

TARGET

Intelligence Report

VOLUME XXIV No. 275

S A T U R D A Y

December 17, 2022

TK GROUP (HOLDINGS) LTD: FROM BULLISHNESS TO BEARISHNESS, BOTH WITHIN SIX MONTHS !

And More Bearishness Is Likely To Come

Ever since TK Group (Holdings) Ltd (東江集團[控股]有限公司) (Code: 2283, Main Board, The Stock Exchange of Hongkong Ltd) sought and obtained a listing of its entire Issued and Fully Paid-Up Share Capital on the premier equity market of The Stock Exchange of Hongkong Ltd, it had hardly missed a beat.

The Company pitched a Global Offering on December 11, 2013, Offering 200 million, 10-cent shares at the Maximum Offer Price Per Share of \$HK1.40.

On or about December 19, 2013, Management announced that the Offer Price Per Share had been struck at \$HK1.25 and that it was envisaged that the Company would net about \$HK233.20 million after deducting fees and other expenses with regard to the Global Offering.

For the nine Financial Years in the life of TK Group (Holdings) Ltd as a publicly listed corporate entity, the entire Issued and Fully Paid-Up Share Capital of which had been listed on the premier equity market of **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, not in any of those nine Financial Years had the Company not produced that which could be well considered a reasonable Net Profit Attributable To Shareholders.

The Business Of TK Group (Holdings) Ltd

TK Group (Holdings) Ltd was incorporated in the Cayman Islands on or about March 28, 2013.

The Company is an investment holding corporate entity with its subsidiaries, being principally engaged in manufacturing, sales, subcontracting, fabrication and modification of molds as well as plastic components in the PRC, proper, being separate and distinct from the HKSAR of the PRC.

At Page 110 of the 2021 Annual Report of the Company, one was presented with the ‘**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**’ with regard to the Financial Year, ended December 31, 2021:

	For The Financial Year, Ended December 31		Percentage Increase/(Decrease)*
	2021	2020	
	All Figures Are Denominated In \$HK'000 (except where otherwise stipulated)		
Revenue	2,404,398	2,033,419	18.24
Gross Profit	569,167	532,633	6.86
Gross Profit Margin*	23.67 percent	26.19 percent	(9.62)
Operating Profit	305,856	234,858	30.23
Profit Before Income Tax	324,520	240,542	34.91
Net Profit For The Year Attributable To Shareholders Of The Company	282,383	209,687	34.67
Net Profit Margin *	11.74 percent	10.31 percent	13.87
Earnings Per Share Attributable To Shareholders Of The Company	0.34 Hongkong cents	0.25 Hongkong cents	36.00 percent

* These are **TARGET**'s calculations.

At the following Page 111 of the 2021 Annual Report of the Company, it was shown that Total Equity (Shareholders' Funds), as at December 31, 2021, stood at \$HK1,621,919,000.00 (2020: \$HK1,394,555,000.00), representing an increase, Year-On-Year, of 16.30 percent.

At Page 165 of the 2021 Annual Report of the Company, intelligence was presented with regard to ‘*revenue of the Group by geographical markets, based on delivery locations of the customers*’, for the two Financial Years as follows:

	Year Ended December 31	
	2021	2020
	\$HK'000	\$HK'000
The PRC	997,304	738,846
South East Asia and the HKSAR	276,695	320,752
Europe	432,381	443,710
The United States of America	639,493	502,327
Others	58,525	27,784
TOTAL:	2,404,398	2,033,419

The Chairman Of TK Group (Holdings) Ltd Has His Say

Mr Li Pui Leung (李沛良) is the Chairman of the Board of Directors of TK Group (Holdings) Ltd.

He is one of the Founders of Company.

At Pages Seven and Eight of the 2021 Annual Report, Mr Li Pui Leung had this to say in his **‘REVIEW’** of the Company’s business with regard to the 2021 Financial Year:

‘In 2021, as the COVID-19 epidemic eases with increasing vaccine coverage and declining severe infections and deaths, major countries have gradually loosened their control measures and introduced fiscal and monetary stimulus policies, driving steady growth in consumption and a strong rebound in the global economy. For the year ended 31 December 2021, the total revenue of the Group amounted to HK\$2,404.4 million (2020: HK\$2,033.4 million), representing an increase of 18.2% year on year; the profit attributable to the owners of the Company in the year amounted to HK\$282.4 million (2020: HK\$209.7 million), representing a significant increase of 34.7% from last year. Benefiting from the steady recovery of the global economy and the rebound in demand from the downstream consumer electronics industry, the Group's revenue has returned to the level of 2019. The recovery of sales throughout the year was attributable to the Group's customer diversification strategy. Moreover, the superb product quality and advanced techniques helped the Group continue to be the preferred supplier of injection molding solutions for major customers and maintain a leading position in the industry.

‘Although the epidemic has slowly recovered, supply chain disruptions, sharp fluctuations in raw material prices, and tight global transportation and logistics continued, posing many challenges to the Group during the year under review. Due to the continuous rise in raw material prices in the short term, it was difficult for the Group to pass on the cost increases to customers thoroughly, and the initial investment in launching new projects during the year was relatively high, ...

[CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*