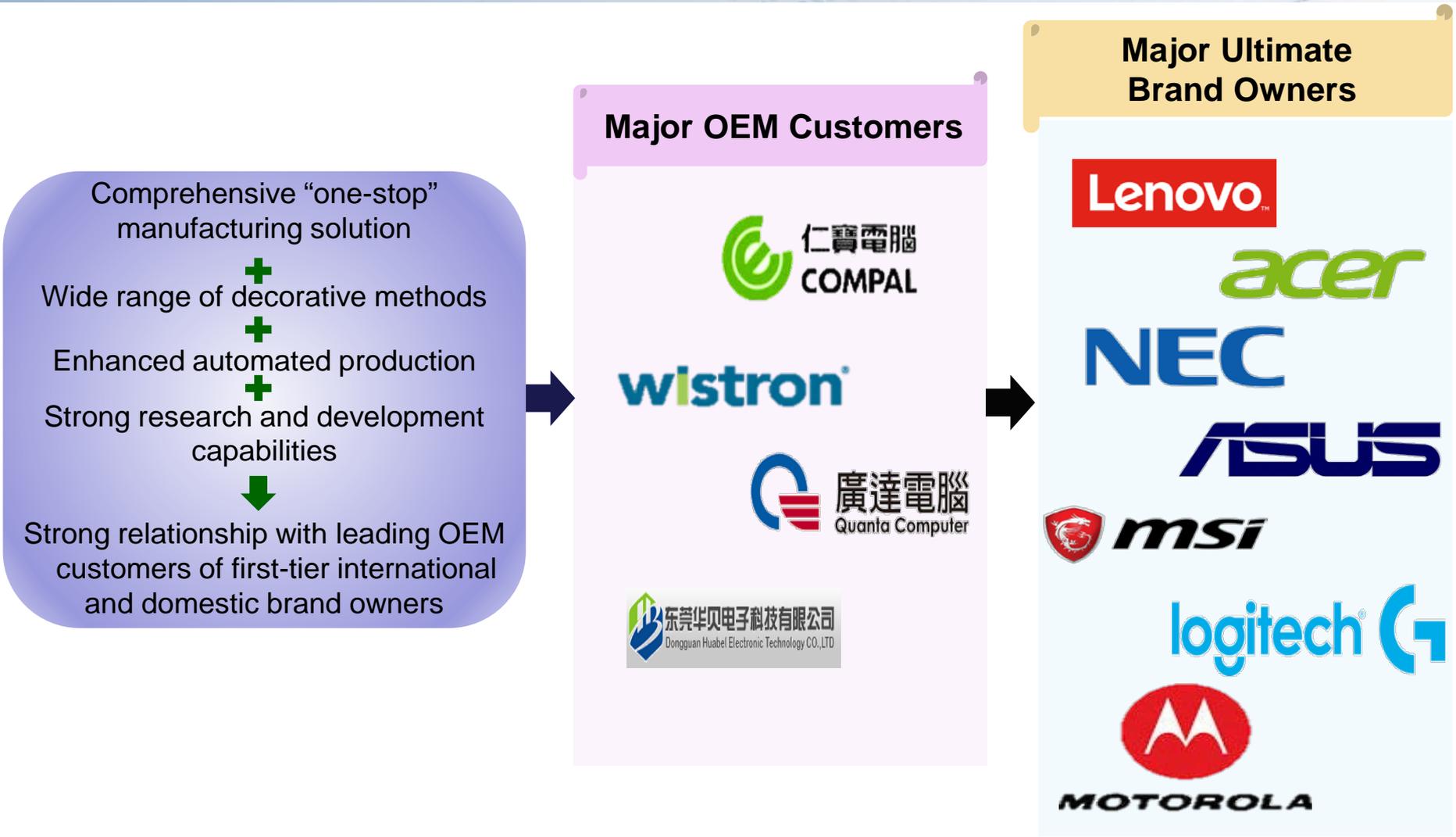
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Executive Summary – Key to Success



Executive Summary – Use of listing proceeds

Purpose	Percentage to total amount	Net proceeds HK\$ million	Utilised amount (as at 31 December 2019) HK\$ million	Unutilised amount (as at 31 December 2019) HK\$ million
Lease of factory	15.1%	7.3	1.0	6.3
Refurbishment of the new factory as mentioned above	19.9%	9.6	6.0	3.6
Capital expenditure for additional production facilities and machineries	46.2%	22.4	19.2	3.2
Capital expenditure for enhancing the automation in the Group's manufacturing process	16.1%	7.8	7.3	0.5
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	34.9	13.6

Key Financial Figures

	For the year ended 31 December		
	2019	2018	Change %
Revenue	HK\$532.9 million	HK\$507.4 million	+5.0%
Gross Profit	HK\$19.9 million	HK\$90.1 million	-77.9%
<i>Gross Profit Margin</i>	3.7%	17.8%	-14.1 p.p.
Research & Development Costs	HK\$21.6 million	HK\$22.8 million	-5.3%
<i>Research & Development Costs / Revenue</i>	4.0%	4.5%	+0.5 p.p.
(Loss) /Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA)	(HK\$29.3) million	HK\$38.5 million	N/A
<i>EBITDA Margin</i>	-5.5%	7.6%	-12.0 p.p.
(Loss)/Profit for the Period Attributable to Equity Holders of the Company	(HK\$68.1) million	HK\$4.1 million	N/A
<i>Net (Loss) / Profit Margin</i>	-12.8%	0.8%	-13.6 p.p.

Key Financial Figures (Cont.)

	As at 31 December 2019	As at 31 December 2018
CAPEX	HK\$21.1 million	HK\$14.7 million
Net Assets	HK\$299.1 million	HK\$381.5 million
Net Assets per Share	HK\$1.58	HK\$2.02
Current Assets Ratio	1.45 Times	1.58 Times
Cash and Bank Balances (Includes Pledged Deposits)	HK\$31.2 million	HK\$64.8 million
Interest-bearing Bank Borrowings	HK\$282.3 million	HK\$341.3 million
Gearing Ratio*	84.0%	72.5%

*Consolidated Net Debt/ Total Equity

Key Financial Figures (Cont.)

	As at 31 December 2019	As at 31 December 2018	Change in days
Inventory Turnover Days ¹	251.7	254.0	-2.3
Trade and Bills Receivables Turnover Days ²	185.3	179.4	+6.0
Trade and Bills Payable Turnover Days ³	75.7	71.2	+4.5

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 2019	As at 31 December 2018	Change %
Raw Materials	48,709	43,852	+11.1%
Work in Progress	160,326	186,780	-14.2%
Finished Goods*	132,930	139,695	-4.8%
Total	<u>341,965</u>	<u>370,327</u>	<u>-7.7%</u>

* As at 31 December 2019, moulds of Nil (31 December 2018: HK\$421,000) are included in finished goods.

Trade and Bills Receivables, net Aging by invoice date (HK\$'000)	As at 31 December 2019	As at 31 December 2018	Change%
Within 3 Months	183,639	226,761	-19.0%
4 to 6 Months, inclusive	75,116	54,670	+37.4%
7 to 9 Months, inclusive	598	8	+7375.0%
10 to 12 Months, inclusive	10	5	+200.0%
More than 1 year	487	3	+16233.3%
Total	<u>259,850</u>	<u>281,447</u>	<u>+29.4%</u>

	For the year ended 31 December		Change
	2019 HK\$'000	2018 HK\$'000	
REVENUE	532,939	507,429	+5.0%
Cost of sales	(513,063)	(417,341)	+23.0%
Gross profit	19,876	90,088	-77.9%
Other income	1,834	5,696	-68.4%
Selling and distribution expenses	(10,227)	(14,120)	-27.7%
General and administrative expenses	(64,875)	(69,119)	-6.1%
Other operating income, net	709	4,145	-82.9%
Finance costs	(15,438)	(12,617)	+22.2%
(Loss)/profit before tax	(68,121)	4,073	-1761.0%
Income tax expense	-	-	N/A
(Loss)/profit for the year attributable to equity holders of the Company	(68,121)	4,073	-1761.0%

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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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