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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)

BUSINESS UPDATE OPERATING POSITION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

This announcement is made by Tongda Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby presents the operating performance for the nine months ended 30 September 2022 (the “**Period**”) to shareholders and potential investors of the Company.

	For the period ended 30 September				Changes
	2022		2021		
	HK\$ million	Percentage (%)	HK\$ million	Percentage (%)	
Top five customers	2,746	45.6	4,304	58.6	-36.2%
– Handsets	2,416	40.1	3,883	52.9	-37.8%
– Non-handsets	330	5.5	421	5.7	-21.6%
Other customers	3,280	54.4	3,036	41.4	8.0%
Total	6,026	100.0	7,340	100.0	-17.9%

During the Period, amid the continuous worldwide impact of global inflation, pressure on interest rate hikes and supply chain instability, the Group (as a component supplier of consumer electronics products) was inevitably affected under such difficult external operating environment and weak consumer market. The tri-proof and high-precision components business maintained an upward trend as a whole, as benefited from the stable market demand for the products of a major international customer, as well as the increase in the types of components manufactured by the Group for such customer. However, due to various external uncertainties, the demand for the sales of handset casings decreased significantly, and the Group's turnover dropped from HK\$7,340 million to HK\$6,026 million year-on-year.

The global economy and operating environment are changing rapidly. The Group will closely monitor, actively and quickly respond to various new opportunities and risks, review the Group's strategic plan in a timely manner, adjust the operating structure through business optimisation and reorganisation from time to time, and concentrate resources on businesses with more development potential, including securing more orders for businesses with higher margins, such as tri-proof and high-precision components as well as metaverse-related products. The Group has strategically partnered with and supplied related components for its existing customers as well as other global top-tier internet technology brands that develop metaverse products. Meanwhile, due to the currently relatively weak orders for handset casings, the Group has also utilised the relevant technological production capacity to develop products other than handsets, so as to enhance capacity utilisation. Moreover, the Group has also continued to work with a leading new energy vehicle battery manufacturer, with an aim to increase component involvement and product diversity.

During the Period, the Group saw a continuous growth in the sales of household and sports goods. The Group has made an announcement on 29 September 2022 that the proposed listing of the spin-off business of household and sports goods on the main board of the Shenzhen Stock Exchange was approved by the China Securities Regulatory Commission. By spinning off the business, the Group expects to enhance the overall financial and financing capabilities and facilitate the sustainable development of such business.

The Group will strive to be market-oriented, seek various cooperation opportunities with more leading brands in the industry, develop more innovative and competitive products, and deepen and consolidate the benign cooperative relationship with existing and new customers, so as to unleash the value of each business.

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

Hong Kong, 31 October 2022

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 and Mr. Ting Leung Huel Stephen as independent non-executive Directors.