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TONGDA HONG TAI HOLDINGS LIMITED

通達宏泰控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2363)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

HIGHLIGHTS

- Revenue of the Group in 2024 was approximately HK\$71.6 million, representing a decrease of approximately 21.6% as compared with the revenue of approximately HK\$91.3 million in 2023.
- The net loss attributable to the equity holders of the Company for 2024 amounted to approximately HK\$25.7 million as compared with approximately HK\$37.8 million in 2023.
- Basic loss per share for 2024 was approximately HK15.69 cents (2023: HK42.45 (restated) cents).
- The Board did not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

The board (the “Board”) of directors (the “Directors”) of Tongda Hong Tai Holdings Limited (the “Company”) announces 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

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	<i>5</i>	71,591	91,259
Cost of sales		<u>(68,390)</u>	<u>(90,928)</u>
Gross profit		3,201	331
Other income	<i>5</i>	4,407	700
Selling and distribution expenses		(91)	(1,372)
General and administrative expenses		(7,696)	(19,644)
Other operating expenses, net		(12,306)	(5,996)
Finance costs	<i>6</i>	<u>(13,170)</u>	<u>(11,865)</u>
LOSS BEFORE TAX	<i>7</i>	(25,655)	(37,846)
Income tax expense	<i>8</i>	<u>—</u>	<u>—</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>(25,655)</u>	<u>(37,846)</u>
			(Restated)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	<i>10</i>	<u>HK(15.69) cents</u>	<u>HK(42.45) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u>(25,655)</u>	<u>(37,846)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to the income statement in subsequent periods, net of tax:		
Exchange differences on translation of a foreign operation	<u>9,609</u>	<u>8,066</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	<u><u>(16,046)</u></u>	<u><u>(29,780)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		—	1,050
Right-of-use assets		—	17
Lease receivables		<u>4,165</u>	<u>—</u>
Total non-current assets		<u>4,165</u>	<u>1,067</u>
CURRENT ASSETS			
Inventories	11	24,671	32,409
Trade and bills receivables	12	41,195	32,591
Lease receivables		3,502	—
Prepayments, deposits and other receivables		5,005	11,949
Tax recoverable		782	808
Restricted bank balances		1,139	2,594
Cash and bank balances		<u>84,153</u>	<u>6,280</u>
Total current assets		<u>160,447</u>	<u>86,631</u>
CURRENT LIABILITIES			
Trade payables	13	32,049	28,709
Other payables and accruals		290,125	218,913
Loans from and amounts due to related parties		2,948	8,250
Lease liabilities		<u>6,214</u>	<u>420</u>
Total current liabilities		<u>331,336</u>	<u>256,292</u>
NET CURRENT LIABILITIES		<u>(170,889)</u>	<u>(169,661)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(166,724)</u>	<u>(168,594)</u>
NON-CURRENT LIABILITIES			
Lease liabilities		4,663	1,441
Other payable		<u>—</u>	<u>63,164</u>
Total non-current liabilities		<u>4,663</u>	<u>64,605</u>
Net liabilities		<u>(171,387)</u>	<u>(233,199)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

		2024	2023
	Notes	HK\$'000	HK\$'000
DEFICIENCY			
Equity attributable to equity holders of the Company			
Issued capital	14	20,422	6,807
Deficit		<u>(191,809)</u>	<u>(240,006)</u>
Total deficit		<u><u>(171,387)</u></u>	<u><u>(233,199)</u></u>

NOTES

1. CORPORATE AND GROUP INFORMATION

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

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally involved in the manufacture and sale of casings of notebook and tablet computer and components in Mainland China. There were no significant changes in the nature of the subsidiaries’ principal activities during the year.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, 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 financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern assumptions

The Group incurred net loss of approximately HK\$25,655,000 (2023: HK\$37,846,000) for the year ended 31 December 2024. As at 31 December 2024, the Group had net current liabilities of approximately HK\$170,889,000 (2023: HK\$169,661,000) and net liabilities of approximately HK\$171,387,000 (2023: HK\$233,199,000).

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

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at 31 December 2024 and subsequently thereto up to the date when the consolidated financial statements are authorised for issue. In order to improve the Group’s financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have adopted several measures together with other measures in progress at the date when the consolidated financial statements are authorised for issue, but not limited to, the followings:

- (a) The management is in process to develop a plan to restructure the Group’s business, improve operational efficiency, and explore new opportunities;

- (b) In March 2025, the Group negotiated with one of the independent third parties and entered into a supplementary agreement, pursuant to which the Group and the independent third party agreed to extend the repayment of other payable in aggregate of approximately HK\$201,214,000 to September 2026; and
- (c) The Group has negotiated with another independent third party and obtained a letter of undertaking, pursuant to which the independent third party agreed not to demand repayment in aggregate of approximately HK\$67,364,000 as at 31 December 2024 within the next twelve months from the date of report.

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and impact of the amended 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

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

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

Information about major customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	15,145	—
Customer B	9,543	—
Customer C	9,394	46,750
Customer D	7,456	—
Customer E	—	24,011
	<u>41,538</u>	<u>70,761</u>

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Sale of casings of notebook and tablet	<u>71,591</u>	<u>91,259</u>

5. REVENUE AND OTHER INCOME (CONTINUED)

Revenue from contracts with customers

Performance obligation

Sale of casings of notebook and tablet

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

An analysis of the Group's other income is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Bank interest income	1,214	15
Government grants*	501	323
Finance income	364	—
Sale of scrap materials	246	301
Write-off of trade and other payables	2,009	—
Others	73	61
	<u>4,407</u>	<u>700</u>

* There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on loans from independent third parties	12,839	11,765
Interest on lease liabilities	331	100
	<u>13,170</u>	<u>11,865</u>

7. LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold ¹	68,390	90,928
Depreciation of property, plant and equipment	109	136
Depreciation of right-of-use assets	733	1,980
Research and development costs ²	—	3,118
Lease payments not included in the measurement of lease liabilities	201	168
Employee benefit expense (excluding directors' remuneration):		
Salaries and wages	2,370	15,019
Pension scheme contributions [#]	549	3,514
	<u>2,919</u>	<u>18,533</u>
Auditor's remuneration		
– Annual audit services	800	750
Impairment of trade receivables*	235	573
Gain on early termination of leases*	—	(11,678)
(Reversal of provision)/provision for inventories	(3,248)	746
Gain on disposal of items of property plant and equipment*	(1,159)	(3,372)
Impairment of property, plant and equipment*	928	4,586
Impairment of right-of-use assets*	1,467	74
Reversal of impairment of right-of-use assets arising from subleasing arrangements*	(2,114)	—
Loss on inception of subleasing arrangements*	1,775	—
Foreign exchange differences, net*	<u>9,847</u>	<u>10,152</u>

* Impairment of trade receivables, gain on disposal of items of property, plant and equipment, impairment of property, plant and equipment, impairment of right-of-use assets, reversal of impairment of right-of-use assets arising from subleasing arrangements, gain on early termination of leases, loss on inception of subleasing arrangements and foreign exchange differences, net, are included in “Other operating expenses, net” on the face of the consolidated income statement.

At 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2023: Nil).

- ¹ Cost of inventories sold includes (HK\$1,114,000) (2023: HK\$12,975,000) relating to employee benefit expense, lease payments not included in the measurement of lease liabilities, (reversal of provision)/provision for inventories, and depreciation, which are also included in the respective total amounts disclosed above for each of these types of expenses.
- ² Research and development costs include HK\$nil (2023: HK\$3,118,000) relating to depreciation of a research and development centre and employee benefit expense for research and development activities, which are also included in the respective total amounts disclosed above for each of these types of expenses.

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil). No provision for corporate income tax in Mainland China has been made as the Group did not generate any assessable profits during the year (2023: Nil).

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates to the tax position at the Group's effective tax rate is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	<u>(25,655)</u>	<u>(37,846)</u>
Tax at the statutory tax rates	(4,605)	(7,527)
Lower applicable tax rate	437	1,508
Expenses not deductible for tax	3,595	5,201
Income not subject to tax	(661)	(351)
Tax losses not recognised	<u>1,234</u>	<u>1,169</u>
Tax position at the Group's effective rate	<u>—</u>	<u>—</u>

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

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

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

The Group has estimated tax losses arising in Mainland China of HK\$362,182,000 (2023: HK\$353,957,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as directors consider that it is uncertain that whether sufficient taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

9. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

For the year ended 31 December 2024, the calculation of the basic loss per share amount is based on the loss for the year attributable to the equity holders of the Company of HK\$25,655,000 (2023: HK\$37,846,000), and the weighted average number of ordinary shares of 163,552,443 (2023: 89,145,429 (restated)).

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of shares used for the purpose of calculating basic loss per share for both years has been adjusted retrospectively for the shares consolidation on 19 March 2024 and issue of shares under the rights issue on 9 May 2024.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

11. INVENTORIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Raw materials	456	790
Work in progress	11,124	14,175
Finished goods	13,091	17,444
	<u>24,671</u>	<u>32,409</u>

The provision for impairment losses on inventories is generally made for those inventories aged over ten months with no subsequent sales.

12. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	41,841	35,324
Impairment	<u>(1,138)</u>	<u>(3,439)</u>
	40,703	31,885
Bills receivable	<u>492</u>	<u>706</u>
	<u><u>41,195</u></u>	<u><u>32,591</u></u>

As at 31 December 2024, the Group has bills receivable of HK\$492,000 (2023: HK\$706,000) were measured at fair value through other comprehensive income as these trade and bills receivables are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to four months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. As at 31 December 2024, 38.7% (2023: 46.7%) and 89.9% (2023: 96.3%) of the total trade and bills receivables were due from the Group's largest customer and five largest customers, respectively.

An ageing analysis of the Group's trade receivables (based on the invoice date) and bills receivable (based on the issue date) as at the end of the reporting period, and net of loss allowance, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	38,495	27,555
4 to 6 months, inclusive	1,118	4,014
7 to 9 months, inclusive	824	578
10 to 12 months, inclusive	<u>758</u>	<u>444</u>
	<u><u>41,195</u></u>	<u><u>32,591</u></u>

13. TRADE PAYABLES

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
Within 3 months	26,986	20,179
4 to 6 months, inclusive	2,210	1,276
7 to 9 months, inclusive	474	2,501
10 to 12 months, inclusive	—	1,461
Over 1 year	2,379	3,292
	32,049	28,709

During the year ended 31 December 2024, the management has revisited the trade payables balance and noted that certain suppliers are in an insolvency position. Accordingly, the Group has written-off the trade payables of HK\$1,960,000 (2023: HK\$nil).

14. ISSUED CAPITAL

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

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

Note (a) On 12 January 2024, the Board of the Company proposed to implement the shares consolidation, pursuant to which every ten issued and unissued existing shares of par value HK\$0.01 each consolidated into one consolidated share of par value HK\$0.1 each (the “Shares Consolidation”). The Shares Consolidation was completed and effective on 19 March 2024. Immediately following the Shares Consolidation having become effective, the authorised share capital of the Company was increased from HK\$10,000,000 divided into 1,000,000,000 existing shares to HK\$60,000,000 divided into 600,000,000 consolidated shares by the creation of an additional 500,000,000 new consolidated shares, details of which were disclosed in the Company’s circular dated 29 February 2024.

Note (b) On 12 January 2024, the Board of the Company has proposed to implement the rights issue on the basis of two rights shares for every one consolidated share at the subscription price of HK\$0.58 per rights share (the “Rights Issue”). At the same date, the Company entered into a placing agreement with an independent placing agent, pursuant to which the Company has conditionally agreed to place, through the independent placing agent, on a best effort basis to procure placees to subscribe the unsubscribed rights shares at a price at least equal to the subscription price of the rights shares (the “Placing”).

Based on the acceptance results of the Rights Issue and the Placing, rights shares (including the placing shares) of 136,149,382 shares to be allotted and issued, representing 100% of the total number of rights shares offered for subscription under the Rights Issue. The gross proceeds from the placing are HK\$78,967,000. The net proceeds (after deducting the placing commission and other related expenses of approximately HK\$1,109,000) was approximately HK\$77,858,000. The Rights Issue and Placing has been completed on 8 May 2024.

Further details of the Right Issue and Placing are set out in the Company’s announcement dated 12 January 2024, the circular dated 29 February 2024, the prospectus dated 28 March 2024 and the announcements dated 26 April 2024 and 8 May 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a “one-stop” manufacturing solution provider of casings for notebooks and tablet computer and components. During the Year, sales of casings for notebook continued to account for the largest proportion of the Group’s total sales.

The Group has completed the operation restructuring during the year, the management of the Group strives to enhance operation efficiency and achieve a healthy operation cashflow. The Group’s gross profit margin for the period was approximately 4.47% which is higher than that of 0.36% for the corresponding period last year mainly due to the positive effect of operation restructuring.

During the year, the notebooks and tablet computers market remains flat, the previous surge in market demands were driven by the upgrade of commercial notebooks and education refresh cycle during the pandemic. However, during the Year, many corporate and consumer budgets are constrained due to the overall macro-economic environment and hence lower budgets spent. Moreover, keen market competition, increasing staffs cost and fluctuation of material prices are the unfavourable challenges to the Group. The Group’s average sales price remained under pressure in comparison to previous year, and sales volume decreased due to the aforementioned reasons.

BUSINESS PROSPECTS

The business outlook remains clouded by economic uncertainties and volatility. The global economy is highly sensitive to the US interest rate pivot, trade tensions and geopolitical risks. The Group is continuously reviewing itself with enhancing competitiveness and will continue to optimise its operating structure to respond flexibly to the changing industry trends.

In light of the technology improvements and a new category of PCs with onboard neural possessing units colloquially dubbed AI PCs, the management of the Group expects the business will eventually benefit from the new demand of AI PCs.

Amid this uncertain business climate, the Group upheld prudent decision-making approach and the management of the Group will pay close attention to the market trend. The Group will explore to capture business opportunities in trading of materials as well as the research and development in AI Technology and other innovative technology project by making use of our existing production facilities.

FINANCIAL REVIEW

The Group's total revenue decreased by approximately 21.6%, from approximately HK\$91.3 million in 2023 to approximately HK\$71.6 million for the Year. The decrease was mainly due to the aforesaid internal and external economic challenges.

The Group recorded a gross profit approximately HK\$3.2 million for the Year, as compared to a gross profit of approximately HK\$0.4 million in 2023. The Group reassessed its projects aiming to maintain a healthy operating cashflow under the negative impact by the internal and external challenges and the aforesaid operation restructuring of the Group completed during the Year which has improved the operation efficiency.

The Group's selling and distribution expenses decreased by approximately 92.9%, from approximately HK\$1.4 million in 2023 to approximately HK\$0.1 million for the Year, and was in line with the decrease in sales during the Year.

The Group's general and administrative expenses decreased by approximately 60.7%, from approximately HK\$19.6 million in 2023 to approximately HK\$7.7 million for the Year. The decrease was due to the decrease in salary expenses and research and development expenses.

The Group's finance costs increased by approximately 10.9%, from approximately HK\$11.9 million in 2023 to approximately HK\$13.2 million for the Year. The increase was mainly attributable to the increase in finance costs paid for interests on loans from independent third parties.

The Group's other operating expenses, net, increased by approximately 105.0%, recorded approximately HK\$12.3 million for the Year, as compared to approximately HK\$6.0 million in 2023, which was due to the gain on early termination of lease in last year.

As a result of the foregoing, the Group's loss for the Year attributable to equity holders of the Company amounted to approximately HK\$25.7 million, as compared with a loss of approximately HK\$37.8 million in 2023. Basic loss per share attributable to equity holders of the Company was approximately HK15.69 cents for the Year as compared with basic loss per share attributable to equity holders of the Company of approximately HK42.45 cents (restated) in 2023.

The Group's inventory turnover days decreased to approximately 152.3 days for the Year as compared to approximately 165.2 days for 2023, the decrease reflects the effective of measures to improve operating cash flow.

The Group's trade and bills receivables turnover days increased from approximately 180.7 days for 2023 to approximately 188.1 days for the Year. The increase reflects more effective of measures to improve operating cash flow is required to combat the negative impact by the internal and external economic challenges causing the increase.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

During the Year, we financed our capital expenditure and working capital requirements mainly through other payables, loans from and amounts due to related parties, the proceeds received from the Listing in March 2018 and the proceeds received from the Rights Issue in May 2024.

As at 31 December 2024, we had interest-bearing other payables of approximately HK\$268.6 million (2023: approximately HK\$255.8 million), loans from and amounts due to related companies of approximately HK\$2.9 million (2023: approximately HK\$8.3 million). Their range of interest rates was 2% to 7.00% (2023: 2% to 7.00%) per annum.

As at 31 December 2024, the Group's cash and cash equivalents were mainly held in USD, RMB and HK\$, and the cash and cash equivalents of approximately HK\$84.2 million (2023: approximately HK\$6.3 million). The Group currently does not use any financial instruments for hedging purposes.

As at 31 December 2024, the Group had restricted bank balances of approximately HK\$1.1 million (2023: approximately HK\$2.6 million).

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

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

As at 31 December 2024, the Group had interest-bearing loans from independent third parties of approximately HK\$268.6 million (2023: approximately HK\$255.8 million).

As at 31 December 2024, the Group had interest-bearing loans from a related party (who is also one of the former controlling shareholders) of approximately HK\$2.4 million (2023: interest-bearing loans from related parties of approximately HK\$7.9 million).

Average trade and bills receivable turnover days was approximately 188.1 days (2023: approximately 180.7 days).

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

Average inventory turnover days was approximately 152.3 days (2023: approximately 165.2 days). Overall, the current ratio of the Group was approximately 0.48 as at 31 December 2024 (2023: approximately 0.34).

As at 31 December 2024, the Group's gearing ratio was approximately 109% (2023: 110%).

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

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

CAPITAL STRUCTURE

The Company was successfully listed on the Main Board of the Stock Exchange on 16 March 2018.

On 12 January 2024, the Board of the Company proposed to implement the shares consolidation, pursuant to which every ten issued and unissued existing shares of par value HK\$0.01 each consolidated into one consolidated share of par value HK\$0.1 each (the "Shares Consolidation"). The Shares Consolidation was completed and effective on 19 March 2024. Immediately following the Shares Consolidation having become effective, the authorised share capital of the Company was increased from HK\$10,000,000 divided into 1,000,000,000 existing shares to HK\$60,000,000 divided into 600,000,000 consolidated shares by the creation of an additional 500,000,000 new consolidated shares, details of which were disclosed in the Company's circular dated 29 February 2024.

On 12 January 2024, the Board of the Company has proposed to implement the rights issue on the basis of two rights shares for every one consolidated share at the subscription price of HK\$0.58 per rights share (the "Rights Issue"). At the same date, the Company entered into a placing agreement with an independent placing agent, pursuant to which the Company has conditionally agreed to place, through the independent placing agent, on a best effort basis to procure placees to subscribe the unsubscribed rights shares at a price at least equal to the subscription price of the rights shares (the "Placing").

Based on the acceptance results of the Rights Issue and the Placing, rights shares (including the placing shares) of 136,149,382 shares to be allotted and issued, representing 100% of the total number of rights shares offered for subscription under the Rights Issue. The gross proceeds from the placing are HK\$78,967,000. The net proceeds (after deducting the placing commission and other related expenses of approximately HK\$1,109,000) was approximately HK\$77,858,000. The Rights Issue and Placing has been completed on 8 May 2024.

Further details of the Right Issue and Placing are set out in the Company's announcement dated 12 January 2024, the circular dated 29 February 2024, the prospectus dated 28 March 2024 and the announcements dated 26 April 2024 and 8 May 2024.

CAPITAL EXPENDITURE

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

FOREIGN EXCHANGE

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

SIGNIFICANT INVESTMENTS HELD

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

CONTINGENT LIABILITIES

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

EMPLOYEE INFORMATION

As at 31 December 2024, the Group employed a total of 22 permanent employees, down from 26 as at 31 December 2023. Total employee benefit expenses including Directors' remuneration for the Year were approximately HK\$4.7 million, as compared to approximately HK\$20.4 million last year. Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. The management regularly reviews the Group's remuneration policy and appraises the work performance of its staff. Employee remuneration includes salaries, allowances, bonuses, social insurance and mandatory pension fund contribution. As required by the relevant regulations in the PRC, the Group participates in the social insurance schemes operated by the relevant local government authorities. Our employees in Hong Kong participate in the mandatory provident fund scheme. Details of employee's remuneration are disclosed in note 7 to this announcement.

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 which use 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, (i) the Group's largest customer and five largest customers accounted for approximately 21.2% and 68.0% respectively of the Group's total revenue; and (ii) the Group's largest supplier and five largest suppliers accounted for approximately 57.6% and 89.5% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

As far as the Directors are aware, none of the Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers or suppliers of the Group.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement and/or other announcements of the Company, there were no other important events affecting the Group that had occurred after 31 December 2024 and up to the date of this announcement.

USE OF NET PROCEEDS FROM THE LISTING

The Company was successfully listed on the Main Board of the Stock Exchange on 16 March 2018. Net proceeds from the Listing (after deducting underwriting fee and relevant expenses payable by the Group in connection with the Listing) amounted to approximately HK\$48.5 million. As at 31 December 2024, a total amount of HK\$46.8 million out of the net proceeds had been used by the Group and the unutilised amount will be used by the Group according to the allocation set out in the Prospectus.

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

Purpose	Percentage to total amount	Net proceeds HK\$ million	Utilised amount (as at 31 December 2024) HK\$ million	Unutilised amount (as at 31 December 2024) HK\$ million	Expected timeline of full utilisation of the balance
Lease of a new factory (<i>Note 1</i>)	15.1%	7.3	5.6	1.7	2025-2026
Refurbishment of the new factory as mentioned above	19.9%	9.6	9.6	—	—
Capital expenditure for additional production facilities and machineries	46.2%	22.4	22.4	—	—
Capital expenditure for enhancing the automation in the Group's manufacturing process	16.1%	7.8	7.8	—	—
Additional effort in sales and marketing activities	0.3%	0.2	0.2	—	—
Enhancement of research and development capabilities	2.4%	1.2	1.2	—	—
Total	100%	48.5	46.8	1.7	

Note:

- The lease of the factory is for a term of three years, and therefore the remaining balance of approximately HK\$1.7 million is expected to be fully utilised by the year 2025 to 2026.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

On 08 May 2024, the Group completed the rights issue on the basis of two rights shares for every one consolidated ordinary share of the Company at the subscription price of HK\$0.58 per rights share, the net proceeds from the rights issue, after deducting the estimated expenses of approximately HK\$1.1 million (including but not limited to placing commission, legal expenses and disbursements), are approximately HK\$77.9 million. The Company intends to apply the net proceeds to (i) approximately HK\$70.0 million for repayment of loans and other payables of the Group; and (ii) approximately HK\$7.9 million as general working capital of the Group. As of 31 December 2024, the said net proceeds has not been fully utilised as intended.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the Year.

AUDIT COMMITTEE

According to Rule 3.21 of the Listing Rules and the CG Code, the Group established the audit committee of the Company (the “AC”) on 8 February 2018. The AC comprised of all independent non-executive Directors, namely Mr. Chan Shiu Man, Mr. Wan, Aaron Chi Keung and Mr. Chan Luk On. Mr. Chan Shiu Man 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 auditors 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 annual results for the Year 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 considered the risk management and internal control systems to be effective and adequate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed 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 “MODEL CODE”)

For the Year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have complied with the Model Code throughout the Year and up to the date of this 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 16 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.

DIVIDEND

The Directors do not recommend the payment of any 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, 8 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 on or before Tuesday, 15 April 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the identity of the Shareholders to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 2 May 2025 to Thursday, 8 May 2025, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, 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 Wednesday, 30 April 2025.

PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this preliminary announcement.

APPRECIATION

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

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

Hong Kong, 31 March 2025

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