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**TONGDA HONG TAI HOLDINGS LIMITED**

**通達宏泰控股有限公司**

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

**(Stock Code: 2363)**

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

**HIGHLIGHTS**

- Revenue of the Group decreased by approximately 55.3% to approximately HK\$21 million for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$47 million).
- The Group recorded a net loss for the six months ended 30 June 2024 of approximately HK\$23.7 million (six months ended 30 June 2023: approximately HK\$48.5 million).
- Basic and diluted loss per share for the six months ended 30 June 2024 was approximately HK6.39 cents (six months ended 30 June 2023: approximately HK7.13 cents).

The board (the “Board”) of directors (the “Directors”) of Tongda Hong Tai Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group” or “We”) 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>	<i>HK\$'000</i>
REVENUE	4	<b>21,181</b>	46,836
Cost of sales		<b>(27,628)</b>	(53,434)
Gross loss		<b>(6,447)</b>	(6,598)
Other expenses		<b>(1,053)</b>	(3,100)
Selling and distribution expenses		<b>(46)</b>	(1,258)
General and administrative expenses		<b>(5,183)</b>	(19,218)
Other operating expense, net		<b>(6,471)</b>	(17,944)
Finance costs		<b>(4,474)</b>	(395)
LOSS BEFORE TAX	5	<b>(23,674)</b>	(48,513)
Income tax expense	6	—	—
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<b>(23,674)</b>	(48,513)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	<b>(HK\$6.39 cents)</b>	(HK\$7.13 cents)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	(23,674)	(48,513)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to the income statement in subsequent periods:		
Exchange differences on translation of a foreign operation	<u>15,050</u>	<u>13,689</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	<u>(8,624)</u>	<u>(34,824)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 June 2024 <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	3	1,050
Right-of-use assets		<u>9,410</u>	<u>17</u>
Total non-current assets		<u>9,413</u>	<u>1,067</u>
<b>CURRENT ASSETS</b>			
Inventories	10	21,595	32,409
Trade and bills receivables	11	12,075	32,591
Prepayments, deposits and other receivables		10,104	11,949
Tax recoverable		1,177	808
Restricted bank balances		2,532	2,594
Cash and bank balances		<u>88,800</u>	<u>6,280</u>
Total current assets		<u>136,283</u>	<u>86,631</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	12	8,630	28,709
Other payables and accruals	13	225,295	218,913
Loans from and amounts due to related parties	14	8,213	8,250
Lease liabilities		<u>4,139</u>	<u>420</u>
Total current liabilities		<u>246,277</u>	<u>256,292</u>

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET CURRENT LIABILITIES	<u>(109,994)</u>	<u>(169,661)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(100,581)</u>	<u>(168,594)</u>
NON-CURRENT LIABILITIES		
Lease liabilities	5,043	1,441
Other payable	<u>65,299</u>	<u>63,164</u>
Total non-current liabilities	<u>70,342</u>	<u>64,605</u>
Net liabilities	<u>(170,923)</u>	<u>(233,199)</u>
DEFICIENCY		
Equity attributable to equity holders of the Company		
Issued capital	20,422	6,807
Deficit	<u>(191,345)</u>	<u>(240,006)</u>
Total deficit	<u>(170,923)</u>	<u>(233,199)</u>

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Tongda Hong Tai Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally involved in the manufacture and sale of casings of notebook and tablet. 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 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) 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.

#### Going concern assumptions

The Group incurred net loss of approximately HK\$23,674,000 (six months ended 30 June 2023: approximately HK\$48,513,000) for the Period. As at 30 June 2024, the Group had net current liabilities and net liabilities of approximately HK\$109,994,000 (31 December 2023: approximately HK\$169,661,000) and HK\$170,923,000 (31 December 2023: approximately HK\$233,199,000) respectively.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

The Interim Financial Statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 30 June 2024 and subsequently thereto up to the date when the Interim Financial Statements are authorised for issue. In order to improve the Group’s financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the Interim Financial Statements are authorised for issue, including but not limited to, the followings:

- (a) Successful implementation and completion of rights issue during the Period. Details of the rights issue are set out in the note 15 Note (b) to the Interim Financial Statements;
- (b) Implementing comprehensive policies to monitor cash flows through cutting costs and capital expenditure; and
- (c) One of the controlling shareholders of the Company has committed to provide continuous financial support to the Group as is necessary to enable the Group to meet its financial obligations as they fall due within the next twelve months from the date of report. Letter of financial support is obtained from this controlling shareholder.

The directors of the Company have reviewed the Group’s cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2024. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to write down the carrying amounts of the Group’s assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these Interim Financial Statements.

### 3. ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted are consistent with those adopted in the Group’s 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 HKFRS 16	Lease liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”) <sup>1,2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”) <sup>1,2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on demand Clause was revised to align the corresponding working with no change in conclusion

The adoption of the above revised HKFRSs has had no significant financial effect on the Group’s Interim Financial Information.

#### 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and the sales of the casings of notebooks and tablet. Almost all of the Group's products are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are attributable to a single reportable operating segment.

In addition, the Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, Mainland China, which is the Group's principal place of business and operations. Therefore, no analysis by geographical region is presented.

##### Information about major customers

Revenue derived from sales to individual customers which contribute over 10% of the total revenue of the Group is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	6,040	24,117
Customer B*	2,261	1,993
Customer C*	–	54
Customer D	4,827	13,966
Customer E	2,718	–
Customer F	2,993	–
	<u>18,839</u>	<u>40,130</u>

\* Revenue from the sales to Customer B and Customer C accounted for less than 10% to the total revenue of the Group for the six months ended 30 June 2023.



## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Cost of inventories sold	27,661	53,434
Depreciation of property, plant and equipment	3,208	5,978
Depreciation of right-of-use assets	1,980	2,549
Research and development costs	—	3,194
Employee benefit expense (excluding directors' remuneration):		
Salaries and wages	7,364	13,305
Pension scheme contributions	1,676	3,192
Impairment of inventories	724	—
Foreign exchange differences, net	7,321	15,412
	<u>27,661</u>	<u>85,064</u>

## 6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2023: Nil). No provision for profits tax in Mainland China has been made as the Group did not generate any assessable profits in Mainland China during the Period.

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

通達宏泰科技(蘇州)有限公司(Tongda HT Technology (Suzhou) Company Limited), as a High New Technology Enterprise, was subject to a preferential tax rate of 15% starting from the year ended 31 December 2022 for three years.

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Total current tax charge for the period from Mainland China	—	—
	<u>—</u>	<u>—</u>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by a subsidiary established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred tax assets have not been recognised in respect of these losses as directors consider that it is uncertain that whether sufficient taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

## 7. DIVIDENDS

The Directors do not recommend the payment of any interim dividend for the Period (six months ended 30 June 2023: Nil).

## 8. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss:		
Loss for the period attributable to owners of the Company used in the basic and diluted loss per share calculation	<b>23,674</b>	48,513
Weighted average number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>371,547,158</b>	680,746,914

The weighted average number of ordinary shares used in calculation during the Period includes reduction of 612,672,223 issued ordinary shares under the Shares Consolidation on 19 March 2024 and 136,149,382 newly issued ordinary shares from the issue of shares under the Rights Issue on 09 May 2024.

The weighted average number of ordinary shares used in calculation during the six months ended 30 June 2024 is the 680,746,914 ordinary shares in issue.

The Group had no potentially dilutive ordinary shares in issue during the Period and for the six months ended 30 June 2023.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired property, plant and equipment of approximately HK\$Nil (six months ended 30 June 2023: approximately HK\$1,153,000).

## 10. INVENTORIES

	<b>Unaudited</b> <b>30 June</b> <b>2024</b> <i>HK\$'000</i>	Audited 31 December 2023 <i>HK\$'000</i>
Raw materials	1,052	790
Work in progress	6,508	14,175
Finished goods	14,035	17,444
	<u>21,595</u>	<u>32,409</u>

## 11. 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	15,102	35,324
Impairment	(3,189)	(3,439)
	<u>11,913</u>	<u>31,885</u>
Bills receivable	162	706
	<u>12,075</u>	<u>32,591</u>

As at 30 June 2024, the Group has bills receivable of approximately HK\$162,000 (31 December 2023: approximately HK\$706,000) were measured at fair value through other comprehensive income as these trade and bills receivables are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to four months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. As at 30 June 2024, approximately 21.8% (31 December 2023: approximately 46.7%) of the total trade and bills receivables, and approximately 70.9% (31 December 2023: approximately 96.3%) 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 the end of the Period, based on the invoice date and net of provisions, is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 3 months	7,897	27,555
4 to 6 months, inclusive	2,531	4,014
7 to 9 months, inclusive	35	578
10 to 12 months, inclusive	1,610	444
Over 1 year	2	—
	<u>12,075</u>	<u>32,591</u>

The impairment of trade receivables included the amount of a specific trade receivable which is considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full.

No loss allowance was provided for bills receivable because management considers that there were minimal expected credit losses associated with the bills receivable in view of the fact that majority of these bills receivable were issued by creditworthy banks and the balances are not yet past due.

## 12. TRADE PAYABLES

The trade payables are non-interest bearing and are normally settled on terms of one to four months. An ageing analysis of the Group's trade payables as at the end of the Period, based on the invoice date, is as follows:

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 3 months	8,630	20,179
4 to 6 months, inclusive	—	1,276
7 to 9 months, inclusive	—	2,501
10 to 12 months, inclusive	—	1,461
Over 1 year	—	3,292
	<u>8,630</u>	<u>28,709</u>

### 13. OTHER PAYABLES AND ACCRUALS

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Other payables	<i>(a), (b)</i>	<b>289,237</b>	280,216
Accruals		<b>1,357</b>	1,861
Contract liabilities	<i>(b)</i>	<u>—</u>	<u>—</u>
		<b>290,594</b>	282,077
Less: Non-current portion for other payable	<i>(a), (c)</i>	<u><b>(65,299)</b></u>	<u>(63,164)</u>
Current portion		<u><b>225,295</b></u>	<u>218,913</u>

*Notes:*

- (a) One of the other payables recognised in current portion of HK\$181,055,000 (31 December 2023: HK\$181,055,000) is unsecured, bear interest at 4.75% (31 December 2023: 4.75%) per annum and repayable within one year. The corresponding accrued interest of HK\$15,858,000 (31 December 2023: HK\$11,559,000) is repayable within one year.
- (b) Contract liabilities include short-term advances received from customers to deliver casings of notebook and tablet.
- (c) As at 30 June 2024, other payable recognised in non-current portion of HK\$60,000,000 (31 December 2023: HK\$60,000,000) is unsecured, bear interest at 7.00% (31 December 2023: 7.00%) per annum and repayable after one year. The corresponding accrued interest of HK\$5,299,000 (31 December 2023: HK\$3,164,000) is repayable after one year.
- (d) The remaining other payables recognised in current portion are unsecured, non-interest-bearing and repayable on demand.

#### 14(A). LOANS FROM AND AMOUNTS DUE TO RELATED PARTIES

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Loan from Tongda Shishi Investment	<i>(a), (b)</i>	<b>5,350</b>	5,481
Loan from Mr. Wang Ya Nan	<i>(a)</i>	<b>2,400</b>	2,400
Amount due to Tongda Group International Limited	<i>(a), (b)</i>	<b>252</b>	168
Amount due to Tong Da General Holdings (HK) Limited	<i>(a), (b)</i>	<b>211</b>	201
		<b>8,213</b>	8,250

*Notes:*

- (a) Tongda Shishi Investment Consulting Company Limited (通達(石獅)投資諮詢有限公司) (“Tongda Shishi Investment”), Tongda Group International Limited and Tong Da General Holdings (HK) Limited are related companies controlled by Mr. Wang Ya Nan, a shareholder of the Company.
- (b) The balances of loan from Tongda Shishi Investment of HK\$5,350,000 and loan from Mr. Wang Ya Nan of HK\$2,400,000 are unsecured, bearing interest at 2% per annum and are repayable on demand. The remaining balances of amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

#### 14(B). AMOUNT DUE TO A RELATED PARTY

The amount due to a related party, Tongda Group International Limited, a company which Mr. Wang Ya Nan is a sole director, is unsecured, interest-free and are repayable on demand.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This interim report contains certain forward-looking statements with respect to the financial conditions, results of operations and the business of Tongda Hong Tai Holdings Limited (the “Company”, and together with its subsidiaries the “Group” or “We”). These forward-looking statements represent the Group’s expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Certain statements, that include wordings like “potential”, “estimated”, “expects”, “anticipates”, “objective”, “intends”, “plans”, “believes”, “estimates”, and similar expressions or variations on such expressions may be considered “forward-looking statements”.

Forward-looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ in some instances materially, from those anticipated or implied in any forward-looking statement. Forward-looking statements pertain only at the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events. Trends and factors that are expected to affect the Group’s results of operations are described in the section headed “Management Discussion and Analysis” below.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The board (the “Board”) of directors (the “Directors”) of the Company hereby presents the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 (the “Period”). The Group is a “one-stop” manufacturing solution provider of casings for notebooks and other accessories. During the Period, sales of casings for notebook continued to account for the largest proportion of the Group’s total sales.

During the Period, as the government restrictions of COVID-19 pandemic (the “Pandemic”) in various countries already eased, the previous surge in demand for personal computers (“PC”) brought by remote working and online classroom have been digested. Also, the global inflation surge, the increase in staff costs, the continual fluctuation of material prices due to the instability of supply chain, the shortage in the supply of semiconductors, and the continuing increase in competition in the market had all negatively impacted the operations of the Group. The consumer market and the global shipment volume of notebook were still being negatively impacted during the Period.

In last year, the Group had reformed the management team and organisational structure in order to increase the operational efficiency and to achieve a healthy operational cashflow. Such operation restructuring continued during the Period. However, the Group’s sales orders and production yield were negatively impacted by the aforesaid external unfavorable challenges. As a result, the Group’s sales for the Period declined when compared to same period last year. Nevertheless, the Group strongly believes that all the taken reform measures are on the right track to improve the Group’s future performance.

## **BUSINESS PROSPECTS**

During the Period, our world is full of challenges. Increasing geopolitical instability and associated risks, the surge of global inflation tackled by interest rate hike policy in many countries, and the significantly tightened currencies of various major economies, all these caused the international financial situations in more complex and volatile, which keep on restraining individual consumption and corporate spending during the Period. In order to improve the business operations and diverse the risks, the management of the Group will focus on monitoring and improving the Group's operating cash flow through continuing reassessing our projects, and continuously implement the tightened cost controls and adjustments on organization structure. The Group will continue to pay attention to the latest development trend of the market of notebook computers, explore the possibilities of relocating its production facilities to lower-cost areas such as South-East Asia and explore to capture business opportunities in the manufacturing of electric vehicles and their infrastructures as well as research and investment in innovative technology projects by making use of our existing production facilities and production techniques.

Given the tough industry challenges, the Group is confident that the business strategies outlined as aforesaid will set it on the trajectory for preserving and generating value to the shareholders of the Company, and will strive to explore more development opportunities to further improve its profitability and create better returns for its shareholders.

## **FINANCIAL REVIEW**

The Group's total revenue decreased by approximately 55.3%, from approximately HK\$47 million for the same period last year to approximately HK\$21 million during the Period. The decrease was mainly due to the operation restructuring of the Group commenced last year continued during the Period and the Group had carried on with its reassessment of its projects to improve the operating cashflow which resulted in less sales orders received.

During the Period, the Group recorded a gross loss of approximately HK\$6.4 million, as compared to a gross loss of approximately HK\$6.6 million for the same period last year, which was mainly due to the Group's production efficiency and yield were being impacted negatively by the aforesaid external unfavorable challenges while the operation restructuring commenced last year continued during the Period.

The Group's selling and distribution expenses decreased by approximately 61.5%, from approximately HK\$1.3 million for the same period last year to approximately HK\$0.5 million during the Period and was in line with the decrease in sales during the Period.

The Group's general and administrative expenses decreased by approximately 73.0%, from approximately HK\$19.2 million for the same period last year to approximately HK\$5.2 million during the Period. The decrease was due to the decrease in salary expenses and research and development expenses.



The Group's finance costs increased from approximately HK\$0.4 million for the same period last year to approximately HK\$4.5 million for the Period. The increase in finance costs was mainly attributable to the increase in finance costs paid for interests on loans from independent third parties.

The Group's other expenses, decreased by approximately 64.5%, recorded approximately HK\$1.1 million for the Period, as compared to other expenses of approximately HK\$3.1 million for the same period last year, which was due to the reduction in the loss in the sales of scrap materials during the Period.

The Group's other operating expenses, net, decreased by approximately 63.7%, from approximately HK\$17.9 million for the same period last year to approximately HK\$6.5 million for the Period, which was due to decrease in impairment of property, plant and equipment and decrease in exchange loss due to depreciation of Renminbi for the Period.

As a result of the foregoing, the Group's loss for the Period attributable to equity holders of the Company amounted to approximately HK\$23.7 million, as compared with a loss of approximately HK\$48.5 million for the same period last year. Basic loss per share attributable to equity holders of the Company was approximately HK\$6.39 cents for the Period as compared with basic loss per share attributable to equity holders of the Company of approximately HK7.13 cents for the same period last year.

The Group's inventory turnover days increased from approximately 165.2 days for the year ended 31 December 2023 to approximately 178.1 days for the Period, the increase reflects the effective of measures to improve operating cash flow.

The Group's trade and bills receivables turnover days increased from approximately 180.7 days for the year ended 31 December 2023 to approximately 192.4 days for the Period. The increase reflects the effective of measures to improve operating cash flow.

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

As at 30 June 2024, the Group had cash and bank balances of approximately HK\$88.8 million (31 December 2023: approximately HK\$6.3 million), which were denominated in USD, HK\$ and RMB.

As at 30 June 2024, the Group had restricted bank balances of approximately HK\$2.5 million (31 December 2023: approximately HK\$2.6 million).

As at 30 June 2024, the Group had no interest-bearing bank borrowings payable within one year (31 December 2023: HK\$Nil).

As at 30 June 2024, the Group had no interest-bearing bank borrowings payable more than one year (31 December 2023: HK\$Nil).

As at 30 June 2024, the Group had interest-bearing loans from independent third parties of approximately HK\$262.2 million (31 December 2023: approximately HK\$255.8 million).

As at 30 June 2024, the Group had interest bearing loans from a related party and one of the controlling shareholders of approximately HK\$7.9 million (31 December 2023: approximately HK\$7.9 million).

Average trade and bills receivable turnover days as at 30 June 2024 was approximately 192.4 days (31 December 2023: approximately 180.7 days).

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to four months. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Average inventory turnover days as at 30 June 2024 was approximately 178.4 days (31 December 2023: approximately 165.2 days). Overall, the current ratio of the Group as at 30 June 2024 was approximately 0.55 (31 December 2023: approximately 0.34).

As at 30 June 2024, the gearing ratio was approximately 104.8% (31 December 2023: approximately 109.4%).

Gearing ratio is calculated based on total borrowings (i.e. certain other payable with interest-bearing classified as current and non-current portion and loans from and amounts due to related parties) less total cash and bank balances (including restricted bank balances) divided by total equity attributable to equity holders of the Company as at Period-end date and expressed as a percentage.

The Group's operations were mainly financed by internal resources including but not limited to existing cash and cash equivalents, cash flow from its operating activities, the net proceeds generated from the Listing and loans from and amounts due to related parties. The Board believes that the Group's liquidity needs will be satisfied.

## **CAPITAL EXPENDITURE**

The Group incurred capital expenditure of approximately HK\$Nil during the Period (31 December 2023: approximately HK\$1.2 million), which was mainly for the additions and expansions of property, plant and equipment. Management believes that the Group's ability to invest in capital expenditure in timely anticipation of demand is a competitive advantage of the Group.

## **FOREIGN EXCHANGE**

Given the increasingly international nature of our operations and business coverage, the Group faces foreign exchange exposure including transaction and translation exposure. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange contracts. The Group has not entered nor will it enter into any derivative transactions for speculative trading purposes as at 30 June 2024 (31 December 2023: Nil).

## **SIGNIFICANT INVESTMENTS HELD**

The Group had not held any significant investments during the Period.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the Period, the Group did not have any material acquisitions and disposal of subsidiaries, associates and joint ventures.

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group did not have any significant contingent liabilities (31 December 2023: Nil).

## **EMPLOYEE INFORMATION**

As at 30 June 2024, the Group employed a total of 22 permanent employees, who are mainly employees in production department, down from 99 as at 30 June 2023. Total employee benefit expenses including Directors' remuneration for the Period were approximately HK\$2.0 million, as compared to approximately HK\$16.9 million in the same period last year. Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. The management regularly reviews the Group's remuneration policy and appraises the work performance of its staff. Employee remuneration includes salaries, allowances, bonuses, social insurance and mandatory pension fund contribution. As required by the relevant regulations in the PRC, the Group participates in the social insurance schemes operated by the relevant local government authorities. Our employees in Hong Kong participate in the mandatory provident fund scheme.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the Period (six months ended 30 June 2023: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **CORPORATE GOVERNANCE CODE**

During the Period and up to the date of this announcement, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, the Directors have fully complied with the required standards set out in the Model Code during the Period.

## **AUDIT COMMITTEE**

As at the date of this announcement, the audit committee of the Company (the “Audit Committee”) consists of three independent non-executive Directors including Mr. Chan Shiu Man, Mr. Wan, Aaron Chi Keung and Mr. Chan Luk On. Mr. Chan Shiu Man is the chairman of the Audit Committee.

The Audit Committee has reviewed with the management of the Company the accounting principles and policies adopted by the Group, and the financial information of the Group, the unaudited interim results announcement of the Company for the Period and this report, and considered that they were prepared in compliance with the relevant accounting standards and that adequate disclosures have been made.

## **EVENTS AFTER THE PERIOD**

There were no significant events affecting the Company nor 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.tongdahongtai.com>. The full interim report will be made available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Tongda Hong Tai Holdings Limited**  
**Lee King On Jeff**  
*Executive Director*

Hong Kong, 29 August 2024

*As at the date of this announcement, the executive Directors are Mr. Wong Ming Li, Mr. Lee King On Jeff and Mr. Wang Ming Zhi; and the independent non-executive Directors are Mr. Chan Shiu Man, Mr. Wan, Aaron Chi Keung and Mr. Chan Luk On.*