

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **TONGDA GROUP HOLDINGS LIMITED**

**通達集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 698)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

#### **HIGHLIGHTS**

- The Group's turnover for the six months ended 30 June 2024 was approximately HK\$2,986,005,000, representing an increase of approximately 0.3% as compared with that for the six months ended 30 June 2023.
- The Group's profit attributable to owners of the Company for the six months ended 30 June 2024 was approximately HK\$12,842,000, representing a decrease of approximately 33.7% as compared with that for the six months ended 30 June 2023.
- Basic earnings per share for the six months ended 30 June 2024 was HK0.13 cents, representing a decrease of approximately 35.0% as compared with that for the six months ended 30 June 2023.
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024.

The board (the “Board”) of directors (the “Directors”) of Tongda Group Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “Period”) together with comparative figures for the corresponding period as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
		<b>HK\$'000</b>	<b>HK\$'000</b>
			(Re-presented)
REVENUE	4	<b>2,986,005</b>	2,975,627
Cost of sales		<b>(2,361,167)</b>	(2,387,387)
Gross profit		<b>624,838</b>	588,240
Other income and gains, net		<b>70,575</b>	79,755
Selling and distribution expenses		<b>(32,246)</b>	(30,146)
General and administrative expenses		<b>(655,541)</b>	(503,543)
Net gain on disposal of subsidiaries	7(b)	<b>146,420</b>	–
Other operating expenses, net		<b>(16,205)</b>	(2,712)
Finance costs		<b>(75,001)</b>	(86,654)
Share of profits/(losses) of associates		<b>(5,864)</b>	1,661
PROFIT BEFORE TAX	5	<b>56,976</b>	46,601
Income tax expense	6	<b>(20,680)</b>	(14,223)
PROFIT FOR THE PERIOD		<b>36,296</b>	32,378
Attributable to:			
Owners of the Company		<b>12,842</b>	19,377
Non-controlling interests		<b>23,454</b>	13,001
		<b>36,296</b>	32,378

**CONDENSED CONSOLIDATED INCOME STATEMENT** *(Continued)*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
			(Re-presented)
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	<i>10</i>		
– Basic		<b><u>HK0.13 cents</u></b>	<u>HK0.20 cents</u>
– Diluted		<b><u>HK0.13 cents</u></b>	<u>HK0.20 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE PERIOD	<b>36,296</b>	32,378
OTHER COMPREHENSIVE EXPENSE		
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
Loss on property revaluation	(3,871)	(1,453)
Deferred tax credited to the asset revaluation reserve	473	343
	<b>(3,398)</b>	(1,110)
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations		
– subsidiaries	(189,640)	(339,132)
– associates	(2,025)	–
Release of exchange reserve upon disposal of subsidiaries	58,671	–
	<b>(132,994)</b>	(339,132)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	<b>(136,392)</b>	(340,242)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	<b>(100,096)</b>	(307,864)
ATTRIBUTABLE TO:		
Owners of the Company	(107,868)	(291,792)
Non-controlling interests	7,772	(16,072)
	<b>(100,096)</b>	(307,864)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>11</i>	<b>4,157,611</b>	4,552,218
Right-of-use assets		<b>359,829</b>	371,803
Intangible assets	<i>11</i>	<b>8,736</b>	–
Investment property		<b>69,495</b>	74,779
Investments in associates		<b>112,616</b>	120,505
Investment in a jointly-controlled entity		–	–
Long term deposits		<b>96,338</b>	76,377
Time deposits		<b>180,728</b>	62,332
Deferred tax assets		<b>14,147</b>	11,159
		<hr/>	<hr/>
Total non-current assets		<b>4,999,500</b>	5,269,173
<b>CURRENT ASSETS</b>			
Inventories	<i>12</i>	<b>1,389,650</b>	1,267,254
Trade and bills receivables	<i>13</i>	<b>2,012,288</b>	1,906,700
Prepayments, deposits and other receivables		<b>562,107</b>	622,894
Due from a jointly-controlled entity		<b>115,077</b>	112,922
Loans to a jointly-controlled entity		<b>163,637</b>	169,925
Lease receivables		–	3,739
Tax recoverable		<b>7,117</b>	8,529
Financial assets at fair value through profit or loss	<i>14</i>	<b>366,878</b>	259,434
Pledged deposits		<b>287,696</b>	194,648
Cash and cash equivalents		<b>629,840</b>	1,160,490
		<hr/>	<hr/>
		<b>5,534,290</b>	5,706,535
Assets classified as held for sale		–	2,327,022
		<hr/>	<hr/>
Total current assets		<b>5,534,290</b>	8,033,557

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	15	<b>2,125,029</b>	1,836,766
Accrued liabilities and other payables		<b>345,618</b>	294,756
Interest-bearing bank and other borrowings		<b>569,249</b>	1,878,213
Lease liabilities		<b>1,909</b>	5,285
Tax payable		<b>94,849</b>	93,596
		<u><b>3,136,654</b></u>	<u>4,108,616</u>
Liabilities classified as held for sale		<u>–</u>	<u>964,252</u>
Total current liabilities		<u><b>3,136,654</b></u>	<u>5,072,868</u>
<b>NET CURRENT ASSETS</b>		<u><b>2,397,636</b></u>	<u>2,960,689</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>7,397,136</b></u>	<u>8,229,862</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		<b>350,623</b>	1,065,488
Other payables		<b>88,342</b>	77,443
Lease liabilities		<b>23,064</b>	24,729
Deferred tax liabilities		<b>58,237</b>	58,706
Total non-current liabilities		<u><b>520,266</b></u>	<u>1,226,366</u>
Net assets		<u><b>6,876,870</b></u>	<u>7,003,496</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>EQUITY</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	<b>97,356</b>	97,356
Reserves	<b><u>6,465,427</u></b>	<u>6,585,468</u>
	<b><u>6,562,783</u></b>	<u>6,682,824</u>
<b>NON-CONTROLLING INTERESTS</b>	<b><u>314,087</u></b>	<u>320,672</u>
<b>Total equity</b>	<b><u>6,876,870</u></b>	<u>7,003,496</u>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands.

The registered office address of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are manufacture and sale of components of handset casings and high-precision components, smart electrical appliances casings, household and sports goods and network communications facilities and others. Except disclosed in notes 7 and 8 to the condensed consolidated interim financial statement, there were no significant changes in the nature of the subsidiaries' principal activities during the Period.

## 2. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standards ("HKASs") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liabilities in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Presentation of Financial Statements	

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and position for the current and prior period and/or on the disclosures set out in these Interim Financial Statements.



#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. Due to the decrease in contributions from the smart electrical appliances casings segment and the network communications facilities and others segment to the Group's total revenue and in line with our continuing restructuring to improve the management efficiency, the management decided to consolidate the handset casings and high-precision components segment with the smart electrical appliances casings segment and the network communications facilities and others segment at end of 2023. The segment information for the same period last year was re-presented on the basis of the Period. The Group currently has two reportable segments as follows:

- (a) the consumer electronics structural components segment consists of manufacturing of components for smart mobile communication and other electrical consumer products; and
- (b) the household and sports goods segment consists of durable household goods, household utensils and sports goods.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that other income and gains, net, corporate and other unallocated expenses, non-lease-related finance costs and share of profits/(losses) of associates are excluded from such measurement.

Segment assets exclude an investment in a jointly-controlled entity and associates, deferred tax assets, tax recoverable, loans to and amounts due from a jointly-controlled entity, pledged deposits, cash and cash equivalents and assets classified as held for sale as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and liabilities classified as held for sale as these liabilities are managed on a group basis.

#### 4. OPERATING SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Consumer electronics structural components		Household and sports goods		Consolidated	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
	(Re-presented)				(Re-presented)	
<b>Segment revenue:</b>						
Sales to external customers	2,478,496	2,533,899	507,509	441,728	2,986,005	2,975,627
Segment results before depreciation	366,670	384,824	80,833	86,579	447,503	471,403
Depreciation of property, plant and equipment	(297,018)	(392,526)	(22,174)	(22,450)	(319,192)	(414,976)
Depreciation of right-of-use assets	(5,873)	(5,373)	(1,903)	(1,444)	(7,776)	(6,817)
Amortisation of intangible assets	(389)	–	–	–	(389)	–
Segment results	<u>63,390</u>	<u>(13,075)</u>	<u>56,756</u>	<u>62,685</u>	<u>120,146</u>	<u>49,610</u>
Unallocated income					70,575	79,755
Corporate and other unallocated income/(expenses)					(53,834)	1,879
Finance costs (other than interest expenses on lease liabilities)					(74,047)	(86,304)
Share of profits/(losses) of associates					<u>(5,864)</u>	<u>1,661</u>
Profit before tax					56,976	46,601
Income tax expense					<u>(20,680)</u>	<u>(14,223)</u>
Profit for the period					<u>36,296</u>	<u>32,378</u>

4. OPERATING SEGMENT INFORMATION (Continued)

	<b>Unaudited 30 June 2024</b>		
	<b>Consumer electronics structural components <i>HK\$'000</i></b>	<b>Household and sports goods <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
Segment assets	<u>7,663,426</u>	<u>1,540,234</u>	<u>9,203,660</u>
Unallocated assets			<u>1,330,130</u>
Total assets			<u>10,533,790</u>
Segment liabilities	<u>2,225,395</u>	<u>358,567</u>	<u>2,583,962</u>
Unallocated liabilities			<u>1,072,958</u>
Total liabilities			<u>3,656,920</u>
	<b>31 December 2023</b>		
	<b>Consumer electronics structural components <i>HK\$'000</i></b>	<b>Household and sports goods <i>HK\$'000</i></b>	<b>Consolidated <i>HK\$'000</i></b>
Segment assets	<u>7,942,454</u>	<u>1,255,076</u>	9,197,530
Assets classified as held for sale			2,327,022
Unallocated assets			<u>1,778,178</u>
Total assets			<u>13,302,730</u>
Segment liabilities	<u>1,958,597</u>	<u>280,382</u>	2,238,979
Liabilities classified as held for sale			964,252
Unallocated liabilities			<u>3,096,003</u>
Total liabilities			<u>6,299,234</u>

#### 4. OPERATING SEGMENT INFORMATION (Continued)

##### Geographical information

	Unaudited Six months ended 30 June									
	PRC*		Asia Pacific (excluding PRC)		United States		Others		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from customers										
Segment revenue:										
Sales to external customers <sup>#</sup>	<u>2,317,515</u>	<u>2,323,887</u>	<u>253,473</u>	<u>215,848</u>	<u>6,028</u>	<u>22,455</u>	<u>408,989</u>	<u>413,437</u>	<u>2,986,005</u>	<u>2,975,627</u>

(Re-presented)

(Re-presented)

The revenue information above is based on the locations of the customers.

\* The People's Republic of China (the "PRC") including Hong Kong and Macau.

# Sales to external customers include revenue from contracts with customers.

##### Information about major customers

Revenue from the following customers contributed over 10% of the total sales to the Group:

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Customer A	<b>381,029</b>	494,877
Customer B	N/A	437,418
Customer C	<b>304,210</b>	N/A
	<u><b>685,239</b></u>	<u>932,295</u>

Revenues from Customer A, B and C were mainly derived from sales by the consumer electronics structural components segment, including sales to a group of entities which are known to be under common control of the respective customers.

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		(Re-presented)
Depreciation of property, plant and equipment	319,192	414,976
Depreciation of right-of-use assets	7,776	6,817
Amortisation of intangible assets	389	–
Research and development costs	372,080	248,048
Salaries and wages	666,761	696,623
Impairment of trade receivables	899	2,495
Write-back of impairment of trade receivables	(12)	(3,062)
Provision against obsolete inventories	3,398	2,710
Foreign exchange differences, net	11,541	4,365
Loss/(gain) on disposal/written-off of items of property, plant and equipment	1,914	(3,955)
Fair value loss on an investment property	3,194	2,948
Interest income	(15,175)	(8,776)

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period, except for Tongda Precision Technology Company Limited (“Tongda Precision Technology”), a wholly-owned subsidiary of the Company, which is a qualifying entity under the two-tier profits tax rates regime. The first HK\$2,000,000 of assessable profits of Tongda Precision Technology is taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the corporate income tax rate for all enterprises in Mainland China is 25%.

## 6. INCOME TAX (Continued)

During the six months ended 30 June 2024 and 2023, certain subsidiaries of the Group were subject to a preferential tax rate of 15% under High New Technology Enterprises.

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current – Hong Kong	<u>3,287</u>	<u>3,733</u>
Current – Elsewhere	<u>20,377</u>	<u>10,839</u>
Deferred	<u>(2,984)</u>	<u>(349)</u>
Total tax charge for the period	<u><b>20,680</b></u>	<u><b>14,223</b></u>

## 7. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

- (a) On 30 December 2022, the Company as a vendor and an independent third party as a purchaser (the “Purchaser”) entered into a memorandum of understanding to dispose of the smart electrical appliances casing business (the “EA Business”) under 福建省石獅市通達電器有限公司 (the “EA Disposal”). On 29 March 2023, Tong Da Development (BVI) Limited (the “Vendor”), a wholly-owned subsidiary of the Company, and the Purchaser entered into sale and purchase agreement (“SPA”) on the EA Disposal to dispose of Stedfast Investments Holdings Limited, an indirect wholly-owned subsidiary of the Company and which, together with its subsidiaries, will be the sole entities in the Group carrying the EA Business immediate before the completion of the EA Disposal. The EA Disposal was expected to be completed in 2023 and thus the EA Business is accounted for as a discontinued operation during the six months ended 30 June 2023 in the 2023 interim report.

On 13 October 2023, the Vendor and the Purchaser entered into a termination agreement (the “Termination Agreement”) to terminate the SPA with effect from the date of the Termination Agreement due to: (1) the Group planned to focus on the High Precision Disposal (as defined as below), the proposal of which was received on April 2023; and (2) the improvement in the outlook of the industry of the EA Business. Pursuant to the Termination Agreement, the Vendor shall pay a termination fee in the amount of HK\$120,000,000, comprising the refund of the deposit in the amount of HK\$60,000,000 initially paid by the Purchaser to the Vendor pursuant to the SPA and a cash payment in the amount of HK\$60,000,000 in respect of the termination of the SPA. Details of the termination of the EA Disposal and the reason and benefits of the termination are set out in the announcements of the Company dated 13 October 2023 and 27 December 2023. As such, the EA Business was ceased to be classified as discontinued operation during the six months ended 30 June 2023 and the relevant amounts in the Interim Financial Statements have been re-presented.

**7. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES** *(Continued)*

- (b) On 22 December 2023, Tongda Precision Technology Company Limited, a wholly-owned subsidiary of the Company as a seller (the “Seller”), an independent third party as a purchaser (the “Purchaser”), and the Company as the guarantor, entered into a business transfer agreement (the “BTA”) whereby the Group agreed to dispose of the business of manufacturing high-precision micro components (the “High Precision Business”) as currently conducted by the Group for a consideration of HK\$2,015,000,000 (the “High Precision Disposal”). The High Precision Disposal was completed on 3 April 2024 (the “Closing Date”). Further details of the disposal were set out in the Company’s announcements dated 22 December 2023 and 3 April 2024 and the Company’s circular dated 19 February 2024.

The followings are the assets and liabilities in respect of the “High Precision Business” and its subsidiaries at the Closing Date:

	<i>HK\$’000</i>
Net assets disposed of:	
Property, plant and equipment	734,867
Right-of-use assets	32,583
Inventories	698,991
Trade and other receivables, deposits and prepayments	872,014
Tax recoverable	8,580
Bank balances and cash	142,841
Lease liabilities	(31,701)
Trade and other payables	(732,277)
Bank borrowings	(117,115)
	<u>1,608,783</u>

**Gain on disposal of subsidiaries**

	<i>HK\$’000</i>
Consideration received	1,904,250
Cash consideration receivable included in other receivables (i)	110,750
Net assets disposed of	(1,608,783)
Cumulative exchange differences recognised in respect of the net assets of the disposed subsidiaries reclassified from equity to profit or loss	<u>(58,671)</u>
Gain on disposal of subsidiaries	347,546
Transaction costs directly related to the disposal	(53,037)
Income tax expense	<u>(148,089)</u>
Net gain on disposal of subsidiaries	<u>146,420</u>

7. **DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES** *(Continued)*

(b) *(Continued)*

**Gain on disposal of subsidiaries** *(Continued)*

**Unaudited**  
**30 June 2024**  
**HK\$'000**

Consideration received in cash and  
cash equivalents and receivable

**2,015,000**

**Net cash inflow on disposal of subsidiaries**

**Unaudited**  
**30 June 2024**  
**HK\$'000**

Consideration received in cash and cash equivalents

**1,904,250**

Less:

Cash and cash equivalents of subsidiary disposed of

**(142,841)**

Withholding tax paid

**(146,883)**

Net inflow of cash and cash equivalents

in respect of the disposal of subsidiaries, net of tax

**1,614,526**

- (i) Cash consideration of HK\$110,750,000 (the “Retention Amount”) to be received was included in prepayment, deposits and other receivables of the condensed consolidated statement of financial position as at 30 June 2024, which was transferred by the Purchaser to an escrow account on Closing Date. The Retention Amount, after deducting a reasonable estimate of the amount of any outstanding claim by the Purchaser (if any) (“Outstanding Claim”), shall be paid out to the Seller and/or the Purchaser in accordance with the joint written instructions of the Seller and the Purchaser on the first business day falling on or after 180 days from the Closing Date. The amount of the Outstanding Claim shall be retained in the escrow account and be paid out in accordance with the joint written instructions of the Seller and the Purchaser after such claim is resolved in accordance with the BTA.



## 8. BUSINESS COMBINATION

On 22 December 2023, Tongda Intelligence (BVI) Co Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, and Tongda Group (Asia) Limited, as the vendor, entered into the sale and purchase agreement (the “Sale and Purchase Agreement”), pursuant to which the purchaser has conditionally agreed to purchase, and the vendor has conditionally agreed to sell all issued shares of Credence Technology Limited (“Target Company”), a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK\$60,000,000, subject to the terms and conditions as set out in the Sale and Purchase Agreement. The vendor is owned as to 25% each by Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung, being controlling shareholders and connected persons of the Company.

Pursuant to the Sale and Purchase Agreement, the vendor guarantees to the purchaser that the audited consolidated earnings before interest, taxes, depreciation and amortisation (“EBITDA”) of the Target Company will not be less than HK\$12,000,000 for the financial year ending 31 December 2024. If the actual audited consolidated EBITDA of the Target Company for the financial year ending 31 December 2024 as shown in the audited consolidated financial statements of the Target Company for the year ending 31 December 2024 is less than HK\$12,000,000, then the vendor shall pay to the purchaser in cash within seven days after the delivery of such financial statements an amount calculated.

The acquisition was made as part of the Group’s strategy to expand and create synergy with the existing electrical appliances business. The acquisition was completed on 2 January 2024 and the consideration is satisfied by the payment of the cash of HK\$60,000,000. Further details of the acquisition was set out in the Company’s announcement dated 22 December 2023.

### **Acquisition-related costs**

Acquisition-related costs of HK\$1,459,000 that were not directly attributable to the issue of shares are included in administrative expenses in the condensed statement of income statement and in operating cash flows in the condensed statement of cash flows.

The assets acquired and liabilities assumed by the Group in the acquisition reflects preliminary fair value estimates based on management’s analysis, including preliminary work performed by independent professional valuer, which are subject to change within the measurement period as valuations are finalised.

## 8. BUSINESS COMBINATION *(Continued)*

The following is a summary of the preliminarily estimated fair values of the assets acquired and liabilities assumed:

	<b>Fair value</b> <b><i>HK\$000</i></b>
Net identifiable assets acquired:	
Property, plant and equipment	<b>81,445</b>
Customer relationship (included in intangible assets)	<b>9,388</b>
Financial assets at fair value through profit or loss	<b>7,020</b>
Inventories	<b>40,668</b>
Trade and other receivables	<b>75,122</b>
Tax recoverable	<b>1,322</b>
Cash and cash equivalents	<b>8,305</b>
Bank borrowings	<b>(59,324)</b>
Trade and other payables	<b>(103,946)</b>
	<hr/>
Net identifiable assets acquired	<b>60,000</b>
Total consideration satisfied by cash	<b>60,000</b>
	<hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	<b>(60,000)</b>
Cash and cash equivalents acquired	<b>8,305</b>
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<b>(51,695)</b>
	<hr/>

*(i) Revenue and profit contribution*

Target Company and its subsidiaries contributed HK\$160,994,000 and HK\$3,010,000 to the Group's revenue and profit for the period between the date of acquisition and 30 June 2024, respectively.

## 9. DIVIDENDS

At the board meeting held on 28 August 2024, the Board did not recommend the payment of any interim dividend for the Period (six months ended 30 June 2023: nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Profit</b>		
Profit for the purpose of basic and diluted earnings per share	<u>12,842</u>	<u>19,377</u>
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>9,735,608</u>	<u>9,724,045</u>

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2024 in respect of a dilution of the award shares as certain conditions under the share award scheme not yet fully satisfied as of the reporting period.

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2023 in respect of a dilution as the impact of the award shares has anti-dilutive effect.

## 11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the Period, the Group acquired property, plant and equipment of HK\$330,174,000 (30 June 2023: HK\$161,090,000) in which HK\$81,445,000 (30 June 2023: nil) was through the acquisition of subsidiaries. During the Period, the Group disposed of certain items of property, plant and equipment with carrying amount of HK\$286,796,000 (30 June 2023: HK\$1,451,000) in which, HK\$277,562,000 (30 June 2023: nil) was through the disposal of subsidiaries and, the other HK\$9,234,000 (30 June 2023: HK\$1,451,000) for proceeds of HK\$7,320,000 (30 June 2023: HK\$5,406,000). The Group incurred revaluation surplus of HK\$532,000 (30 June 2023: HK\$10,464,000) and depreciation expenses of HK\$319,192,000 (30 June 2023: HK\$414,976,000) during the Period. In addition, exchange realignment of HK\$119,325,000 (30 June 2023: HK\$207,609,000) was credited to property, plant and equipment.

At 30 June 2023, the Group's leasehold building and the related right-of-use asset in Hong Kong were revalued at the end of the reporting period based on valuations performed by Asset Appraisal Ltd., an independent firm of professionally qualified valuers, at HK\$43,400,000 (31 December 2023: HK\$47,900,000). In the opinion of the directors, the current use of the leasehold building in Hong Kong and the related right-of-use asset is its highest and best use.

A revaluation deficit of HK\$3,871,000 (30 June 2023: HK\$1,453,000), resulting from the above valuation, has been debited to other comprehensive income. The resulting decrease in deferred tax liability of HK\$473,000 (30 June 2023: HK\$343,000) arising from the revaluation has also been credited to other comprehensive income.

## 11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

The Group's leasehold buildings and the related right-of-use assets in Hong Kong and Mainland China with net carrying amount of HK\$282,946,000 (31 December 2023: HK\$47,900,000) were pledged to secure banking facilities granted to the Group.

During the Period, the Group has addition of intangible assets of HK\$9,388,000 (30 June 2023: nil) through acquisition of subsidiaries and incurred amortisation expenses of HK\$389,000 (30 June 2023: nil). During the Period, the exchange realignment of HK\$263,000 (30 June 2023: nil) was credited to the intangible assets.

As at 30 June 2024, the Group's management assessed whether there is any impairment indication among the segment of consumer electronics structural components which engaged in the manufacture and sale of components for smart mobile communication and other electrical consumer products for the period then ended, and estimated the recoverable amounts of the property, plant and equipment, the right-of-use assets, the intangible assets and the long term deposits of the segment. Based on the value-in-use calculation, no (31 December 2023: nil) written down of the carrying amounts were required for the property, plant and equipment, the right-of-use assets, the intangible assets and the long term deposits to their estimated recoverable amounts. The estimated recoverable amounts of the cash generated units were valued based on valuations performed by Royson Valuation Advisory Limited, an independent firm of professionally qualified valuers and based on value-in-use calculations using discounted cash flow analysis under income approach based on financial forecast covering a period of the remaining useful lives of these assets. The compound annual growth rates on the five-year revenue growth following the period/year then ended ranged from 5.0% to 7.2% (31 December 2023: 8.7% to 12.4%) were applied in the cash flow projections. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (31 December 2023: 2%) per annum. The pre-tax discount rates applied to the cash flow projections were ranged from 13.9% to 16.9% (31 December 2023: 13.4% to 15.0%).

## 12. INVENTORIES

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Raw materials	<b>232,394</b>	234,968
Work in progress	<b>352,547</b>	397,914
Finished goods	<b>804,709</b>	634,372
	<b>1,389,650</b>	1,267,254

As at 30 June 2024, moulds of HK\$201,431,000 (31 December 2023: HK\$210,960,000) are included in the finished goods.

### 13. TRADE AND BILLS RECEIVABLES

	<b>Unaudited</b> <b>30 June</b> <b>2024</b> <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Trade receivables	1,753,980	1,726,098
Impairment allowances	<u>(50,521)</u>	<u>(52,687)</u>
	<b>1,703,459</b>	1,673,411
Bills receivables	<u>308,829</u>	<u>233,289</u>
	<b><u>2,012,288</u></b>	<b><u>1,906,700</u></b>

It is the general policy of the Group to allow a credit period of one to three months. In addition, for certain customers with long-established relationships and good repayment histories, a longer credit period may be granted in order to maintain a good relationship. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management. Trade receivables are non-interest bearing. At the end of the reporting period, 15.3% (31 December 2023: 17.1%) and 39.1% (31 December 2023: 45.0%) of the total trade and bills receivables were due from the Group's largest customer and the five largest customers, respectively.

An ageing analysis of the Group's trade and bills receivables as at 30 June 2024, based on the invoice date and issuance date, is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2024</b> <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Within 3 months	1,939,653	1,801,875
4 to 6 months, inclusive	57,303	104,246
7 to 9 months, inclusive	7,883	4,213
10 to 12 months, inclusive	11,243	2,998
More than 1 year	<u>46,727</u>	<u>46,055</u>
	<b>2,062,809</b>	1,959,387
Impairment allowances	<u>(50,521)</u>	<u>(52,687)</u>
	<b><u>2,012,288</u></b>	<b><u>1,906,700</u></b>

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss (“FVTPL”) represented the structured deposits at banks and fund investments. Changes in fair values of financial assets at FVTPL are recorded in “other income and gains – net” in the condensed consolidated income statement.

#### 15. TRADE AND BILLS PAYABLES

	<b>Unaudited</b> <b>30 June</b> <b>2024</b> <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Trade payables	<b>1,174,199</b>	1,057,139
Bills payable	<b>950,830</b>	779,627
	<b><u>2,125,029</u></b>	<u>1,836,766</u>

The trade payables are non-interest bearing and are normally settled on 60 to 90 days’ terms. An ageing analysis of the Group’s trade and bills payables as at 30 June 2024, based on the invoice date and issuance date, is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2024</b> <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Within 3 months	<b>1,585,856</b>	1,386,891
4 to 6 months, inclusive	<b>451,627</b>	374,416
7 to 9 months, inclusive	<b>40,917</b>	10,400
10 to 12 months, inclusive	<b>9,067</b>	5,717
More than 1 year	<b>37,562</b>	59,342
	<b><u>2,125,029</u></b>	<u>1,836,766</u>

#### 16. COMPARATIVE FIGURES

As further explained in notes 4 and 7(a), certain comparative amounts in the Interim Financial Statements have been re-presented due to the reclassification of segment and termination of discontinued operation to conform with the current period’s presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the six months ended 30 June 2024 (the “Period”), the Group’s total revenue was HK\$2,986.0 million, representing an increase of HK\$10.4 million or 0.3%, from HK\$2,975.6 million in the corresponding period last year. Profit attributable to owners of the Company decreased from approximately HK\$19.3 million in the same period last year by 33.7% or HK\$6.5 million to approximately HK\$12.8 million during the Period.

#### **Revenue**

The Group’s revenue increased by approximately 0.3%, from approximately HK\$2,975.6 million in the corresponding period last year to approximately HK\$2,986.0 million during the Period. The Group’s revenue growth during the Period was mainly attributable to the combined effects of 1) the recovery of the Group’s various businesses as a result of the recovery of the respective markets; 2) revenue generated from the business acquired during the Period; and 3) the disposal of the high precision components business on 3 April 2024, which led to a decrease in revenue generated from this business during the Period.

#### **Gross Profit and Margin**

The Group’s gross profit increased by approximately 6.2%, from approximately HK\$588.2 million in the corresponding period last year to approximately HK\$624.8 million during the Period due to the increase in both revenue and gross profit margin of the Group. The Group’s gross profit margin was approximately 20.9% during the Period, which was approximately 1.1 percentage points higher than that for the corresponding period last year of approximately 19.8%. The increase in gross profit margin during the Period was mainly because of the higher gross profit margin generated from the high precision components business which was disposed on 3 April 2024.

#### **Other income and gains, net**

Other income and gains, net decreased by approximately 11.5% or approximately HK\$9.2 million from approximately HK\$79.8 million in the corresponding period last year to approximately HK\$70.6 million during the Period mainly because of the decrease in government grants which was partially offset by more interest income generated from banking deposits and higher gain on changes in fair value of the structured deposits.

### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately 6.6% or approximately HK\$2.0 million from approximately HK\$30.1 million in the corresponding period last year to approximately HK\$32.1 million during the Period, accounting for approximately 1.1% of the Group's revenue, which is similar to the corresponding period last year of 1.0%. The increase was mainly because of the increase in salaries and allowance to salespersons.

### **General and administrative expenses**

General and administrative expenses increased by approximately 30.2% or approximately HK\$152.0 million from approximately HK\$503.5 million in the corresponding period last year to approximately HK\$655.5 million during the Period, accounting for approximately 22.0% of the Group's revenue, which was approximately 5.1 percentage points higher than that for the corresponding period last year of 16.9%. The increase in general and administrative expenses was mainly due to the increase in research and development ("R&D") expenses during the Period as compared to the same period last year. The increase in overall R&D expenses not only resulted from the development of new materials and products as required by customers due to the increase in orders, to cope with the fierce competition in the market, the Group also invests in R&D to enhance efficiency, automation and product improvement, etc. to maintain its competitiveness and gross profit margin. Besides, the Group's early repayment of a significant portion of long-term bank loans during the Period has led to the increase in the general and administrative expenses as a result of the legal and arrangement fees directly related to these long-term bank loans which were previously amortised over the remaining life of these loans being wholly recognised in the profit or loss account of the Group at the time of early repayment during the Period.

### **Other operating expenses, net**

Other operating expenses, net increased by approximately 500.0% or approximately HK\$13.5 million from approximately HK\$2.7 million in the corresponding period last year to approximately HK\$16.2 million during the Period, which was mainly because of the increase in exchange loss and decrease in write-back of impairment of trade receivables.

### **Finance costs**

Finance costs decreased by approximately 13.5% or approximately HK\$11.7 million from approximately HK\$86.7 million in the corresponding period last year to approximately HK\$75.0 million during the Period. The decrease was mainly because of the reduction of total outstanding bank borrowings during the Period.



## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group derives its working capital mainly from cash on hand, net cash generated from operating activities and interest-bearing bank and other borrowings. The Board expects that the Group will rely on net cash generated from operating activities, interest-bearing bank and other borrowings and equity financing, if considered as appropriate by the management of the Company, to meet its working capital and other capital expenditure requirements. There were no change in the funding and financial policies of the Group for the six months ended 30 June 2024.

As at 30 June 2024, the Group has cash and cash equivalents of HK\$1,465.1 million (including time deposits, structured deposits, fund investments, bank deposits, pledged bank deposits, and cash) (31 December 2023: HK\$1,676.9 million), of which HK\$287.7 million (31 December 2023: HK\$194.6 million) has been pledged to banks as security for trade financing granted.

As at 30 June 2024, 88.4% (31 December 2023: 76.6%) of the Group's cash and bank balances was denominated in Renminbi (“**RMB**”), 7.0% (31 December 2023: 10.3%) was denominated in United States dollars (“**US Dollars**”) and 4.6% (31 December 2023: 13.1%) was denominated in other currencies (mainly Hong Kong dollars).

As at 30 June 2024, the Group had total assets of HK\$10,533.8 million (31 December 2023: HK\$13,302.7 million), net current assets of HK\$2,397.6 million (31 December 2023: HK\$2,960.7 million) and equity of HK\$6,876.9 million (31 December 2023: HK\$7,003.5 million).

## **CAPITAL EXPENDITURE**

The total capital expenditure incurred for the Period was HK\$248.7 million (31 December 2023: HK\$197.2 million), which was mainly for the additions of property, plant and equipment for expansion of its consumer electronics structural segment and its household and sports goods segment.

## **TREASURY POLICY**

The Group's sales were principally denominated in RMB and US dollars while purchases were principally transacted in RMB. The Group will continue to monitor its overall foreign exchange exposure and interest rate exposure, and consider hedging against the exposure should the need arises.

## **CHARGES ON GROUP ASSETS**

The Group has pledged 1) bank deposits amounting to HK\$287.7 million (31 December 2023: HK\$194.6 million); 2) the Group's leasehold building and the related right-of-use assets in Hong Kong and Mainland China with carrying amount of approximately HK\$282.9 million (31 December 2023: HK\$47.9 million) and 3) 17.2 million issued shares (31 December 2023: nil) of Tongda Smart Tech (Xiamen) Co., Limited ("Tongda Chuang Zhi"), a partially owned subsidiary of the Group, whose shares were listed on the Main Board of Shenzhen Stock Exchange (stock code: 1368). Save as disclosed above, the Group had not pledged its assets to any financial institutions.

## **HUMAN RESOURCES**

As at 30 June 2024, the Group employed a total of approximately 10,000 (30 June 2023: 15,000) permanent employees in Hong Kong and the PRC. The total salaries and wages for the six months ended 30 June 2024 amounted to HK\$666.8 million (30 June 2023: HK\$696.6 million (re-presented)).

The Group offers remuneration packages for employees mainly based on their performance and experiences, and with reference to prevailing industry practices. In addition to enrolling our new employees into the mandatory provident fund scheme in Hong Kong and state-managed pension scheme in Mainland China and making contributions for them on a periodic basis, the Group also provides medical coverage, internal and external training programs and grants share awards and discretionary bonuses to employees based on employees' individual performance and the Group's overall performance. The Group reviews the remuneration policies and packages on a regular basis.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

On 22 December 2023, Tongda Precision Technology Company Limited, a wholly-owned subsidiary of the Company as a seller, an independent third party as a purchaser, and the Company as the guarantor, entered into a business transfer agreement whereby the Group agreed to dispose of the business of manufacturing high-precision micro components as currently conducted by the Group for a consideration of HK\$2,015,000,000. The disposal was completed on 3 April 2024.

On 22 December 2023, Tongda Intelligence (BVI) Co Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, and Tongda Group (Asia) Limited, as the vendor, entered into the sale and purchase agreement, pursuant to which the purchaser has conditionally agreed to purchase, and the vendor has conditionally agreed to sell all issued shares of Credence Technology Limited, a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK\$60,000,000, subject to the terms and conditions as set out in the sale and purchase agreement. The vendor is owned as to 25% each by Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung, being controlling shareholders and connected persons of the Company. The acquisition was completed on 3 January 2024.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period.

### **GEARING RATIO AND INDEBTEDNESS**

As at 30 June 2024, the gearing ratio of the Group (consolidated net debt (includes interest-bearing bank and other borrowings, less cash and cash equivalents, pledged deposits, structured deposits, fund investments and time deposits)/total equity) was nil (31 December 2023: 18.1%).

As at 30 June 2024, other than the non-current portion of bank borrowings of HK\$350.6 million (31 December 2023: HK\$1,065.5 million), the Group had bank and other borrowings of HK\$569.2 million (31 December 2023: HK\$1,878.2 million) which will be repayable within one year from the end of the Period. The bank and other borrowings were denominated in RMB and Hong Kong dollars.

Bank borrowings carry interest rate ranging from 1.85% per annum (“p.a.”) to 7.36% p.a. (31 December 2023: from 1.65% p.a. to 7.56% p.a.).

### **BUSINESS REVIEW**

As the globally leading solution provider of high-precision structural parts for smart mobile communication and consumer products, the Group provides one-stop solution to customers, starting from product design, technical research and development (“R&D”) to manufacturing. Our products mainly cover handset casings and high-precision components, panels for smart electrical appliances, network communications facilities, and household and sports goods.

With the recovery of the global handset products market, the Group's handset casings business recorded steady growth as expected at the beginning of the year. During the Period, the disposal of the high-precision components business was completed on 3 April 2024, after which the associate revenue was no longer consolidated in the Group's consolidated financial statements. As a result of this business restructuring, the Group's revenue for the Period was HK\$2,986.0 million, representing a slight increase of 0.3% compared to HK\$2,975.6 million in the corresponding period last year. Excluding the sales revenue from the high-precision components business for both the current and the corresponding period last year, the Group's revenue growth for the Period over the same period last year increased to approximately 18.1%. In terms of gross profit margin, the Group's gross profit margin for the Period was approximately 20.9%, as compared to approximately 19.8% for the corresponding period last year. Excluding the sales revenue and gross profit of the high-precision components business for both the current and the corresponding period last year, the Group's gross profit margin for the Period was approximately 18.3%, which is lower than that of 19.3% for the corresponding period last year, mainly due to the change in customer mix of the Group.

## **BUSINESS SEGMENTS**

For the purpose of streamlining the management of businesses, the Group recategorised its business divisions according to its products and services during the last year. The two current reporting segments are as follows:

**(a) Consumer electronics structural components**

Consisting of manufacturing of components for smart mobile communication and other electrical consumer products; and

**(b) Household and sports goods**

Consisting of durable household goods, household utensils and sports goods, etc.

## **Consumer Electronics Structural Components**

The Group timely reviewed its strategic planning and has announced its disposal of high precision components business for a consideration of HK\$2,015.0 million in late 2023, primarily due to the successive production base relocations of customers of foreign brands of the business from China to overseas locations. If the Group did not dispose of the business, it is highly probable that the Group has to establish its production facilities overseas for the business, which would inevitably lead to significant increase in the capital expenditure of the Group and higher risk exposure. In contrast, such disposal can enable the Group to reduce its finance costs and expenses remarkably while improving its funding liquidity and gearing ratio, thus leading to a balance sheet of higher stability and improving the overall profitability and business performance of the Group. The relevant disposal was completed on 3 April 2024, after which the associated revenue was no longer consolidated into the Group's consolidated financial statements.

Notwithstanding the impact of the aforesaid disposal, sales from the high precision components business recorded a significant decrease during the Period as compared to the corresponding period last year, with segment turnover decreasing by approximately 2.2% as compared to that of the corresponding period last year approximately HK\$2,533.9 million to approximately HK\$2,478.5 million for the Period, accounting for approximately 83.0% of the Group's total sales revenue. Excluding the sales contribution from the high precision components business in both current and the corresponding period last year, the segment turnover for the Period recorded an increase of approximately 18.1% over the corresponding period last year, reflecting a significant improvement in the Group's sales during the Period as compared to the corresponding period last year. According to the market report published by International Data Corporation ("IDC"), the global shipment of smart handset markets recorded year-on-year single-digit growth for two consecutive quarters during the Period, with some of the Group's major customers recording double-digit growth during the Period, in line with the market. Together with the additional source of revenue from the Group's acquisition during the Period, the Group recorded an obvious increase in segment revenue from the remain business.

With the working capital and manpower released from the disposal of the high-precision components business, the Group has been actively integrating and enhancing its existing business. In addition to handset casings, the Group's business also includes smart electrical appliances casings and network communications facilities, etc. The Group's smart electrical appliances casings business mainly provides electrical control panels, metal parts and casings for domestic brands. Network communications facilities business mainly manufactures wireless routers and other networking products casing and high precision components for well-known brands in Europe, the United States and the PRC.

## Household and Sports Goods

The sales of the business segment increased by approximately 14.9% to approximately HK\$507.5 million during the Period compared to approximately HK\$441.7 million in the corresponding period last year, representing approximately 17.0% of the total sales revenue of the Group. The Group mainly manufactures durable household goods, household utensils, sports goods and health care products for international European and American brands. The performance of its related products has to reach abrasion-resistant grade, corrosion-resistant grade, waterproof grade and food grade, etc., therefore, there is a high comprehensive demand for structural design, material application, craftsmanship and manufacturing processes. The Group has continued to deepen its relationship with its core customers and has established new business relationships with various large-scale consumer goods brands. The new factories for its business have commenced operation and are actively supporting the growth in customer demand for its products.

The percentages of total revenue by product categories for the Year and a comparison with corresponding period last year are as follows:

	<b>2024</b>	2023 (Re-presented)
i. Consumer Electronics Structural Components	<b>83.0%</b>	85.2%
ii. Household and Sports Goods	<b>17.0%</b>	14.8%

## PROSPECTS

As the external economic environment remains volatile and challenging, a sound financial position and ample liquidity are particularly crucial for the sustainable growth of the Group. The Group is continuously reviewing itself, with the primary objective of further stabilising the Group's foundation and enhancing competitiveness, and will continue to optimise and adjust its operating structure to respond flexibly to the changing industry trends.

The global smart handset market seems to have bottomed out but the outlook is still uncertain. The Group's handset casings business already covers various major handset brands in the world. However, given the different positioning of our brand customers, the fragmented focus of consumers and the intense competition in the market, we can only continue to strengthen our technological leadership and product innovation capabilities to enhance customer stickiness and provide more diversified casing and accessories for each new model of handset. Moreover, the uncertainty of market economic development not only affects the overall consumer sentiment, but also gives consumers more different considerations when upgrading their handsets. There is a trend of polarisation in consumer demand for handset products, i.e., consumers are more inclined towards high-end flagship models or entry-level models at competitive prices, the demand and supply in the mid-end handset market on which the Group currently focuses, may be affected. Besides, the downgrading of consumption in the PRC and the lack of consumption momentum will expose the Group to more intense competition in the industry. Facing the rapid changes in the market, the management of the Group will pay close attention to the market trend. In addition to continuous improvement and optimisation of internal management, improvement of product quality and production process through research and development, the Group will also consider more proactive marketing strategies to strengthen cooperation with major customers, maintain the existing market share and enhance the utilisation of its production capacity as much as possible in order to enhance its cash flow.

For the household and sports goods business, the Group will continue to leverage its core competencies in the three major tracks areas of outdoor sports, home living and healthcare. Apart from the existing giant brand customers in Europe and the United States, the Group has also established new business relationships with several giant consumer brand customers. At the same time, the Group has strengthened the construction of its "Product Design + Intelligent Manufacturing" system, and has efficiently promoted the joint development of "Plastic + Hardware". With material and design as the entry point, the Group will strengthen its advantages in mold design and manufacturing as well as intelligent manufacturing, link up with upstream and downstream industries, continue to implement refined production, optimise supply chain management, and promote the restructuring and upgrading of the industry.

The Group is aware of the keen competition in the market and will continue to proactively expand its businesses with an established scale and potential for development. Based on innovative technologies and processes, the Group will efficiently interact with its customers with the medium to long-term strategic objectives of continuously improving its diversified business matrix and increasing its participation in new products of major brands, prudently deploying its resources to continuously optimise its business portfolio, strengthening its control and improving the details of the production process, in order to fully utilize the leading technologies and excellent research and development team of the Group to drive the long-term sustainable development of its business scale and more effectively unlock the corresponding value of the Group's assets.

## **PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS**

The performance and the results of operation of the Group as set out in this interim results announcement are historical in nature and past performance is not a guarantee of future performance. This interim results announcement may contain certain statements that are forward-looking or the use of certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim results announcement of the Company; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

## **SUPPLEMENTARY INFORMATION**

### **Interim Dividend**

The Board does not recommend the payment of any interim dividend for the Period (2023: nil).

### **Purchase, Sale or Redemption of the Company's Securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Period.



## SHARE AWARD SCHEME

### Share Award Scheme Operated By The Company

The Company adopted a share award scheme on 17 January 2022 (the “Share Award Scheme”) under which the Directors may, from time to time, at its absolute discretion select any employee (other than excluded employee) for participation in the Share Award Scheme and determine the number of awarded shares to be awarded to the selected employee(s) at a price per awarded share not less than the higher of:

- (a) the par value of the share of the Company;
- (b) 50% of the closing price of the shares of the Company as quoted on the Stock Exchange on the grant date; and
- (c) 50% of the average of the closing prices of the shares of the Company as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the grant date.

The Board is entitled to impose any conditions, as it deems appropriate with respect to the entitlement of the selected employee to the awarded shares.

The purpose of the Share Award Scheme is to (i) establish a mechanism of “risk sharing and benefit sharing” between middle and senior management and the Group, so that the middle and senior management have the opportunity to share the results of the Group’s strategic development and organisational changes, and attract and retain core talents; (ii) establish an equity reward model linked to the Company’s overall value and personal performance indicators and achieve diversified and long-term rewards for middle and senior management; and (iii) attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of 10 years from 17 January 2022 unless terminated earlier by the Board and is administered by the Board and the trustee of the Share Award Scheme. The total number of shares to be awarded under the Share Award Scheme shall not exceed 10% of the total number of issued shares of the Company as at the adoption date of the Share Award Scheme. During the Period, a total of 2,100,000 awarded shares were returned due to the termination of employment of a selected employee. Such returned awarded shares are available for further grant pursuant to the Share Award Scheme. The number of awards available for grant under the Share Award Scheme as at 1 January 2023, 31 December 2023 and 30 June 2024 was 916,425,764, 917,425,764 and 919,525,764 respectively. The maximum number of shares of the Company which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the shares in issue of the Company from time to time.

The number of shares that may be issued in respect of the awarded shares granted under the Share Award Scheme during the six months ended 30 June 2024 and 2023, being 36,050,000 shares and 38,150,000 shares respectively, divided by the weighted average number of shares of the relevant class in issue for the respective period was approximately 0.37% and 0.39%.

As at the date of this announcement, the total number of shares available for issue under the Share Award Scheme was 36,050,000 (31 December 2023: 38,150,000), representing approximately 0.37% (2022: 0.39%) of the entire issued share capital of the Company as at the date of this announcement.

Nil awarded shares were granted under the Share Award Scheme during the six months ended 30 June 2024 and 2023.

### **Share Award Scheme Operated By A Subsidiary**

Tongda Chuang Zhi established and approved a restricted A share incentive scheme (“Incentive Scheme”) on 4 January 2024. The Incentive Scheme is designed to provide long-term incentives for middle level managers and above (excluding directors, supervisor, shareholders of Tongda Chuang Zhi who hold over 5% shares in Tongda Chuang Zhi and their direct family members) to deliver long-term shareholder returns.

The Incentive Scheme shall be valid not exceed 60 months from the date of completion of the registration of the first grant of the restricted A shares to the date when all these restricted A shares granted to the selected employee are released from restricted sale or repurchased and canceled. The total number of shares to be awarded under the Incentive Scheme did not exceed 10% of the total number of issued shares of Tongda Chuang Zhi at the announcement date of the Incentive Scheme. The maximum number of shares of Tongda Chuang Zhi which to be awarded to a selected employee under the Incentive Scheme did not exceed 1% of the shares in issue of Tongda Chuang Zhi at the announcement date of the Incentive Scheme.

Under the Incentive Scheme, 76 participants are granted 1,867,600 restricted A shares with a grant price of HK\$14.31 (equivalent to RMB13.10) per share on 4 January 2024.

The grant price was determined by not less then the higher of:

- (a) the par value of the share of Tongda Chuang Zhi;
- (b) 50% of the average price of the shares of Tongda Chuang Zhi as quoted on the Main Board of Shenzhen Stock Exchange on 1 day before the grant date; and
- (c) 50% of the average price of the shares of Tongda Chuang Zhi as quoted on the Main Board of Shenzhen Stock Exchange on 120 days before the grant date.

All these shares are restricted for sale until certain service and performance conditions are met.

## **Corporate Governance**

The Company has complied with all the applicable code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Part 2 of Appendix C1 to the Listing Rules, throughout the Period, except for the deviations as mentioned below.

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separated and should not be performed by the same individual. The Company does not have a separate chairman and chief executive and Mr. Wang Ya Nan currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. The current structure is considered to be the most appropriate under specific circumstances.

## **Changes in Directors’ Information**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors’ information since the date of the Company’s annual report for the year ended 31 December 2023 is set out below:

Mr. TING Leung Huel, Stephen has retired as independent non-executive director of Tong Ren Tang Technologies Co. Ltd (stock code: 1666) with effect from 12 June 2024.

## **Audit Committee**

The audit committee of the Company (the “AC”) comprises three independent non-executive Directors and one non-executive Director, namely Mr. Ting Leung Huel Stephen (“Mr. Ting”), Dr. Yu Sun Say, Mr. Cheung Wah Fung, Christopher and Ms. Chan Sze Man. Mr. Ting takes the chair of the AC. The term of reference of the AC are aligned with the recommendations as set out in “A Guide for Effective Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants and the CG Code. The AC provides accounting and financial advices and recommendations to the Board as well as monitor and safeguard the independence of external auditors and relevant auditing matters. Also, the AC is responsible for reviewing and supervising the risk management and internal control system of the Group.

The AC and the Company’s auditor had reviewed the unaudited interim results of the Group for the Period prior to the submission to the Board for approval.

## **Model Code of Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out under Appendix C3 to the Listing Rules (the “**Model Code**”) as the Company’s code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry of all Directors, that they have fully complied with the required standard set out in the Model Code throughout the Period.

## **Events after the Period**

There were no significant events affecting the Company or any of its subsidiaries after the end of the Period requiring disclosure in this announcement.

## **Publication of Interim Results Announcement and Interim Report**

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website at <http://www.tongda.com>. The full interim report will be made available on the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

Lastly, I would like to thank all the staff and the management team for their hard work during the Period. I would also like to express heartfelt gratitude to all of our customers and suppliers on behalf of the Group, and wish for their continuous supports in the future. We will keep working closely with our shareholders and employees to steer the Group to a more modernised and sophisticated level of operation, through which we aspire to turn to a new chapter in the Group’s development.

By Order of the Board  
**Tongda Group Holdings Limited**  
**Wang Ya Nan**  
*Chairman*

Hong Kong, 28 August 2024

*As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Hung Man, Mr. Wong Ming Sik, Mr. Wong Ming Yuet and Mr. Hui Wai Man as executive Directors; Ms. Chan Sze Man as non-executive Director; and Dr. Yu Sun Say, GBM, GBS, SBS, JP, Mr. Cheung Wah Fung, Christopher, GBS, SBS, JP, Mr. Ting Leung Huel, Stephen and Mr. Sze Irons, BBS, JP as independent non-executive Directors.*