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TONGDA GROUP HOLDINGS LIMITED

通達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 698)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

	2024	2023	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Revenue	5,589,739	6,521,928	(14.3)
Gross profit/(loss)	(327,955)	345,783	(194.8)
<i>Gross profit/(loss) margin</i>	<u>(5.9%)</u>	<u>5.3%</u>	(11.2)p.p.
Net loss attributable to owners of the Company	(3,942,177)	(1,229,656)	220.6
<i>Net loss margin</i>	<u>(70.5%)</u>	<u>(18.9%)</u>	51.6p.p.
Loss per share			
– Basic	(HK40.49 cents)	(HK12.64 cents)	220.3
– Diluted	<u>(HK40.49 cents)</u>	<u>(HK12.64 cents)</u>	220.3

The board (the “Board”) of directors (the “Directors”) of Tongda Group Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2024 (the “Year”), together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	5	5,589,739	6,521,928
Cost of sales		(5,917,694)	(6,176,145)
Gross profit/(loss)		(327,955)	345,783
Other income and gains, net	5	57,871	137,008
Selling and distribution expenses		(65,784)	(81,843)
General and administrative expenses		(1,115,177)	(1,210,563)
Gain on disposal of subsidiaries	11	133,050	–
Provision for impairment of investments in associates		(105,240)	–
Provision for impairment of amount due from a jointly-controlled entity		(267,492)	(25,446)
Provision for impairment of property, plant and equipment		(1,977,624)	–
Other operating expenses, net		(93,295)	(121,813)
Finance costs	6	(96,618)	(196,782)
Share of profits/(losses) of associates		(13,131)	512
LOSS BEFORE TAX	7	(3,871,395)	(1,153,144)
Income tax expense	8	(32,576)	(51,769)
LOSS FOR THE YEAR		(3,903,971)	(1,204,913)
Attributable to:			
Owners of the Company		(3,942,177)	(1,229,656)
Non-controlling interests		38,206	24,743
		(3,903,971)	(1,204,913)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	13	(HK40.49 cents)	(HK12.64 cents)
Diluted		(HK40.49 cents)	(HK12.64 cents)

Details of the dividends are disclosed in note 12.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS FOR THE YEAR		<u>(3,903,971)</u>	<u>(1,204,913)</u>
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:			
Revaluation surplus on transfer of right-of-use assets and property, plant and equipment to an investment property		13,336	–
Loss on properties revaluation		(3,386)	(1,078)
Deferred tax credited/(debited) to the asset revaluation reserve		<u>(1,549)</u>	<u>281</u>
		<u>8,401</u>	<u>(797)</u>
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations			
– subsidiaries		(212,158)	(132,159)
– associates		(2,134)	(598)
Release of exchange reserve upon disposal of subsidiaries	<i>11</i>	<u>57,767</u>	<u>–</u>
		<u>(156,525)</u>	<u>(132,757)</u>
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX		<u>(148,124)</u>	<u>(133,554)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(4,052,095)</u>	<u>(1,338,467)</u>
Attributable to:			
Owners of the Company		(4,070,268)	(1,345,329)
Non-controlling interests		<u>18,173</u>	<u>6,862</u>
		<u>(4,052,095)</u>	<u>(1,338,467)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,003,124	4,552,218
Right-of-use assets		346,910	371,803
Intangible assets		8,276	–
Investment properties		122,979	74,779
Investments in associates		–	120,505
Long term deposits		44,067	76,377
Time deposits		171,156	62,332
Deferred tax assets		19,883	11,159
Total non-current assets		<u>2,716,395</u>	<u>5,269,173</u>
CURRENT ASSETS			
Inventories	14	713,839	1,267,254
Trade and bills receivables	15	2,118,531	1,906,700
Prepayments, deposits and other receivables		143,869	622,894
Amount due from a jointly-controlled entity		8,376	282,847
Lease receivables		–	3,739
Tax recoverable		8,675	8,529
Financial assets at fair value through profit or loss (“FVTPL”)		310,596	259,434
Time deposits		43,844	–
Pledged deposits		249,519	194,648
Cash and cash equivalents		840,592	1,160,490
Assets classified as held for sale	9	<u>4,437,841</u> –	<u>5,706,535</u> 2,327,022
Total current assets		<u>4,437,841</u>	<u>8,033,557</u>
CURRENT LIABILITIES			
Trade and bills payables	16	2,525,086	1,836,766
Accrued liabilities and other payables		488,532	294,756
Interest-bearing bank and other borrowings		547,963	1,878,213
Lease liabilities		1,992	5,285
Tax payable		96,945	93,596
Liabilities classified as held for sale	9	<u>3,660,518</u> –	<u>4,108,616</u> 964,252
Total current liabilities		<u>3,660,518</u>	<u>5,072,868</u>
NET CURRENT ASSETS		<u>777,323</u>	<u>2,960,689</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,493,718</u>	<u>8,229,862</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2024*

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		432,394	1,065,488
Other payables		89,052	77,443
Lease liabilities		23,101	24,729
Deferred tax liabilities		44,328	58,706
		<hr/>	<hr/>
Total non-current liabilities		588,875	1,226,366
		<hr/>	<hr/>
Net assets		2,904,843	7,003,496
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>17</i>	97,356	97,356
Reserves		2,508,162	6,585,468
		<hr/>	<hr/>
		2,605,518	6,682,824
		<hr/>	<hr/>
Non-controlling interests		299,325	320,672
		<hr/>	<hr/>
Total equity		2,904,843	7,003,496
		<hr/>	<hr/>

NOTES

1. CORPORATE AND GROUP INFORMATION

Tongda Group Holdings Limited (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 2681GT, George Town, Grand Cayman, Cayman Islands. The principal place of business of the Company and its subsidiaries is at room 1201-02, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

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, household and sports goods, panels for smart electrical appliances, network communications facilities and other electrical consumer products. Save as disclosed in notes 9, 10 and 11, there were no other significant changes in the nature of the principal activities of the subsidiaries during the year.

In the opinion of the directors of the Company, Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yeung, Mr. Wong Ah Yu, together with Landmark Worldwide Holdings Limited and E-Growth Resources Limited, are considered as the controlling shareholders of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a leasehold building in Hong Kong classified as property, plant and equipment and the related right-of-use assets, investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. The non-current assets of subsidiaries classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Certain balances in the consolidated financial statements as at 31 December 2023 were reclassified in conformity with current year’s presentation.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The consolidated financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

(a) **Amendments to HKFRS 16 – *Lease Liability in a Sale and Leaseback***

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transaction with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) **Amendments to HKAS 1 – *Classification of Liabilities as Current or Non-current (the “2020 Amendments”)* and Amendments to HKAS 1 – *Non-current Liabilities with Covenants (the “2022 Amendments”)***

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 1 January 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) **Amendments to HKAS 7 and HKFRS 7 – *Supplier Finance Arrangements***

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the consolidated financial information of the Group.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

- (a) the consumer electronics structural components segment consists of manufacturing of components of handset casings and high-precision components, panels for smart electrical appliances, network communications facilities 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/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income and gains, net, corporate and other unallocated expenses, non-lease-related finance costs, share of profits/losses of associates, provision for impairment of investments in associates and provision for impairment of amount due from a jointly-controlled entity are excluded from such measurement.

Segment assets exclude investments in associates, deferred tax assets, tax recoverable, 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.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (continued)

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

	Consumer electronic structural components		Household and sports goods		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Sales to external customers* (note 5)	4,536,043	5,636,475	1,053,696	885,453	-	-	5,589,739	6,521,928
Intersegment sales	22	475	-	-	(22)	(475)	-	-
Total	4,536,065	5,636,950	1,053,696	885,453	(22)	(475)	5,589,739	6,521,928
Segment results before depreciation	(2,849,936)	(387,456)	142,808	148,349	-	-	(2,707,128)	(239,107)
Depreciation of property, plant and equipment	(582,595)	(740,050)	(50,253)	(43,344)	-	-	(632,848)	(783,394)
Depreciation of right-of-use assets	(7,249)	(10,384)	(3,940)	(3,451)	-	-	(11,189)	(13,835)
Amortisation of intangible assets	(773)	-	-	-	-	-	(773)	-
Segment results	(3,440,553)	(1,137,890)	88,615	101,554	-	-	(3,351,938)	(1,036,336)
Unallocated income							57,871	137,008
Corporate and other unallocated expenses							(96,197)	(33,789)
Finance cost (other than interest expenses on lease liabilities)							(95,268)	(195,093)
Share of profits/(losses) of associates							(13,131)	512
Provision for impairment of investments in associates							(105,240)	-
Provision for impairment of amount due from a jointly-controlled entity							(267,492)	(25,446)
Loss before tax							(3,871,395)	(1,153,144)
Income tax expense							(32,576)	(51,769)
Loss for the year							(3,903,971)	(1,204,913)
Other segment information:								
Provision for impairment recognised in the income statement, net*	(547,495)	(342,781)	(2,666)	(3,585)	-	-	(550,161)	(346,366)
Provision for impairment reversed in the income statement**	931	12	413	381	-	-	1,344	393
Provision for impairment of property, plant and equipment	(1,977,624)	-	-	-	-	-	(1,977,624)	-
Gain on disposal of subsidiaries	133,050	-	-	-	-	-	133,050	-
Capital expenditure***	325,415	153,031	128,628	44,145	-	-	454,043	197,176

4. OPERATING SEGMENT INFORMATION (continued)

Sales to external customers are also revenue from contracts with customers.

* Included provision for impairment of trade and other receivables and provision against inventories.

** Included reversal of impairment of trade receivables.

*** Capital expenditure consists of additions to property, plant and equipment and leasehold land recognised in right-of-use assets.

	Consumer electronics structural components		Household and sports goods		Eliminations		Consolidated	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>4,453,580</u>	<u>7,942,454</u>	<u>1,573,611</u>	<u>1,255,076</u>	<u>-</u>	<u>-</u>	<u>6,027,191</u>	9,197,530
Assets classified as held for sale							-	2,327,022
Unallocated assets							<u>1,127,045</u>	<u>1,778,178</u>
Total assets							<u>7,154,236</u>	<u>13,302,730</u>
Segment liabilities	<u>2,750,254</u>	<u>1,958,597</u>	<u>377,509</u>	<u>280,382</u>	<u>-</u>	<u>-</u>	<u>3,127,763</u>	2,238,979
Liabilities classified as held for sale							-	964,252
Unallocated liabilities							<u>1,121,630</u>	<u>3,096,003</u>
Total liabilities							<u>4,249,393</u>	<u>6,299,234</u>

Geographical information

	PRC*		Asia Pacific (excluding PRC)		United States		Europe		Others		Consolidated	
	2024	2023	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	HK\$'000	HK\$'000
(a) Revenue from customers												
Segment revenue:												
Sales to external customers [†]	<u>4,289,394</u>	<u>5,178,111</u>	<u>499,304</u>	<u>442,535</u>	<u>10,049</u>	<u>40,570</u>	<u>464,768</u>	<u>383,164</u>	<u>326,224</u>	<u>477,548</u>	<u>5,589,739</u>	<u>6,521,928</u>
(b) Non-current assets	<u>2,642,256</u>	<u>5,137,509</u>	<u>54,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,696,512</u>	<u>5,137,509</u>

4. OPERATING SEGMENT INFORMATION (continued)

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

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

Sales to external customers are also revenue from contracts with customers.

The non-current assets information above is based on the locations of the assets and excludes investments in associates and deferred tax assets.

Information about major customers

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	N/A	1,046,652
Customer B	646,061	987,652
Customer C	856,058	N/A
	<u>1,502,119</u>	<u>2,034,304</u>

Revenues from Customer A, B and C were mainly derived from sales of 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. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sale of goods	<u>5,589,739</u>	<u>6,521,928</u>

The performance obligation is satisfied upon delivery of the goods and the payment is generally due within one to three months from delivery, except for new customers, where payment in advance is normally required.

Revenue from the sale of goods is recognised at a point in time when control of goods is transferred to customers, generally on delivery of goods.

5. REVENUE, OTHER INCOME AND GAINS, NET (continued)

An analysis of other income and gains, net is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income and gains, net		
Bank interest income	15,131	17,352
Interest income from a jointly-controlled entity	2,686	2,733
Interest income from receivables from an individual third party [#]	1,179	1,539
Utilities income	10,220	13,443
Sale of scrap materials, net of costs	(68,152)	6,630
Government grants*	45,305	71,475
Finance income	52	348
Changes in fair value of investment properties	(5,027)	(5,339)
Rental income	35,274	10,706
Gain on inception of sublease agreements	–	2,781
Gain/(loss) on changes in fair value of FVTPL	(1,824)	5,037
Gain on disposal of FVTPL	15,368	5,684
Others	7,659	4,619
	<u>57,871</u>	<u>137,008</u>

* Various government grants have been received for setting up research activities. There are no unfulfilled conditions or contingencies relating to these grants.

As at 31 December 2023, included in assets classified as held for sales an amount of HK\$40,885,000 due from an individual third party which was secured by the entire issued share capital of this individual third party, bearing a fixed annual interest rate of 10% and repayable on demand.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expenses on bank and other borrowings	85,211	181,689
Interest expenses on discounted bills	10,057	13,404
Interest expenses on lease liabilities	1,350	1,689
	<u>96,618</u>	<u>196,782</u>

7. LOSS BEFORE TAX

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

	2024	2023
	HK\$'000	HK\$'000
Cost of inventories sold	5,917,694	6,176,145
Depreciation of property, plant and equipment	632,848	783,394
Depreciation of right-of-use assets	11,189	13,835
Amortisation of intangible assets	773	–
Research and development costs	579,958	627,818
Lease payments not included in the measurement of lease liabilities	18,033	37,366
Employee benefit expense (excluding directors' remuneration):		
Salaries and wages	1,379,275	1,534,050
Pension scheme contributions*	78,429	112,591
Equity-settled share award expense, net	11,631	1,813
Less: Amounts included in research and development costs	(202,924)	(243,171)
	<u>1,266,411</u>	<u>1,405,283</u>
Auditor's remuneration		
– annual audit services	4,000	3,390
– other services	1,710	–
Loss on disposals/written off of items of property, plant and equipment***	3,866	11,076
Foreign exchange differences, net***	38,511	12,793
Changes in fair value of investment properties**	5,027	5,339
Loss on lease termination**	–	14
Impairment of trade receivables***	21,766	9,704
Impairment of other receivables***	19,501	–
Reversal of impairment of trade receivables***	(1,344)	(393)
Provision against inventories	<u>508,894</u>	<u>336,662</u>

Cost of inventories sold includes HK\$1,579,097,000 (2023: HK\$1,862,060,000) relating to staff costs, operating lease rentals of leasehold land and buildings, provision against inventories, and depreciation of property, plant and equipment and right-of-use assets, which are also included in the respective total amounts disclosed above for each of these types of expenses.

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** This amount is included in "Other income and gains, net" on the face of the consolidated income statement.

*** These amounts are included in "Other operating expenses, net" on the face of the consolidated income statement.

8. INCOME TAX EXPENSE

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 year, 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 (2023: HK\$2,000,000) of assessable profits of Tongda Precision Technology are 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.

	2024	2023
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the year	6,007	9,760
Underprovision in prior years	–	375
	6,007	10,135
Current – Elsewhere		
Charge for the year	54,565	50,928
Underprovision/(overprovision) in prior years	(3,345)	1
	51,220	50,929
Deferred	(24,651)	(9,295)
Total tax charge for the year	32,576	51,769

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

- (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 entity in the Group carrying the EA Business immediate before the completion of the EA Disposal.

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.

9. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (continued)

- (b) On 22 December 2023, Tongda Precision Technology Company Limited, a wholly-owned subsidiary of the Company as a seller (the “Seller”), an independent third party as a purchaser (the “Purchaser”), and the Company as the guarantor, entered into a business transfer agreement (the “BTA”) whereby the Group agreed to dispose of the business of manufacturing high-precision micro components (the “High Precision Business”) as currently conducted by the Group for a consideration of HK\$2,015,000,000 (the “High Precision Disposal”). The High Precision Disposal was completed on 3 April 2024 (the “Closing Date”). Further details of the High Precision Disposal are set out in (i) the announcement dated 22 December 2023; (ii) the circular dated 19 February 2024; and (iii) the announcement dated 3 April 2024. Accordingly, the assets and liabilities of the High Precision Business as at 31 December 2023 were classified as assets and liabilities held for sale.

The major classes of assets and liabilities of the High Precision Business classified as held for sale as at 31 December 2023 are as follows:

	2023 HK\$'000
<i>Assets</i>	
Property, plant and equipment	457,303
Right-of-use assets	1,558
Long term deposits	5,412
Inventories	601,240
Trade and bills receivables	772,318
Prepayments, deposits and other receivables	96,994
Tax recoverable	4,151
Pledged deposits	101,065
Cash and cash equivalents	<u>286,981</u>
Assets classified as held for sale	<u>2,327,022</u>
<i>Liabilities</i>	
Trade and bills payables	630,857
Accrued liabilities and other payables	160,723
Interest-bearing bank and other borrowings	160,583
Lease liabilities	1,535
Tax payable	<u>10,554</u>
Liabilities classified as held for sale	<u>964,252</u>
Net assets classified as held for sale	<u>1,362,770</u>

The High Precision Disposal was completed on 3 April 2024 and the details of which are set out in note 11.

10. 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 the 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 ended 31 December 2024. If the actual audited consolidated EBITDA of the Target Company for the financial year ended 31 December 2024 as shown in the audited consolidated financial statements of the Target Company for the year ended 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. As at the date of this announcement, the Target Company is still finalising its audited consolidated financial statements. However, based on the unaudited consolidated management account of the Target Company as at 31 December 2024, the consolidated EBITDA of the Target Company exceeded HK\$12,000,000 for the year ended 31 December 2024.

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 was satisfied by the payment of the cash of HK\$60,000,000. Further details of the acquisition was set out in the Company’s announcement dated 22 December 2023.

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

The assets acquired and liabilities assumed by the Group in the acquisition reflected the fair values based on management’s analysis, including work performed by independent professional valuer.

10. BUSINESS COMBINATION (continued)

Acquisition-related costs

The following is a summary of the fair values of the assets acquired and liabilities assumed as at the acquisition date:

	Fair value <i>HK\$000</i>
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	<u>(103,946)</u>
Net identifiable assets acquired	60,000
Total consideration satisfied by cash	<u>60,000</u>
Net cash outflow arising on acquisition:	
Cash consideration paid	(60,000)
Cash and cash equivalents acquired	<u>8,305</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(51,695)</u>

(i) Revenue and profit contribution

The Target Company and its subsidiaries contributed HK\$257,334,000 and HK\$917,000 to the Group's revenue and profit for the period between the date of acquisition and 31 December 2024, respectively.

11. DISPOSAL OF SUBSIDIARIES

On 22 December 2023, the Seller and the Purchaser entered into a BTA to dispose of the High Precision Business for a consideration of HK\$2,015,000,000. The High Precision Disposal was completed on 3 April 2024.

On 4 November 2024, Tongda (Shanghai) Company Limited and Meijitsu Tongda (HK) Company Limited, the wholly-owned subsidiaries of the Company as sellers (the “Sellers”), and an independent third party as a purchaser, entered into an equity transfer agreement whereby the Sellers agreed to dispose of their 100% equity interests in Tongda Fuso (HK) Company Limited (“Tongda Fuso”) at a cash consideration of HK\$1,000,000 (the “Fuso Disposal”). Tongda Fuso and its subsidiaries were primarily engaged in manufacturing of various types of labels and decorative printing (the “Fuso Business”). Disposal of this business allows the Group to concentrate its resource to its core businesses. The Fuso Disposal has been completed on 4 November 2024.

The followings are the assets and liabilities in respect of the disposal of “High Precision Business” and “Fuso Business” at their respective completion date:

	High Precision Business HK\$'000	Fuso Business HK\$'000	Total HK\$'000
Net assets disposed of:			
Property, plant and equipment	734,867	965	735,832
Right-of-use assets	32,583	–	32,583
Inventories	698,991	11,083	710,074
Trade and other receivables, deposits and prepayments	908,960	13,505	922,465
Tax recoverable	8,580	–	8,580
Bank balances and cash	105,895	4,501	110,396
Lease liabilities	(31,701)	–	(31,701)
Trade and other payables	(732,277)	(14,809)	(747,086)
Bank borrowings	(117,115)	–	(117,115)
	<u>1,608,783</u>	<u>15,245</u>	<u>1,624,028</u>
Consideration received	2,015,000	1,000	2,016,000
Net assets disposed of	(1,608,783)	(15,245)	(1,624,028)
Release of exchange fluctuation reserve	(58,671)	904	(57,767)
Gain/(loss) on disposal of subsidiaries	347,546	(13,341)	334,205
Transaction costs directly related to the disposal	(53,037)	(29)	(53,066)
Income tax expense	(148,089)	–	(148,089)
Net gain/(loss) on disposal of subsidiaries	<u>146,420</u>	<u>(13,370)</u>	<u>133,050</u>

11. DISPOSAL OF SUBSIDIARIES (continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	High Precision Business HK\$'000	Fuso Business HK\$'000	Total HK\$'000
Consideration received in cash and cash equivalents	2,015,000	1,000	2,016,000
Less:			
Cash and cash equivalents of subsidiaries disposed of	(105,895)	(4,501)	(110,396)
Withholding tax paid	<u>(146,883)</u>	<u>–</u>	<u>(146,883)</u>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries, net of tax	<u>1,762,222</u>	<u>(3,501)</u>	<u>1,758,721</u>

12. DIVIDENDS

On 26 March 2025, the Board of the Company does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share	<u>3,942,177</u>	<u>1,229,656</u>
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>9,735,607</u>	<u>9,729,919</u>

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 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 year ended 31 December 2023 in respect of a dilution as the impact of the award shares has anti-dilutive effect.

14. INVENTORIES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	157,212	234,968
Work in progress	180,300	397,914
Finished goods	376,327	634,372
	<u>713,839</u>	<u>1,267,254</u>

As at 31 December 2024, moulds of HK\$22,634,000 (2023: HK\$210,960,000) are included in the finished goods.

As at 31 December 2024, provision against inventories of HK\$545,791,000 (2023: HK\$587,871,000) was provided for slow-moving and obsolete inventories.

15. TRADE AND BILLS RECEIVABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	1,515,435	1,726,098
Impairment allowances	(25,378)	(52,687)
	<u>1,490,057</u>	<u>1,673,411</u>
Bills receivable	628,474	233,289
	<u>2,118,531</u>	<u>1,906,700</u>

As at 31 December 2024, gross trade receivables of certain customers of HK\$72,850,000 (2023: HK\$467,251,000) and bills receivable of HK\$92,989,000 (2023: HK\$129,268,000) were measured at fair value through other comprehensive income as these trade and bills receivables are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 management. Trade receivables are non-interest-bearing. At the end of the reporting period, 18.3% (2023: 17.1%) and 37.8% (2023: 45.0%) of the total trade and bills receivables were due from the Group's largest customer and the five largest customers, respectively.

15. TRADE AND BILLS RECEIVABLES (continued)

An ageing analysis of the Group's trade and bills receivables as at 31 December 2024, based on the invoice date and issuance date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	1,976,360	1,801,875
4 to 6 months, inclusive	138,970	104,246
7 to 9 months, inclusive	5,499	4,213
10 to 12 months, inclusive	2,775	2,998
More than 1 year	20,305	46,055
	<u>2,143,909</u>	<u>1,959,387</u>
Impairment allowances	<u>(25,378)</u>	<u>(52,687)</u>
	<u>2,118,531</u>	<u>1,906,700</u>

16. TRADE AND BILLS PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	1,527,152	1,057,139
Bills payable	997,934	779,627
	<u>2,525,086</u>	<u>1,836,766</u>

The trade payables are non-interest-bearing and are normally settled on 60 to 90 days' terms. An ageing analysis of the Group's trade and bills payables as at 31 December 2024, based on the invoice date and issuance date, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	1,821,013	1,386,891
4 to 6 months, inclusive	656,634	374,416
7 to 9 months, inclusive	18,873	10,400
10 to 12 months, inclusive	3,645	5,717
More than 1 year	24,921	59,342
	<u>2,525,086</u>	<u>1,836,766</u>

17. SHARE CAPITAL

	2024	2023
	HK\$'000	HK\$'000
Authorised:		
20,000,000,000 (2023: 20,000,000,000) ordinary shares	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:		
9,735,607,645 (2023: 9,735,607,645) ordinary shares	<u>97,356</u>	<u>97,356</u>

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:				
At 1 January 2023	9,719,257,645	97,193	1,777,033	1,874,226
Awarded shares	<u>16,350,000</u>	<u>163</u>	<u>3,826</u>	<u>3,989</u>
As at 31 December 2023, 1 January 2024 and 31 December 2024	<u>9,735,607,645</u>	<u>97,356</u>	<u>1,780,859</u>	<u>1,878,215</u>

CHAIRMAN'S STATEMENT

I am pleased to announce the annual results of Tongda Group Holdings Limited (the "Company"), together with its subsidiaries (collectively as the "Group"), for the year ended 31 December 2024 (the "Year") on behalf of the board (the "Board") of directors (the "Directors") of the Company.

During the Year, we have collectively navigated global economic uncertainties, intensified market competition, and various industry challenges. The entire management team of the Group will continue to dedicate their utmost efforts, humbly reflecting on past experiences while persistently pursuing improvements.

As a leading global solutions provider of high-precision structural components for smart mobile communications and consumer products, the Group provides one-stop solution to customers, starting from product design, technical research and development ("R&D") to manufacturing. However, in the second half of the Year, and particularly in the fourth quarter, competition in the domestic market significantly exceeded the Group's expectations, with price wars becoming exceptionally fierce. Amidst the increasing pressure on profit margins, the Group adopted a more cautious approach to order intake in order to better balance business expansion and risk management.

The adjusted revenue of the Group increased by approximately 17.8% year-on-year during the Year. However, including the disposed high-precision components business, the Group's revenue decreased by approximately 14.3% from approximately HK\$6,521.9 million in the corresponding period last year to approximately HK\$5,589.7 million during the Year. Notably, the Group recorded an annual loss of approximately HK\$3,904.0 million, which was significantly higher than the loss of approximately HK\$1,204.9 million in the corresponding period last year. The increase in loss was primarily attributable to the following factors:

1. Following the valuation review by an independent valuer prompted by market shifts and intense industry competition, the Group recognised provisions for impairment of approximately HK\$1,977.6 million for fixed assets and approximately HK\$105.2 million for investments in associates, and approximately HK\$267.5 million for amount due from a jointly-controlled entity with reference to the entity's net asset value;
2. The Group completed the disposal of certain businesses during the Year, of which a one-off net gain of approximately HK\$146.4 million was recognised from the disposal of the high-precision components business completed on the 3 April 2024 (the "Closing Date"); and

3. Upon completion of the disposal of the high-precision components business, the revenue and results of this business ceased to be consolidated into the Group's consolidated financial statements from the Closing Date. This deconsolidation resulted in a reduction in the Group's profit by approximately HK\$317.7 million during the Year when compared with the corresponding period last year.

During the Year, the adjusted revenue of the consumer electronics structural components grew by approximately 17.5% year-on-year. However, including the disposed high-precision components business, segment revenue declined by approximately 19.5% from approximately HK\$5,636.5 million in the corresponding period last year to approximately HK\$4,536.0 million during the Year, accounting for approximately 81.1% of the Group's total revenue. The Group has consistently focused on expanding sales channels and strengthening collaboration with core customers to improve capacity utilisation. However, the intensification of industry competition during the Year exceeded our expectation and necessitated greater caution. We further reviewed our customer portfolio and refined our order strategies to strike an optimal balance between stable business growth and risk management. This is to maximise our gains when the industry entered a phase of positive transformation.

The household and sports goods segment reported an approximately 19.0% year-on-year increase in revenue during the Year, contributing approximately 18.9% to the Group's total revenue. Leveraging the "product design + intelligent manufacturing" strategy, the Group successfully secured partnerships with major consumer brands in the sporting goods, outdoor leisure, home appliances, and other sectors. Significant progress has also been made in advancing precision manufacturing and intelligent production capabilities.

Looking ahead to the coming year, we anticipate sustained intense market competition and continued volatility in the global geopolitical and economic landscape. Despite all the challenges, the Group remains committed to optimising technological innovation, selectively nurturing customer relationships, and adopting prudent operational strategies. We will streamline our organisational structure, enhance product quality through R&D, refine production processes, and improve cost efficiency to strengthen operational resilience.

In terms of internal management, the Group maintains a continuous process of internal review, prioritising the consolidation of its foundation and the enhancement of its competitiveness, as well as ensuring capital liquidity and strengthening cash reserves. Through disciplined financial management, we aim to bolster our agility in navigating profound industry realignments while actively upholding our commitment to economic, environmental, and social sustainability. This dual focus safeguards the Group's long-term development. We are poised to capitalise on strategic opportunities arising from industry improvements, enabling us to unlock the inherent value of the Group's assets more effectively.

APPRECIATION

Over the past year, despite facing numerous challenges, the Group has accumulated invaluable experience through market turbulence and executed timely strategic adjustments to reinforce its core competitiveness. Looking ahead, we will advance our business development with heightened prudence and unwavering determination. On behalf of the Group, I extend sincere gratitude to all investors and stakeholders for their enduring trust. We remain steadfast in our commitment to create sustainable value for all investors and stakeholders.

BUSINESS REVIEW

As a leading global solutions provider of high-precision structural components for smart mobile communications and consumer products, the Group provides one-stop solution to customers, starting from product design, R&D to manufacturing. Our products mainly cover handset casings, panels for smart electrical appliances, network communications facilities, and household and sports goods.

The Group's adjusted revenue during the Year increased by approximately 17.8% year-on-year, with the adjustments excluding sales from the high-precision components business which was disposed of on 3 April 2024 (the "Closing Date"). Including the revenue from this disposed business, the Group's revenue declined by approximately 14.3% year-on-year, from approximately HK\$6,521.9 million in the corresponding period last year to approximately HK\$5,589.7 million during the Year.

The Group recorded a loss of approximately HK\$3,904.0 million during the Year, higher than the loss of approximately HK\$1,204.9 million in the corresponding period last year. The increase in loss was primarily attributable to the following factors:

1. Following the valuation by from an independent valuer prompted by market shifts and intense industry competition, the Group recognised provisions for impairment of approximately HK\$1,977.6 million for fixed assets and approximately HK\$105.2 million for investments in associates, and approximately HK\$267.5 million for amount due from a jointly-controlled entity with reference to the entity's financial position;

2. The Group completed the disposal of certain businesses during the Year, of which a one-off net gain of approximately HK\$146.4 million was recognised from the disposal of the high-precision components business completed on the Closing Date; and
3. Upon completion of the disposal of the high-precision components business, the revenue and results from this business ceased to be consolidated into the Group's consolidated financial statements from the Closing Date. This deconsolidation resulted in a reduction in the Group's profit by approximately HK\$317.7 million during the Year when compared with the corresponding period last year.

BUSINESS SEGMENTS

The Group is organised into business units based on their products and services and has two reportable segments:

(a) Consumer Electronics Structural Components

consists of manufacturing of components of handset casings and high-precision components, panels for smart electrical appliances, network communications facilities and other electrical consumer products; and

(b) Household and Sports Goods

consists of durable household goods, household utensils and sports goods.

Consumer Electronics Structural Components

Revenue from this segment during the Year decreased by approximately 19.5%, from approximately HK\$5,636.5 million in the corresponding period last year to approximately HK\$4,536.0 million during the Year, accounting for approximately 81.1% of the Group's total revenue. The decline was primarily attributable to the deconsolidation of the revenue and results from the high-precision components business from the Closing Date following its disposal. Excluding the sales contribution of this disposed business in both the current and prior year, the segment's revenue during the Year would have increased by approximately 17.5% year-on-year.

The Group has consistently focused on expanding sales channels and strengthening collaboration with core customers to enhance capacity utilisation rate. However, amid weak consumer demand, new production capacity still continued to be put into operation across the industry, intensifying the competitive pressure. Market competition significantly exceeded the Group's expectations, particularly in the fourth quarter of the Year. Consequently, the Group has to undertake a further comprehensive review of its customer portfolio, prioritising the retention of core customer relationships while adopting a more stringent approach to order risk assessment. This strategy aims to balance business growth with risk mitigation to safeguard the long-term stability of the Group, though it resulted in unmet growth targets during the Year and a more conservative outlook for the future. Following a valuation conducted by the Group's independent valuer, which incorporated the aforementioned factors and a value-in-use methodology was used in the valuation, the Group recognised provisions for impairment of approximately HK\$1,977.6 million for certain fixed assets in this segment, approximately HK\$105.2 million for the investments in associates and approximately HK\$267.5 million for the amount due from a jointly-controlled entity, with reference to the entity's financial position. Notably, while the Group's reported loss widened substantially during the Year, this was primarily driven by non-cash, one-off asset impairment provisions, which do not have an adverse impact on the Group's day-to-day operations. The Group maintained positive net cash inflows from operating activities and maintained sufficient cash reserves.

Household and sports goods

Revenue from this business segment increased by approximately 19.0% from approximately HK\$885.5 million in the corresponding period last year to approximately HK\$1,053.7 million during the Year, accounting for approximately 18.9% of the Group's total sales revenue. The segment's main products include sporting goods, outdoor leisure products, household electric tools, indoor home furnishings, and personal care products. Guided by a concentric diversification strategy, the business focuses on product design, precision mould design and development, integration of multiple processes and technologies, and smart manufacturing as its core competencies. It provides one-stop solutions for several global consumer brand customers.

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

	2024	2023
i. Consumer Electronics Structural Components	81.1%	86.4%
ii. Household and sports goods	18.9%	13.6%

PROSPECTS

Regarding the consumer electronics structural components segment, the global smartphone and consumer electronics market faced exceptionally intense competition during the Year, compounded by increasingly complex and volatile international political and economic conditions. The market environment is likely to continue to face challenges in the coming year. In these difficult circumstances, significant increase in losses in this segment were driven by various asset impairments. Nevertheless, these one-off non-cash impairment provisions will not adversely affect the segment's day-to-day operations. The segment maintained net cash inflows from operating activities and retained ample cash reserves.

In recent years, this segment has consistently confronted severe challenges such as the COVID-19 pandemic, rapid interest rate hikes, inflation, weak consumer markets, and geopolitical tensions. The Group's management has implemented timely structural and strategic adjustments, including business restructuring and divestments, improving the gearing ratio, adopting more prudent operational models, prioritising profitability and cash flow enhancement, and strengthening risk management, to safeguard the Group's long-term stability.

The Group has also observed the accelerated development of artificial intelligence (AI) technology, which in practical applications depends on higher-performance and continuously upgraded smartphones, tablets, and other devices. According to a Canalys report, AI-enabled smartphones achieved a market penetration rate of 17% in 2024, with this figure expected to grow to 30% in 2025. The ongoing evolution of smartphones is poised to drive growth in the Group's profitability. Currently, the Group's handset casing components serve most global market-leading brands. Management is closely monitoring the future trends of these brands and, leveraging the Group's innovative technologies and manufacturing expertise, is proactively collaborating with customers to develop and apply new materials. This strategy aims to diversify product offerings, concentrate resources on partnerships with core customers, enhance customer loyalty, and improve the Group's profit margins. The Group believes that with stable operating cash flows and a healthy balance sheet, this segment is well-positioned to capitalise on new opportunities in the industry.

For the household and sports goods business, the continuous strengthening of the "product design + smart manufacturing" system and the integrated development of "plastic + metal components" have steadily enhanced the Company's smart manufacturing capabilities and expanded its product coverage. The business is expected to benefit from ongoing advancements in smart manufacturing infrastructure, creating sustained opportunities for rapid growth.

FINANCIAL REVIEW

During the Year, the Group's total revenue was approximately HK\$5,589.7 million, representing a decrease of approximately HK\$932.2 million or approximately 14.3%, from approximately HK\$6,521.9 million in the corresponding period last year. Loss attributable to owners of the Company increased from approximately HK\$1,229.7 million in the same period last year by approximately 220.6% or approximately HK\$2,712.5 million to approximately HK\$3,942.2 million during the Year.

Revenue

The Group's revenue decreased by approximately 14.3%, from approximately HK\$6,521.9 million in the corresponding period last year to approximately HK\$5,589.7 million during the Year. The decrease was primarily attributable to the deconsolidation of the revenue and results of the high-precision components business on 3 April 2024 following its disposal. Excluding the sales contribution of this disposed business in both the current and prior year, adjusted revenue of the Group during the Year would have increased by approximately 17.8% year-on-year when compared with the corresponding period last year. The Group's adjusted revenue growth during the Year 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; and
- 2) the revenue generated from the business acquired during the Year.

However, the market competition greatly exceeded the Group's expectations, particularly during the fourth quarter of the Year, has partially curbed the Group's full-year growth momentum.

Gross Loss/Profit and Margin

The Group recorded a gross loss of approximately HK\$328.0 million with a gross loss margin of 5.9% during the Year but recorded a gross profit of approximately HK\$345.8 million with a gross profit margin of 5.3% in the corresponding period last year. The operation of the Group shifted from a gross profit in the corresponding period last year to a gross loss during the Year was mainly attributable to below factors:

- 1) Upon completion of the disposal of the high-precision components business, the results of this business, which had a higher gross profit margin than other businesses of the Group, ceased to be consolidated into the Group's consolidated financial statements from the Closing Date;

- 2) Continued capacity expansion in the industry under weak consumer demand intensified market competition and impaired the Group's profitability; and
- 3) Provision against inventory of approximately HK\$508.9 million was made during the Year due to the sharp increase in competition within the industry and intensified market volatility which led to a slowdown in the inventory turnover rate of certain inventories of the Group and significantly escalated the challenges faced by the Group in managing slower-moving and obsolete inventories, thereby necessitating the increase in inventory provision.

Other income and gains, net

Other income and gains, net decreased by approximately 57.7% or approximately HK\$79.1 million from approximately HK\$137.0 million in the corresponding period last year to approximately HK\$57.9 million during the Year mainly due to: 1) the decrease in government grants; and 2) a loss on sale of scrap materials, net of cost of approximately HK\$68.2 million recognised during the Year where a gain of approximately HK\$6.6 million was recognised in the corresponding period last year. The decrease in other income and gains, net was partially offset by the increase in rental income from the disposed high-precision components business where the Group leased certain plants to the disposed business since the Closing Date.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 19.6% or approximately HK\$16.0 million from approximately HK\$81.8 million in the corresponding period last year to approximately HK\$65.8 million during the Year, accounting for approximately 1.2% of the Group's revenue, which was similar to the corresponding period last year of approximately 1.3%. The decrease was mainly because the Group decreased expenses on exploration of other businesses opportunities and put more focus on existing core businesses.

General and administrative expenses

General and administrative expenses decreased by approximately 7.9% or approximately HK\$95.4 million from approximately HK\$1,210.6 million in the corresponding period last year to approximately HK\$1,115.2 million during the Year, accounting for approximately 20.0% of the Group's revenue, which was approximately 1.4 percentage points higher than that for the corresponding period last year of approximately 18.6%. The decrease in administrative expenses was mainly because of 1) the elimination of R&D costs from the disposed high-precision components business, which partially offset by the increased investments in efficiency enhancement, automation, and product innovation made in response to the intensified market competition during the Year, resulting in an overall decrease in R&D expenditures; and 2) the decrease in other administrative expenses including salaries due to certain cost saving measures adopted during the Year.

Other operating expenses, net

Other operating expenses, net decreased by approximately 23.4% or approximately HK\$28.5 million from approximately HK\$121.8 million in the corresponding period last year to approximately HK\$93.3 million during the Year, mainly because a one-off payment of termination fee was made in 2023 upon the termination of the disposal of the smart electrical appliances casing business where no such expense incurred during the Year. Details of which was set out in note 9(a) to the consolidated financial statements in this announcement. The decrease in other operating expenses, net was partially offset by the increase in exchange loss during the Year as a result of the depreciation of the Renminbi.

Finance costs

Finance costs decreased by approximately 50.9% or approximately HK\$100.2 million from approximately HK\$196.8 million in the corresponding period last year to approximately HK\$96.6 million during the Year. The decrease was in line with the reduction in outstanding bank borrowings during the Year.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the Year increased by approximately 220.6% or approximately HK\$2,712.5 million from approximately HK\$1,229.7 million in the corresponding period last year to approximately HK\$3,942.2 million during the Year. The increase in loss was primarily attributable to the following factors:

1. Following valuation reviews by an independent valuer prompted by market shifts and intense industry competition, the Group recognised provisions for impairment of approximately HK\$1,977.6 million for fixed assets and approximately HK\$105.2 million for investments in associates, and approximately HK\$267.5 million for amount due from a jointly-controlled entity with reference to the entity's financial position;
2. The Group completed the disposal of certain businesses during the Year, of which a one-off net gain of approximately HK\$146.4 million was recognised from the disposal of the high-precision components business completed on the Closing Date; and
3. Upon completion of the disposal of the high-precision components business, the revenue and results from this business ceased to be consolidated into the Group's consolidated financial statements from the Closing Date. This deconsolidation resulted in a reduction in the Group's profit by approximately HK\$317.7 million during the Year when compared with the corresponding period last year.

Given that the current impairment provisions are one-off non-cash adjustments, it is not expected that the Group's daily operational activities or its cash position will be adversely affected. During the Year, the Group recorded net cash inflow from its operating activities of approximately HK\$584.5 million (2023: approximately HK\$7.0 million) and maintained adequate cash reserves (including time deposits, structured deposits, bank deposits, pledged bank deposits and cash) of approximately HK\$1,615.7 million (31 December 2023: approximately HK\$1,676.9 million). The Group recorded net cash of approximately HK\$635.4 million (31 December 2023: net debt of approximately HK\$1,266.8 million). These losses do not impact the Group's ability to sustain its operations.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had a solid financial position and continued to maintain a cash inflow from operating activities. The table below summarises the Group's cash flows for the years ended 31 December 2024 and 2023:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$000</i>
Net cash flows from operating activities	584,491	7,013
Net cash flows from/(used in) investing activities	930,000	(375,441)
Net cash flows from/(used in) financing activities	(2,070,375)	674,789

During the Year, the Group's primary sources of funding included cash generated from operating activities, the credit facilities provided by the Group's principal banks and the proceed from the disposal of the high-precision components business during the Year. As at 31 December 2024, the Group had cash and cash equivalents (including time deposits, structured deposits, bank deposits, pledged bank deposits and cash) of approximately HK\$1,615.7 million (31 December 2023: approximately HK\$1,676.9 million), of which approximately HK\$249.5 million (31 December 2023: approximately HK\$194.6 million) has been pledged to banks as security for trade financing granted. As at 31 December 2024, the Group had total assets of approximately HK\$7,154.2 million (31 December 2023: approximately HK\$13,302.7 million), net current assets of approximately HK\$777.3 million (31 December 2023: approximately HK\$2,960.7 million) and total equity of approximately HK\$2,904.8 million (31 December 2023: approximately HK\$7,003.5 million). Management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy its current operational requirements.

GEARING RATIO AND INDEBTEDNESS

As at 31 December 2024, the Group was in net cash position and the gearing ratio is not applicable. As at 31 December 2023, the gearing ratio of the Group (consolidated net debt/total equity) was 18.1%. As at 31 December 2024, other than the non-current portion of bank loans of approximately HK\$432.4 million (31 December 2023: approximately HK\$1,065.5 million), the Group had bank and other borrowings of approximately HK\$548.0 million (31 December 2023: approximately HK\$1,878.2 million) which will be repayable within one year from the end of the reporting period.

CAPITAL EXPENDITURE

The Group incurred capital expenditure of approximately HK\$454.0 million during the Year (2023: approximately HK\$197.2 million), mainly for 1) the additions of property, plant and equipment for the disposed high-precision components business using its own cash of this business; 2) the additions of maintenance equipment to support the consumer electronics structural components segment; and 3) the additions of property, plant and equipment for expansion of its household and sports goods business. Capital expenditures are generally funded by internal resources and credit facilities during the Year.

FOREIGN EXCHANGE

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 approximately HK\$249.5 million (31 December 2023: approximately HK\$194.6 million); 2) the Group's certain leasehold buildings, the related right-of-use assets and investment properties in Hong Kong and Mainland China with carrying amount of approximately HK\$569.7 million (31 December 2023: approximately HK\$47.9 million) and 3) approximately 17.2 million issued shares (31 December 2023: nil) of Tongda Smart Tech (Xiamen) Co., Limited, a partially owned subsidiary of the Group, whose shares were listed on the Main Board of Shenzhen Stock Exchange (stock code: SZ001368), representing approximately 15% of its total issued shares. Save as disclosed above, the Group had not pledged its assets to any financial institutions.

EMPLOYEE INFORMATION

As at 31 December 2024, the Group employed a total of approximately 10,000 permanent employees (31 December 2023: approximately 15,000 employees). Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. Management regularly reviews the Group's remuneration policy and appraises the work performance of its staff. Employee remuneration includes salaries, allowances, bonuses, social insurance and mandatory pension fund contribution. As required by the relevant regulations in the PRC, the Group participates in the social insurance schemes operated by the relevant local government authorities. The Group also participates in the mandatory pension fund, labour pension and mandatory provident fund schemes for our employees in Hong Kong, Malaysia and Singapore respectively.

Past Performance and Forward-Looking Statements

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

DIVIDENDS

The Company will consider the declaration of dividends based on its earnings, financial position, debt repayment requirements, capital expenditure plans, medium to long-term business strategies and other factors as the Board may deem appropriate. The Board may also from time to time pay to shareholders of the Company (the "Shareholder(s)") such interim dividends to be justified by the profit of the Company and may recommend final dividends for approval by the Shareholders in its annual general meetings.

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. For further details, please refer to (i) the announcement dated 22 December 2023; (ii) the circular dated 19 February 2024; and (iii) the announcement dated 3 April 2024, in relation to the said disposal.

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. For further details, please refer to the announcement dated 22 December 2023 in relation to the said sale and purchase.

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

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this announcement, the Group did not hold any significant investments as at 31 December 2024 (2023: Nil).

CONTINGENT LIABILITIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

SHARE OPTION AND SHARE AWARD SCHEMES

Share Option Scheme

The Company has adopted a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include all executive directors and any full-time employee of the Company or any of its subsidiaries and any suppliers, consultants or advisers who will provide or have provided services to the Group.

During the year ended 31 December 2023, no shares options were granted by the Company under the Scheme.

The Scheme has expired on 24 June 2023 and no further options can be granted under the Scheme. There were no options granted under the scheme but not yet exercised.

Share Award Scheme

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 the 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 Year, a total of 9,100,000 awarded shares were returned due to the termination of employments of certain selected employees. 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 31 December 2023, 1 January 2024 and 31 December 2024 was 917,425,764, 917,425,764 and 928,160,765 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 year ended 31 December 2024 and 2023, being 29,050,000 shares and 38,150,000 shares respectively, divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the respective period was approximately 0.30% and 0.39%.

As at the date of this announcement, the total number of shares available for issue under the Share Award Scheme was 29,050,000 (2023: 38,150,000), representing approximately 0.30% (2023: 0.39%) of the entire issued share capital of the Company as at the date of this announcement.

During the year ended 31 December 2022, 64,500,000 awarded shares were granted under the Share Award Scheme to 14 selected employees who are individual third parties under the Listing Rules. The awarded shares are subject to certain vesting conditions specified by the Board at the time of granting the awarded shares and shall be vested in three tranches in 48 months started from the grant date. Details of the adoption of the Share Award Scheme and the grant of awarded shares are set out in the Company’s announcement dated 17 January 2022.

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.

On 2 December 2024, the Board of Tongda Chuang Zhi resolved to grant a total of 336,000 restricted A Shares to 19 proposed participants under the restricted A share incentive scheme granted on 4 January 2024, as the grant date of the reserved grant, at the grant price of RMB11.65 per share under the reserved grant. Except for 2 proposed participants under the reserved grant (who were granted a total of 29,000 restricted A Shares) who voluntarily decided not to participate in the reserved grant, 17 proposed participants under the reserved grant had accepted and subscribed for a total of 307,000 restricted A Shares granted to them under the reserved grant. The share registration of those newly issued Shares was completed on 27 December 2024 at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

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.

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

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with all code provisions of the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) during the Year with certain deviations as mentioned below:

The Company has four independent non-executive Directors, namely Dr. Yu Sun Say, *GBM, GBS, SBS, JP*, Mr. Cheung Wah Fung, Christopher, *GBS, SBS, JP*, Mr. Ting Leung Huel Stephen and Mr. Sze Irons *BBS, JP* respectively.

The four independent non-executive Directors are not appointed for a fixed term of office, but they are subject to the retirement by rotation and re-election of Directors in accordance with the articles of association of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

According to C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have a separate chairman and chief executive officer and Mr. Wang Ya Nan currently holds both positions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. In addition, vesting the roles of both chairman and chief executive officer 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 balance of power is further ensured by the following reasons:

- The audit committee (the “AC”) of the Company is comprised of a non-executive Director and all independent non-executive Directors; and
- The independent non-executive Directors have free and direct access to the Company’s external auditors and independent professional advisers when considered necessary.

The Board believes that the present structure is considered to be appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wang Ya Nan, and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

AUDIT COMMITTEE

The AC comprises three independent non-executive Directors, Mr. Ting Leung Huel Stephen, Dr. Yu Sun Say, Mr. Cheung Wah Fung, Christopher and a non-executive Director, Ms. Chan Sze Man. Mr. Ting takes the chair of the AC. The terms 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 code provisions as set out in 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 auditor and relevant auditing matters. In addition, the AC is responsible to review and supervise the risk management and internal control systems of the Group and transactions with connected persons (if any).

The Group’s unaudited interim results for the six months ended 30 June 2024 and annual results for the year ended 31 December 2024 have been reviewed by the AC which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The AC has also reviewed the effectiveness of the risk management and the internal control systems of the Company and considers the risk management and internal control systems to be effective and adequate.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, its holding company, nor any of its subsidiaries redeemed or sold any of the Company’s listed securities during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital was held by the public as at the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “Model Code”) as the Company’s code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiries of the Directors, the Directors have complied with the required standard of dealings as set out in the Model Code throughout the Year.

AUDITOR

D & Partners CPA Limited (the “Auditor”), being the auditor of the Company, will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the year ended 31 December 2024 and up to the date of this announcement.

PROPOSED FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Year (2023: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “Annual General Meeting”) will be held on Thursday, 29 May 2025. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 26 May 2025 to Thursday, 29 May 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Friday, 23 May 2025.

PRELIMINARY ANNOUNCEMENT OF THE GROUP’S RESULTS

The figures in respect of the Group’s consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Auditor to the amounts set out in the Group’s consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Auditor on this preliminary announcement.

PUBLICATION OF FINAL RESULTS

This announcement will be published on the websites of the Stock Exchange and the Company.

The annual report of the Company for the Year containing all the information required by Appendix D2 to the Listing Rules and other applicable laws and regulations will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 26 March 2025

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