

Interim Report 2024

TONGDA HONG TAI HOLDINGS LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Ming Li
(Chief Executive Officer)
Mr. Lee King On Jeff
Mr. Wang Ming Zhi

Independent Non-executive Directors

Mr. Chan Shiu Man
Mr. Wan, Aaron Chi Keung
Mr. Chan Luk On

AUDIT COMMITTEE

Mr. Chan Shiu Man *(Chairman)*
Mr. Wan, Aaron Chi Keung
Mr. Chan Luk On

REMUNERATION COMMITTEE

Mr. Wan, Aaron Chi Keung *(Chairman)*
Mr. Chan Shiu Man
Mr. Chan Luk On

NOMINATION COMMITTEE

Mr. Chan Shiu Man *(Chairman)*
Mr. Wan, Aaron Chi Keung
Mr. Chan Luk On

COMPANY SECRETARY

Mr. Lee King On Jeff

AUDITOR

D & Partners CPA Limited
*Public Interest Entity Auditor registered
in accordance with the Accounting
and Financial Reporting Council
Ordinance*
2201, 22/F, West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Lee King On Jeff
Mr. Wong Ming Li

PRINCIPAL BANKERS

In Hong Kong:
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank
(Hong Kong) Limited

In the PRC:
United Overseas Bank (China) Limited
Suzhou Branch
China Construction Bank
Changshu Branch

LEGAL ADVISERS

As to Hong Kong laws:
CFN Lawyers in association with
Broad & Bright

As to PRC laws:
Jiangsu New Talent (Changshu)
Law firm

As to Cayman Islands laws:
Conyers Dill & Pearman, Cayman

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Shui On Centre, 6-8 Harbour Road
Wanchai, Hong Kong
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Website: <http://www.tongdahongtai.com>
Email: info@tongdahongtai.com

LISTING INFORMATION

Listed on the Hong Kong Stock
Exchange (Main Board)
Stock short name: Tongda Hong Tai
Stock code: 2363
Board lot: 5,000 shares
Listing date: 16 March 2018
(the "Listing Date")

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

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 notebook and tablet computer and components. 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.

From year 2021, 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 aforesaid operation restructuring of the Group 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 aforesaid operation restructuring 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.

CHARGE ON GROUP ASSETS

As at 30 June 2024, the Group had no charges on Group's assets.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
	Notes	2024	2023
		HK\$'000	HK\$'000
REVENUE	4	21,181	46,836
Cost of sales		(27,628)	(53,434)
Gross loss		(6,447)	(6,598)
Other expenses		(1,053)	(3,100)
Selling and distribution expenses		(46)	(1,258)
General and administrative expenses		(5,183)	(19,218)
Other operating expense, net		(6,471)	(17,944)
Finance costs		(4,474)	(395)
LOSS BEFORE TAX	5	(23,674)	(48,513)
Income tax expense	6	-	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(23,674)	(48,513)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	8	(HK\$6.39 cents)	(HK\$7.13 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
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	6,983	13,689
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	(16,691)	(34,824)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	3	1,050
Right-of-use assets		9,410	17
Total non-current assets		9,413	1,067
CURRENT ASSETS			
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		88,800	6,280
Total current assets		136,283	86,631
CURRENT LIABILITIES			
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		4,139	420
Total current liabilities		246,277	256,292

	Notes	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
NET CURRENT LIABILITIES		(109,994)	(169,661)
TOTAL ASSETS LESS CURRENT LIABILITIES		(100,581)	(168,594)
NON-CURRENT LIABILITIES			
Lease liabilities		5,043	1,441
Other payable		65,299	63,164
Total non-current liabilities		70,342	64,605
Net liabilities		(170,923)	(233,199)
DEFICIENCY			
Equity attributable to equity holders of the Company Issued capital	15	20,422	6,807
Deficit		(191,345)	(240,006)
Total deficit		(170,923)	(233,199)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited six months ended 30 June 2024 Attributable to equity holders of the Company

	Issued capital HK\$'000 (Note 15)	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve fund HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated Loss HK\$'000	Total deficit HK\$'000
At 1 January 2024	6,807	186,233	200,706	16,031	(4,853)	(638,123)	(233,199)
Loss for the period	-	-	-	-	-	(23,674)	(23,674)
Other comprehensive income for the period:							
Exchange differences on translation of a foreign operation	-	-	-	-	6,983	-	6,983
Total comprehensive income/ (expense) for the period	-	-	-	-	6,983	(23,674)	(16,691)
Issue of new shares under Rights Issue	13,615	65,352	-	-	-	-	78,967
At 30 June 2024	20,422	251,585*	200,706*	16,031*	2,130*	(661,797)*	(170,923)

Unaudited six months ended 30 June 2023 Attributable to equity holders of the Company

	Issued capital HK\$'000 (Note 15)	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserve fund HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated Loss HK\$'000	Total deficit HK\$'000
At 1 January 2023	6,807	186,233	200,706	16,031	(12,919)	(600,277)	(203,419)
Loss for the period	-	-	-	-	-	(48,513)	(48,513)
Other comprehensive income for the period:							
Exchange differences on translation of a foreign operation	-	-	-	-	13,689	-	13,689
Total comprehensive income/ (expense) for the period	-	-	-	-	13,689	(48,513)	(34,824)
Issue of new shares under Rights Issue	-	-	-	-	-	-	-
At 30 June 2023	6,807	186,233*	200,706*	16,031*	770*	(648,790)*	(238,243)

* These reserve accounts comprise the consolidated deficit of approximately HK\$191,350,000 (six months ended 30 June 2023: reserves of approximately HK\$245,050,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	6,448	798
Interest paid	(173)	(394)
Net cash flows generated from operating activities	6,275	404
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	46	9
Proceeds from disposal of items of property, plant and equipment	1,047	260
Purchases of items of property, plant and equipment	–	(1,153)
Decrease in long term deposits	–	514
Decrease in restricted bank balances	62	1,330
Exchange realignment	16	–
Net cash flows generated from investing activities	1,171	960

Unaudited
Six months ended 30 June

	2024	2023
	HK\$'000	HK\$'000

CASH FLOWS FROM FINANCING ACTIVITIES

New bank loans	-	-
Repayment of bank loans	-	-
Principal elements of lease payments	(4,024)	(5,350)
Increase in loans from related parties	94	-
Increase in amount due to a related company	-	84
Proceeds from placing of new shares	-	-
Proceeds from issue of new shares under Rights Issue	78,967	-
Exchange realignment	(242)	-

Net cash flows generated from /(used in) financing activities	74,795	(5,266)
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NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	82,241	(3,902)
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Cash and cash equivalents at beginning of period	6,280	7,603
Effect of foreign exchange rate changes, net	279	(1,488)

CASH AND CASH EQUIVALENTS AT END OF PERIOD	88,800	2,213
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**ANALYSIS OF BALANCES OF CASH AND
BANK BALANCES**

Cash and bank balances	91,332	4,008
Less: Restricted bank balances	(2,532)	(1,795)

	88,800	2,213
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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 computer and components in mainland China. 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.

2. BASIS OF PRESENTATION *(continued)*

Going concern assumptions *(continued)*

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.

2. BASIS OF PRESENTATION *(continued)*

Going concern assumptions *(continued)*

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 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") ^{1,2}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments") ^{1,2}
Amendments to HKAS 7 and HKFRS 7	Statement of Cash Flows and Supplier Finance Arrangements ²
Amendments to HKAS 21	The effects of changes in foreign exchange rates: lack of exchangeability ³

¹ Effective for annual periods beginning on or after 1 January 2024

² 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

³ Effective for annual periods beginning on or after 1 January 2025

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 computer and components in mainland China. 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
	HK\$'000	HK\$'000
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	–
	18,839	40,130

* 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
Foreign exchange differences, net	7,321	15,412

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.

6. INCOME TAX (continued)

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	-	-
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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:

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

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

11. TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Trade receivables	15,102	35,324
Impairment	(3,189)	(3,439)
	11,913	31,885
Bills receivable	162	706
	12,075	32,591

11. TRADE AND BILLS RECEIVABLES *(continued)*

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.

11. TRADE AND BILLS RECEIVABLES *(continued)*

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:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
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	–
	12,075	32,591

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:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
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
	8,630	28,709

13. OTHER PAYABLES AND ACCRUALS

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

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 computer and components in mainland China.
- (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

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

15. ISSUED CAPITAL

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Authorised:		
600,000,000 (31 December 2023:		
1,000,000,000) ordinary shares of		
HK\$0.1 each (31 December 2023:		
HK\$0.01 each)	60,000	10,000
Issued and fully paid:		
204,224,073 (31 December 2023:		
680,746,914) ordinary shares of		
HK\$0.1 each (31 December		
2023:HK\$0.01 each)	20,422	6,807

15. ISSUED CAPITAL *(continued)*

A summary of movements in the Company's authorised and issued share capital is as follows:

	Notes	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised:			
At 31 December 2023, 1 January 2024		1,000,000,000	10,000
Shares Consolidation	(a)	(900,000,000)	
Addition	(a)	500,000,000	50,000
At 30 June 2024		600,000,000	60,000
Issued and fully paid:			
At 31 December 2023, 1 January 2024		680,746,914	6,807
Shares Consolidation	(a)	(612,672,223)	
Issuance of shares upon Rights issue	(b)	136,149,382	13,615
At 30 June 2024		204,224,073	20,422

15. ISSUED CAPITAL *(continued)*

Note (a)

Effective on 19 March 2024, a Shares Consolidation of every ten (10) issued and unissued Existing shares of par value HK\$0.01 each into one (1) Consolidated Share of par value HK\$0.1 each. Immediately following the Shares Consolidation having become effective on 19 March 2024, the authorised share capital of the Company was increased from HK\$10,000,000 divided into 1,000,000,000 Existing Shares to HK\$60,000,000 divided into 600,000,000 Consolidated Shares by the creation of an additional 500,000,000 new Consolidated Shares, details of which were disclosed in the Company's circular dated 29 February 2024.

Note (b)

Effective on 09 May 2024, allotment and issuance of rights shares on the basis of two rights shares for every one Consolidated share at HK\$0.58 per rights share according to the Company's announcement dated 12 January 2024, the circular dated 29 February 2024, the prospectus dated 28 March 2024 and the announcements dated 26 April 2024 and 8 May 2024. Based on the acceptance results of the Rights Issue and the Placing results of the Compensatory Arrangements, the Rights Shares (including the Placing Shares) to be allotted and issued amounted to 136,149,382 Shares, representing 100% of the total number of Rights Shares offered for subscription under the Rights Issue.

16. COMMITMENTS

The Group had the following capital commitments contracted but not provided for as at 30 June 2024:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	–	1,206

17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2024.

18. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following transactions with related parties during the Period:

	Notes	Unaudited Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Lease payments to Tongda Group	(i)	84	84

18. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

- (i) During the Period, rental payment of HK\$84,000, in relation to a lease with Tongda Group International Limited (“Tongda Group”), of which Mr. Wang Ya Nan is a key management, were charged to the consolidated income statement.

(b) Compensation of key management personnel of the Group

	Unaudited Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Short term employee benefits	997	985
Post-employment benefits	37	163
Total compensation paid to key management personnel	1,034	1,148

19. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

19. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Management has assessed that the fair values of cash and bank balances, restricted bank balances, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, loans from and amounts due to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Group's financial controller. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

19. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At at 30 June 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Debt investments at fair value through other comprehensive income – Bills receivable	-	162	-	162

19. FAIR VALUE AND FAIR VALUE HIERARCHY (continued)

Fair value hierarchy (continued)

At at 31 December 2023

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Debt investments at fair value through other comprehensive income – Bills receivable	–	706	–	706

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2023: Nil).

20. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by of the Directors on 29 August 2024.

SUPPLEMENTARY INFORMATION

INTERIM DIVIDEND

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of The Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Listing Rules (the "Model Code") were as follows:

Long positions in shares of the Company

Name of shareholder	Nature of interest	Number of shares interested	Percentage of shareholding in the Company
Mr. Wang Ya Nan (former Non-executive Director) (Note 1)	Beneficial owner Interest of controlled corporation	0 18,704,481	0.00% 9.16%

Note:

1. 18,704,481 shares are beneficially held by Landmark Worldwide Holdings Limited (“Landmark Worldwide”). The issued share capital of Landmark Worldwide is beneficially owned as to 25% by each Messrs. Wong Ah Yeung, Wang Ya Hua, Wong Ah Yu and Wang Ya Nan. As Mr. Wong Ming Li, an executive Director and the chief executive officer of the Group, is the nephew of Mr. Wang Ya Nan and the son of Mr. Wong Ah Yu, Landmark Worldwide and the parties acting in concert to it are deemed as an associate of Mr. Wong Ming Li.

Save as disclosed above, as at 30 June 2024, there were no other interests or short positions of the Directors in the shares or underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) or pursuant to section 352 of the SFO, required to be recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the following persons/entities (other than the Directors or the chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company were as follows:

Long positions in shares of the Company

Name of shareholder	Nature of interest	Number of shares interested	Percentage of share holding in the Company
Mr. Wong Ah Yeung (Note 1)	Beneficial owner Interest of controlled corporation	0 18,704,481	0.00% 9.16%
Mr. Wong Ah Yu (Note 1)	Beneficial owner Interest of controlled corporation	0 18,704,481	0.00% 9.16%
Mr. Wang Ya Hua (Note 1)	Beneficial owner Interest of controlled corporation	0 18,704,481	0.00% 9.16%
Landmark Worldwide (Note 1)	Beneficial owner	18,704,481	9.16%
Leung Ho Chi (Note 2)	Interest of controlled corporations	40,833,611	19.99%

Note:

- 18,704,481 shares are beneficially held by Landmark Worldwide Holdings Limited. The issued share capital of Landmark Worldwide Holdings Limited is beneficially owned as to 25% by each Messrs. Wong Ah Yeung, Wang Ya Hua, Wong Ah Yu and Wang Ya Nan.
- 10,200,000 shares are beneficially held by Hong Kong Education and Culture Centre Limited (“HKECCL”), a company incorporated in Hong Kong with limited liability. 30,633,611 shares are beneficially held by Dashing Vision Limited (“Dashing”), a company incorporated in the British Virgin Islands with limited liability. Leung Ho Chi is deemed to be interested in all the shares held by HKECCL and Dahshing under the SFO.

Save as disclosed above, as at 30 June 2024, the Company has not been notified by any persons/entities (other than the Directors or the chief executive of the Company) who held an interest or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the section headed "Share Option Scheme" below, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debenture of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolutions of the sole shareholder passed on 8 February 2018. The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, offer to grant an option to subscribe for the shares subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as they may think fit, to the following persons (the “Eligible Participants”): (a) any full-time or part-time employees, executives or officers of the Company; (b) any director (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, service providers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Directors, will contribute or have contributed to the Group.

An option shall have been accepted by an Eligible Participant within 21 days from the date of the offer of grant of the option. A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group) to be granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the Shares in issue from time to time. Details of the Share Option Scheme are set out in the section “STATUTORY AND GENERAL INFORMATION – D. SHARE OPTION SCHEME” of the SHARE OFFER prospectus of the Company dated 28 February 2018. No options may be granted under the Share Option Scheme or any other share option schemes of the Group if this will result in the limit being exceeded. No share options had been granted by the Company under the Share Option Scheme up to the date of this report.

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.

USE OF NET PROCEEDS FROM THE LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on 16 March 2018. Net proceeds from the Listing (after deducting underwriting fee and relevant expenses payable by the Group in connection with the Listing) amounted to approximately HK\$48.5 million. As at 30 June 2024, a total amount of approximately HK\$42.9 million out of the net proceeds had been used by the Group and the unutilised amount will be used by the Group according to the allocation as set out in the Company's prospectus dated 28 February 2018.

The following sets forth a summary of the utilisation of the net proceeds:

Purpose	Percentage to total amount	Net proceeds HK\$ million	Utilised	Unutilised	Expected timeline of full utilisation of the balance
			amount (as at 30 June 2024) HK\$ million	amount (as at 30 June 2024) HK\$ million	
Lease of factory (Note 1)	15.1%	7.3	1.7	5.6	2024-2026
Refurbish the new factory	19.9%	9.6	9.6	-	-
Capital expenditure for additional production facilities and machineries	46.2%	22.4	22.4	-	-
Capital expenditure on enhancing the automation in the Group's manufacturing process	16.1%	7.8	7.8	-	-
Additional effort in sales and marketing activities	0.3%	0.2	0.2	-	-
Enhancement of research and development capabilities	2.4%	1.2	1.2	-	-
Total	100%	48.5	42.9	5.6	

Note:

1. The lease of the factory is for a term of three years, and therefore the remaining balance of approximately HK\$5.6 million is expected to be fully utilised by the year 2024 to 2026.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 08 May 2024, the Group completed the rights issue on the basis of two rights shares for every one consolidated ordinary share of the Company at the subscription price of HK\$0.58 per rights share, the net proceeds from the rights issue, after deducting the estimated expenses of approximately HK\$3.0 million (including but not limited to placing commission, legal expenses and disbursements), are approximately HK\$76.0 million. The Company intends to apply the net proceeds to (i) approximately HK\$70.0 million for repayment of loans and other payables of the Group; and (ii) approximately HK\$6.0 million as general working capital of the Group. As of 30 June 2024, the said net proceeds has not been fully utilised as intended.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float for the Period and up to the date of this report.

CORPORATE GOVERNANCE CODE

During the Period and up to the date of this report, 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 report, 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 report.

PUBLICATION OF INTERIM REPORT

This report is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company’s website at <http://www.tongdahongtai.com>.

BOARD OF DIRECTORS

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

By order of the Board

Tongda Hong Tai Holdings Limited

Lee King On Jeff

Executive Director

Hong Kong, 29 August 2024