

Interim Report

TONGDA GROUP HOLDINGS LIMITED

2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Ya Nan (*Chairman*)
Mr. Wang Hung Man (*Vice Chairman*)
Mr. Wong Ming Sik
Mr. Wong Ming Yuet
Mr. Hui Wai Man

Non-executive Director

Ms. Chan Sze Man

Independent Non-executive Directors

Dr. Yu Sun Say, *GBM, GBS, SBS, JP*

Mr. Cheung Wah Fung, Christopher,
GBS, SBS, JP

Mr. Ting Leung Huel Stephen,
*MH, FCCA, FCPA (PRACTISING), ACA,
CTA (HK), FHKIoD*

Mr. Sze Irons, *BBS, JP*

AUDIT COMMITTEE

Mr. Ting Leung Huel Stephen
(*Chairman*)

Dr. Yu Sun Say

Mr. Cheung Wah Fung, Christopher

Ms. Chan Sze Man

REMUNERATION COMMITTEE

Mr. Ting Leung Huel Stephen
(*Chairman*)

Mr. Wang Ya Nan

Dr. Yu Sun Say

Mr. Cheung Wah Fung, Christopher

NOMINATION COMMITTEE

Mr. Wang Ya Nan (*Chairman*)

Dr. Yu Sun Say

Mr. Cheung Wah Fung, Christopher

Mr. Ting Leung Huel Stephen

COMPANY SECRETARY

Mr. Chan Paan Paan

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. Wang Hung Man

Mr. Chan Paan Paan

PRINCIPAL BANKERS

In Hong Kong:

Hang Seng Bank Limited

The Bank of East Asia

Bank of China (Hong Kong) Limited

In the PRC:

Bank of China Limited

Industrial Bank

Industrial Commercial Bank of China

China Construction Bank Corporation

China Merchant Bank

LEGAL ADVISERS

As to Hong Kong laws:

Michael Li & Co.

As to PRC laws:

DeHeng Law Offices (Xiamen)

As to Cayman Islands laws:

Conyers Dill & Pearman, Cayman

INVESTOR RELATIONS

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Hong Kong

REGISTERED OFFICE

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Cricket Square

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P.O. Box 2681GT

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Grand Cayman

Cayman Islands

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Wanchai, Hong Kong

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LISTING INFORMATION

Listed on the Hong Kong Stock

Exchange (Main Board)

Stock short name: Tongda Group

Stock code: 698

Board lot: 10,000 shares

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

Royal Bank of Canada Trust Company

(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road

George Town

Grand Cayman KY1-1110

Cayman Islands

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Interim Report 2024 contains certain forward-looking statements with respect to the financial conditions, results of operations and business of Tongda Group Holdings Limited (the “Company”, and together with its subsidiaries the “Group”). 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 speak 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

FINANCIAL REVIEW

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

Revenue

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

Gross Profit and Margin

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

Other income and gains, net

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

Selling and distribution expenses

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

General and administrative expenses

General and administrative expenses increased by approximately 30.2% or approximately HK\$152.0 million from approximately HK\$503.5 million in the corresponding period last year to approximately HK\$655.5 million during the Period, accounting for approximately 22.0% of the Group's revenue, which was approximately 5.1 percentage points higher than that for the corresponding period last year of 16.9%. The increase in general and administrative expenses was mainly due to the increase in research and development ("R&D") expenses during the Period as compared to the same period last year. The increase in overall R&D

expenses not only resulted from the development of new materials and products as required by customers due to the increase in orders, to cope with the fierce competition in the market, the Group also invests in R&D to enhance efficiency, automation and product improvement, etc. to maintain its competitiveness and gross profit margin. Besides, the Group's early repayment of a significant portion of long-term bank loans during the Period has led to the increase in the general and administrative expenses as a result of the legal and arrangement fees directly related to these long-term bank loans which were previously amortised over the remaining life of these loans being wholly recognised in the profit or loss account of the Group at the time of early repayment during the Period.

Other operating expenses, net

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

Finance costs

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

CAPITAL EXPENDITURE

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

TREASURY POLICY

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

CHARGES ON GROUP ASSETS

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

HUMAN RESOURCES

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

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

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

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

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

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

GEARING RATIO AND INDEBTEDNESS

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

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

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

BUSINESS REVIEW

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

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

BUSINESS SEGMENTS

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

(a) Consumer electronics structural components

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

(b) Household and sports goods

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

Consumer Electronics Structural Components

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

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

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

Household and Sports Goods

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

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

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

PROSPECTS

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

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



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

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS



TO THE BOARD OF DIRECTORS OF TONGDA GROUP HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of Tongda Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 19 to 63, which comprises the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with HKAS 34.

D & PARTNERS CPA LIMITED

Certified Public Accountants

Hong Kong
28 August 2024

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited	
		Six months ended 30 June 2024 HK\$'000	2023 HK\$'000 (Re-presented)
REVENUE	4	2,986,005	2,975,627
Cost of sales		(2,361,167)	(2,387,387)
Gross profit		624,838	588,240
Other income and gains, net		70,575	79,755
Selling and distribution expenses		(32,246)	(30,146)
General and administrative expenses		(655,541)	(503,543)
Net gain on disposal of subsidiaries	7(b)	146,420	–
Other operating expenses, net		(16,205)	(2,712)
Finance costs		(75,001)	(86,654)
Share of profits/(losses) of associates		(5,864)	1,661
PROFIT BEFORE TAX	5	56,976	46,601
Income tax expense	6	(20,680)	(14,223)
PROFIT FOR THE PERIOD		36,296	32,378
Attributable to:			
Owners of the Company		12,842	19,377
Non-controlling interests		23,454	13,001
		36,296	32,378
EARNINGS PER SHARE			
ATTRIBUTABLE TO OWNERS OF THE COMPANY	10		
– Basic		HK0.13 cents	HK0.20 cents
– Diluted		HK0.13 cents	HK0.20 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Notes	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	15	2,125,029	1,836,766
Accrued liabilities and other payables		345,618	294,756
Interest-bearing bank and other borrowings	16	569,249	1,878,213
Lease liabilities		1,909	5,285
Tax payable		94,849	93,596
		3,136,654	4,108,616
Liabilities classified as held for sale		–	964,252
Total current liabilities		3,136,654	5,072,868
NET CURRENT ASSETS		2,397,636	2,960,689
TOTAL ASSETS LESS CURRENT LIABILITIES		7,397,136	8,229,862
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	16	350,623	1,065,488
Other payables		88,342	77,443
Lease liabilities		23,064	24,729
Deferred tax liabilities		58,237	58,706
Total non-current liabilities		520,266	1,226,366
Net assets		6,876,870	7,003,496

		Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
	Notes		
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	17	97,356	97,356
Reserves		6,465,427	6,585,468
		6,562,783	6,682,824
NON-CONTROLLING INTERESTS			
		314,087	320,672
Total equity		6,876,870	7,003,496

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited six months ended 30 June 2024

Attributable to owners of the Company

	Share capital	Share premium account	Share award reserve	Capital reserve	Asset revaluation reserve	Statutory reserve	Capital redemption reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	97,356	1,780,859	3,484	280,545	40,964	633,203	884	(551,475)	4,417,004	6,682,824	320,672	7,003,496
Profit for the period	-	-	-	-	-	-	-	-	12,842	12,842	23,454	36,296
Other comprehensive expense for the period:												
Loss on property revaluation, net of tax	-	-	-	-	(3,398)	-	-	-	-	(3,398)	-	(3,398)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(175,983)	-	(175,983)	(15,682)	(191,665)
Release of exchange reserve upon disposal of subsidiaries	-	-	-	-	-	-	-	58,671	-	58,671	-	58,671
Total comprehensive expense for the period	-	-	-	-	(3,398)	-	-	(117,312)	12,842	(107,868)	7,772	(100,096)
Share award expense	-	-	747	-	-	-	-	-	-	747	-	747
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(33,865)	(33,865)
Issue of restricted shares under share award scheme of a subsidiary	-	-	-	3,749	-	-	-	773	-	4,522	2,066	6,588
Net contribution from non-controlling shareholders of a subsidiary	-	-	-	(17,442)	-	-	-	-	-	(17,442)	17,442	-
Release of statutory reserve upon disposal of subsidiaries	-	-	-	-	-	(70,896)	-	-	70,896	-	-	-
As at 30 June 2024	97,356	1,780,859*	4,231*	246,852*	37,566*	562,307*	884*	(668,014)*	4,500,742*	6,562,783	314,087	6,876,870

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

	Share capital HK\$'000	Share premium account HK\$'000	Share award reserve HK\$'000	Capital reserve HK\$'000	Asset revaluation reserve HK\$'000	Statutory reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023	97,193	1,777,033	3,636	(200,960)	41,761	621,220	884	(406,599)	5,668,643	7,562,811	68,025	7,630,836
Profit for the period	-	-	-	-	-	-	-	-	19,377	19,377	13,001	32,378
Other comprehensive expense for the period:												
Loss on property revaluation, net of tax	-	-	-	-	(1,110)	-	-	-	-	(1,110)	-	(1,110)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(310,059)	-	(310,059)	(29,073)	(339,132)
Total comprehensive income/(expense) for the period	-	-	-	-	(1,110)	-	-	(310,059)	19,377	(291,792)	(16,072)	(307,864)
Issue new shares under Share Award	163	3,826	(1,965)	-	-	-	-	-	2,024	-	-	2,024
Share award expenses	-	-	655	-	-	-	-	-	-	655	-	655
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(7,879)	(7,879)
Net contribution from non-controlling shareholders of a subsidiary	-	-	-	460,304	-	-	-	-	-	460,304	253,664	713,968
At 30 June 2023	97,356	1,780,859*	2,326*	259,344*	40,651*	621,220*	884*	(746,658)*	5,678,020*	7,734,002	297,738	8,031,740

* These reserve accounts comprise the consolidated reserves of HK\$6,465,427,000 (30 June 2023: HK\$7,636,646,000) 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
NET CASH GENERATED FROM OPERATING ACTIVITIES	521,602	319,191
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	16,717	10,169
Purchases of items of property, plant and equipment	(248,729)	(161,520)
Increase in other receivables	(9,788)	–
Increase in prepayment	–	(190,000)
Increase in time deposits	(118,396)	–
Proceeds from disposal of items of property, plant and equipment	694	5,406
Increase in financial assets at fair value through profit or loss	(107,261)	(238,026)
Increase in long term deposits	(78,661)	(78,890)
(Increase)/decrease in pledged deposits	(163,745)	66,035
Proceeds from disposal of subsidiaries	1,614,526	60,000
Net payment for acquisition of subsidiaries	(51,695)	–
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	853,662	(526,826)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
New bank loans	780,933	1,375,504
Repayment of bank loans	(2,882,787)	(1,511,762)
Repurchase of shares under share award scheme	(259)	–
Dividends paid to non-controlling shareholders of a subsidiary	(33,865)	(7,879)
Principal elements of lease payments	(6,305)	(3,242)
Net contribution from non-controlling shareholders of a subsidiary	–	713,968
Consideration received from awarded shares grant under share award scheme of a subsidiary	26,944	–
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(2,115,339)	566,589

	Unaudited	
	six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(740,075)	358,954
Cash and cash equivalents at beginning of period	1,160,490	1,203,137
Cash and bank balances attributable to subsidiaries held for sale at beginning of period	286,981	–
Effect of foreign exchange rate changes, net	(77,556)	(137,593)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	629,840	1,424,498
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	629,840	1,416,804
Cash and bank balances attributable to subsidiaries held for sale	–	7,694
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	629,840	1,424,498

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PRESENTATION

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

3. ACCOUNTING POLICIES

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

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

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

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

	Unaudited 30 June 2024		
	Consumer electronics structural components HK\$'000	Household and sports goods HK\$'000	Consolidated HK\$'000
Segment assets	7,663,426	1,540,234	9,203,660
Unallocated assets			1,330,130
Total assets			10,533,790
Segment liabilities	2,225,395	358,567	2,583,962
Unallocated liabilities			1,072,958
Total liabilities			3,656,920

	31 December 2023		
	Consumer electronics structural components HK\$'000	Household and sports goods HK\$'000	Consolidated HK\$'000
Segment assets	7,942,454	1,255,076	9,197,530
Assets classified as held for sale			2,327,022
Unallocated assets			1,778,178
Total assets			13,302,730
Segment liabilities	1,958,597	280,382	2,238,979
Liabilities classified as held for sale			964,252
Unallocated liabilities			3,096,003
Total liabilities			6,299,234

Geographical information

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

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

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

Sales to external customers include revenue from contracts with customers.

Information about major customers

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

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

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

5. PROFIT BEFORE TAX

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

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

6. INCOME TAX

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

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

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

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

7. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

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

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

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

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

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

Gain on disposal of subsidiaries

	HK\$'000
Consideration received	1,904,250
Cash consideration receivable included in other receivables (i)	110,750
Net assets disposed of	(1,608,783)
Cumulative exchange differences recognised in respect of the net assets of the disposed subsidiaries reclassified from equity to profit or loss	(58,671)
	<hr/>
Gain on disposal of subsidiaries	347,546
Transaction costs directly related to the disposal	(53,037)
Income tax expense	(148,089)
	<hr/>
Net gain on disposal of subsidiaries	146,420
	<hr/>
	Unaudited
	30 June 2024
	HK\$'000
Consideration received in cash and cash equivalents and receivable	2,015,000
	<hr/>

Net cash inflow on disposal of subsidiaries

	Unaudited 30 June 2024 HK\$'000
Consideration received in cash and cash equivalents	1,904,250
Less:	
Cash and cash equivalents of subsidiary disposed of	(142,841)
Withholding tax paid	(146,883)
	<hr/>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries, net of tax	1,614,526
	<hr/>

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

8. BUSINESS COMBINATION

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

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

The acquisition was made as part of the Group’s strategy to expand and create synergy with the existing electrical appliances business. The acquisition was completed on 3 January 2024 and the consideration is satisfied by the payment of the cash of HK\$60,000,000. Further details of the acquisition was set out in Company’s announcement dated 22 December 2023.

Acquisition-related costs

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

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

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

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

- (i) Revenue and profit contribution

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

9. DIVIDENDS

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

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

The Group's leasehold buildings and the related right-of-use assets in Hong Kong and Mainland China with net carrying amount of HK\$282,946,000 (31 December 2023: HK\$47,900,000) were pledged to secure banking facilities granted to the Group (note 16).

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

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

12. INVENTORIES

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

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

13. TRADE AND BILLS RECEIVABLES

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

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

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

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

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

15. TRADE AND BILLS PAYABLES

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

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

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

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

During the six months ended 30 June 2024, the Group repaid bank and other borrowings of HK\$2,882,787,000 (30 June 2023: HK\$1,511,762,000) and raised new bank and other borrowings of HK\$780,933,000 (30 June 2023: HK\$1,375,504,000).

At the end of the reporting period, the Group's banking facilities were supported by:

- (a) the pledge of bank deposits of approximately HK\$287,696,000 (31 December 2023: HK\$194,648,000);
- (b) corporate guarantees from the Company and certain of its subsidiaries;
- (c) the pledge of the Group's leasehold building and the related right-of-use asset in Hong Kong and Mainland China with a carrying amount of approximately HK\$282,946,000 (31 December 2023: HK\$47,900,000) (note 11); and
- (d) the pledge of 17,180,000 issued shares (31 December 2023: nil) of Tongda Smart Tech (Xiamen) Co., Limited ("Tongda Chuang Zhi"), a partially owned subsidiary of the Group whose shares were listed on the Main Board of the Shenzhen Stock Exchange, representing approximately 15.1% of its total issued shares.

17. SHARE CAPITAL

	Unaudited	Audited
	30 June	31 December
	2024	2023
	HK\$'000	HK\$'000
Authorised:		
20,000,000,000 (31 December 2023:		
20,000,000,000) ordinary shares	200,000	200,000
Issued and fully paid:		
9,735,607,645 (31 December 2023:		
9,735,607,645) ordinary shares	97,356	97,356

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

	Number of ordinary shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
Issued:				
As at 1 January 2023	9,719,257,645	97,193	1,777,033	1,874,226
Awarded shares	16,350,000	163	3,826	3,989
As at 31 December 2023, 1 January 2024 and 30 June 2024	9,735,607,645	97,356	1,780,859	1,878,215

18. SHARE AWARD SCHEME

Share Award Scheme Operated By The Company

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

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

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

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

The Share Award Scheme shall be valid and effective for a term of 10 years from 17 January 2022 unless terminated earlier by the Board and is administered by the Board and the trustee of the Share Award Scheme. The total number of shares to be awarded under the Share Award Scheme shall not exceed 10% of the total number of issued shares of the Company as at the adoption date of the Share Award Scheme. The maximum number of shares of the Company which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the shares in issue of the Company from time to time.

Nil awarded shares were granted under the Share Award Scheme during the six months ended 30 June 2024 and 2023. Nil (six months ended 30 June 2023: 16,350,000) shares of the Company had been issued to the Trustee during the six months ended 30 June 2024 for the Share Award Scheme. Nil shares of the Company had been purchased to the Trustee during the six months ended 30 June 2024 and 2023 for the Share Award Scheme.

Set out below is a summary of the grant of award shares under the Share Award Scheme as at 30 June 2024:

Grant date	Fair value		Closing price per share immediately before date of grant	Vesting period	As at		Number of awarded shares				As at 30 June 2024	
	per share at grant date	Issue price per share			1 January 2023	1 January 2024	31 December 2023 and			As at		
	(HK\$)	(HK\$)	(HK\$)		Vested	Terminated	1 January 2024	Granted	Vested	Terminated	2024	
					Note 3				Note 4			
17 January 2022	0.243	0.1232 ^{NH 2}	0.245	17 January 2022 to 17 January 2023	16,650,000	(16,350,000)	(300,000)	-	-	-	-	-
17 January 2022	0.240	0.1232 ^{NH 2}	0.245	17 January 2023 to 17 January 2024	16,650,000	-	(300,000)	16,350,000	-	-	(900,000)	15,450,000
17 January 2022	0.237	0.1232 ^{NH 2}	0.245	17 January 2024 to 17 January 2025	22,200,000	-	(400,000)	21,800,000	-	-	(1,200,000)	20,600,000
Total					55,500,000	(16,350,000)	(1,000,000)	38,150,000	-	-	(2,100,000)	36,050,000

Notes:

- The 64,500,000 awarded shares were allotted and issued pursuant to the general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 14 May 2021.

2. The issue price of HK\$0.1232 was determined in accordance with the terms of the Share Award Scheme at an issue price not less than the higher of (a) the par value of the shares; (b) 50% of the closing price of the shares as quoted on the Stock Exchange on the date of grant; and (c) 50% of the average of the closing prices of the shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of grant. The grantees of the awarded shares shall pay the aggregate issue price, representing an aggregate issue price of HK\$7,946,400 as at the date of grant, to the Company within 5 business days after the date of acceptance of the awarded shares. The aggregate issue price of the terminated share awards of the Company in the six months ended 30 June 2024 was HK\$258,720 (six months ended 30 June 2023: HK\$123,200).
3. During the year ended 31 December 2023, a total of 16,350,000 awarded shares were vested. The weighted average closing price per share as quoted on the Stock Exchange immediately before the date on which such awarded shares were vested was HK\$0.125.
4. As at 30 June 2024, a total number of 15,450,000 awarded shares with vesting period from 17 January 2023 to 17 January 2024 have not been vested because certain vesting conditions stated in the relevant award letters have not been fulfilled. If the vesting conditions for these awarded shares fail to satisfy as at 17 January 2025, the total issue price paid for these awarded shares will be refunded in full to the relevant selected employee according to the Share Award Scheme.

The Group measured the fair value of the awarded shares at grant date valued by an independent professional valuer with input of Share's spot price of HK\$0.244 per share, risk-free rate of 0.34%–1.02%, etc.

For the six months ended 30 June 2024, net share awards expense of HK\$747,000 (six months ended 30 June 2023: HK\$655,000) was charged to the condensed consolidated income statement.

Share Award Scheme Operated By A Subsidiary

Tongda Chuang Zhi established and approved a restricted A share incentive scheme (“Incentive Scheme”) on 4 January 2024. The Incentive Scheme is designed to provide long-term incentives for middle level managers and above (excluding directors, supervisor, shareholders of Tongda Chuang Zhi who hold over 5% shares in Tongda Chuang Zhi and their direct family members) to deliver long-term shareholder returns. Under the Incentive Scheme, 76 participants are granted 1,867,600 restricted A shares with a grant price of HK\$14.31 (equivalent to RMB13.10) per share on 4 January 2024. All these shares are restricted for sale until certain service and performance conditions are met.

Set out below is a summary of the grant of restricted A shares under the Incentive Scheme since the adoption date of the Incentive Scheme up to and including 30 June 2024:

Grant date	Fair value per share at grant date HK\$	Issue price per share HK\$	Closing price per share immediately before date of grant HK\$	Vesting period	As at 1 January 2023, 31 December 2023, and 1 January 2024	Granted	As at 4 January 2024 (grant date) and 30 June 2024
4 January 2024	27.37 (equivalent to RMB25.06)	14.31 (equivalent to RMB13.10)	26.75 (equivalent to RMB24.50)	24 January 2024 to 24 March 2025	-	560,280	560,280
4 January 2024	26.73 (equivalent to RMB24.48)	14.31 (equivalent to RMB13.10)	26.75 (equivalent to RMB24.50)	24 January 2024 to 24 March 2026	-	560,280	560,280
4 January 2024	26.08 (equivalent to RMB23.88)	14.31 (equivalent to RMB13.10)	26.75 (equivalent to RMB24.50)	24 January 2024 to 24 March 2027	-	747,040	747,040
					-	1,867,600	1,867,600

The Group measured the fair value of the awarded shares at grant date valued by an independent professional valuer with input of Share's spot price of RMB25.69 per share, risk-free rate of 2.15%–2.34%, etc. For the six months ended 30 June 2024, net share awards expense of HK\$6,588,000 was charged to the condensed consolidated income statement.

During the six months ended 30 June 2024, certain participants resigned and 35,000 restricted A shares granted to these participants will be re-purchased by Tongda Chuang Zhi on the first quarter of 2025.

19. COMMITMENTS

The Group had the following capital commitments contracted but not provided for, at the end of the reporting period:

	Unaudited 30 June 2024 HK\$'000	Audited 31 December 2023 HK\$'000
Contracted for commitments in respect of		
– Purchases of property, plant and equipment	69,135	117,428
– Construction of leasehold buildings in Mainland China	16,250	8,029
	85,385	125,457

20. RELATED PARTIES TRANSACTIONS

In addition to the transactions detailed elsewhere in these Interim Financial Statements, the Group had the following material transactions with related parties during the period:

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
Related companies controlled by directors of the Company:			
Rental income	(i)	–	84
A jointly-controlled entity:			
Management fee, rental and utility charges	(ii)	1,648	2,420
Subcontracting fee	(iii)	9,995	9,443
Interest income	(iv)	1,353	1,393
<hr/>			
An associate:			
Rental and utility charges	(v)	2,233	1,421
<hr/>			

Notes:

- (i) The rental income from a related company controlled by directors of the Company was charged at a monthly rate of HK\$14,000 for the period ended 30 June 2023 by reference to a lease agreement entered into by the related company and the Group on 8 February 2018.
- (ii) The management fee, rental and utility charges from a jointly-controlled entity represented the management fee charged for factory premises at a predetermined monthly rate per square metre for the period ended 30 June 2024 and the related utility charges.
- (iii) The subcontracting fee to a jointly-controlled entity was made on a basis mutually agreed by both parties.
- (iv) The interest income was charged at 2% per annum on the loan balances to the jointly-controlled entity.
- (v) The rental and utility charges from an associate represented the rental charged at a predetermined monthly rate and the related utility charged.

21. 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:

The fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, due from a jointly-controlled entity, loans to a jointly-controlled entity, financial assets included in prepayments, deposits and other receivables, financial liabilities included in accrued liabilities and other payables, trade and bills payables and current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets at fair value through profit or loss, non-current portion of the interest-bearing bank and other borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the financial assets at fair value through profit or loss, interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

During the six months ended 30 June 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

22. TRANSFERRED FINANCIAL ASSETS

- (i) Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part of the transferred financial assets does not qualify for derecognition, together with the associated liabilities:

	Unaudited 30 June 2024	
	Bills receivable Notes (a) and (b) HK\$'000	Total HK\$'000
Carrying amount of assets that continued to be recognised	195,788	195,788
Carrying amount of associated liabilities	195,788	195,788
	Audited 31 December 2023	
	Bills receivable Notes (a) and (b) HK\$'000	Total HK\$'000
Carrying amount of assets that continued to be recognised	140,749	140,749
Carrying amount of associated liabilities	140,749	140,749

Notes:

(a) Discounting of bills receivable

At 30 June 2024, the Group discounted certain bills receivable (the “Discounted Bills”) with a carrying amount of HK\$73,147,000 (31 December 2023: HK\$129,268,000) to certain banks in the PRC for cash. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to the Discounted Bills, and accordingly, it continued to recognise the full carrying amount of the Discounted Bills and the respective bank and other loans. Subsequent to the discounting, the Group does not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amount of the bank and other loans recognised due to the Discounted Bills was HK\$73,147,000 as at 30 June 2024 (31 December 2023: HK\$129,268,000).

(b) Bills endorsement under the Law of Negotiable Instruments of the PRC

At 30 June 2024, the Group endorsed certain bills receivable issued by certain local banks and certain local financial institutions in the PRC (the “Endorsed Bills”) with a carrying amount of HK\$122,641,000 (31 December 2023: HK\$11,481,000) to certain of its suppliers in order to settle the trade payables due to such suppliers. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to the Endorsed Bills, and accordingly, it continued to recognise the full carrying amount of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group does not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the period to which the suppliers have recourse was HK\$122,641,000 (31 December 2023: HK\$11,481,000) as at 30 June 2024.

(ii) Transferred financial assets that are derecognised in their entirety

(a) Discounting of bills receivable

At 30 June 2024, the Group discounted certain bills receivable (the “Derecognised Discounted Bills”) with a carrying amount of HK\$139,837,000 (31 December 2023: HK\$134,357,000) to a financial institution in the PRC. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Discounted Bills have a right of recourse against the Group if the bills default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Discounted Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Discounted Bills and the undiscounted cash flows to repurchase these Derecognised Discounted Bills are equal to their carrying amounts of HK\$139,837,000 (31 December 2023: HK\$134,357,000). In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Discounted Bills are not significant. All Derecognised Discounted Bills have maturities from six to nine months.

During the Period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the Period or cumulatively. The discounting of bills has been made evenly throughout the Period.

(b) Bills endorsement under the Law of Negotiable Instruments of the PRC

At 30 June 2024, the Group endorsed certain bills receivable issued by certain reputable banks in the PRC (the “Derecognised Endorsed Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK\$119,860,000 (31 December 2023: HK\$268,392,000). The Derecognised Endorsed Bills have maturities from three to nine months at the end of the Period. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Endorsed Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Endorsed Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Endorsed Bills and the undiscounted cash flows to repurchase these Derecognised Endorsed Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Endorsed Bills are not significant.

During the Period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Endorsed Bills. No gains or losses were recognised from the Continuing Involvement, both during the Period or cumulatively. The Endorsement has been made evenly throughout the Period.

23. EVENTS AFTER THE PERIOD

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

24. COMPARATIVE FIGURES

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

25. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the board of directors on 28 August 2024.

SUPPLEMENTARY INFORMATION

INTERIM DIVIDEND

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

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2024, the interests of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules were as follows:

Name of directors	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital (Note 3)
	Directly beneficially owned	Through controlled corporation	Notes		
Mr. Wang Ya Nan	691,395,000 (L)	2,819,250,000 (L)	1, 2	3,510,645,000 (L)	36.06
Mr. Hui Wai Man	100,000,000 (L)	-		100,000,000 (L)	1.03
Dr. Yu Sun Say	32,415,000 (L)	-		32,145,000 (L)	0.33
Mr. Cheung Wah Fung, Christopher	5,950,000 (L)	-		5,950,000 (L)	0.06
Mr. Ting Leung Huel Stephen	9,675,000 (L)	-		9,675,000 (L)	0.10
Mr. Sze Irons	14,750,000 (L)	-		14,750,000 (L)	0.15

L: Long position

S: Short position

Notes:

1. 2,375,250,000 shares are held by Landmark Worldwide Holdings Limited, the issued share capital of which is beneficially owned as to 25% by each Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yu and Wong Ah Yeung (collectively referred to as the “Wong Brothers”).
2. 444,000,000 shares are held by E-Growth Resources Limited (“E-Growth”), the entire issued share capital of which is beneficially owned by Mr. Wang Ya Nan.
3. The percentages have been compiled based on the total number of issued shares (i.e. 9,735,607,645 shares) as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the section headed “Share Option and Share Award Schemes” below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE AWARD SCHEME

Share Award Scheme Operated By The Company

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

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

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

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

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

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

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

Nil awarded shares were granted under the Share Award Scheme during the six months ended 30 June 2024 and 2023. Further details of the Share Award Scheme are disclosed in note 18 to the condensed consolidated financial statements.

Share Award Scheme Operated By A Subsidiary

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

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

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

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

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

- (c) 50% of the average price of the shares of Tongda Chuang Zhi as quoted on the Main Board of Shenzhen Stock Exchange on 120 days before the grant date.

All these shares are restricted for sale until certain service and performance conditions are met. Further details of the Share Award Scheme are disclosed in note 18 to the condensed consolidated financial statements.

SUBSTANTIAL SHAREHOLDER

At 30 June 2024, as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, the following party was interested in 5% or more of the Company's issued share capital:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Landmark Worldwide Holdings Limited	Note Directly beneficially owned	2,375,250,000 (L)	24.40

- L: Long position
S: Short position

Note: The issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% each by the Wong Brothers.

Save as disclosed above, as at 30 June 2024, the Company had not been notified by any substantial shareholders other than directors or chief executives of the Company, who had interests or short positions in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

CORPORATE GOVERNANCE

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

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

CHANGES IN DIRECTORS' INFORMATION

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

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

AUDIT COMMITTEE

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

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

MODEL CODE OF SECURITIES TRANSACTIONS

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

EVENTS AFTER THE PERIOD

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

BOARD OF DIRECTORS

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

On behalf of the Board

Tongda Group Holdings Limited

Wang Ya Nan

Chairman

Hong Kong, 28 August 2024